CIMIC

ANNUAL REPORT 2021


CIMIC
CROSSRIVERRAIL
TUNNEL & STATIONS
CPB
bam
Ghella
UGL

CIMIC Group is an engineering-led

construction, mining, services and public private partnerships leader

with a history dating back to 1899.

Cross River Rail
CPB Contractors, UGL and Pacific Partnerships, supported by EIC Activities, Queensland, Australia

Cover image:
Sydney Metro - Pitt Street over station development
CPB Contractors, Sydney, Australia

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER REVIEW

Juan Santamaria
Executive Chairman and
Chief Executive Officer

Dear shareholders,

CIMIC Group has much to be proud of in 2021.

We achieved solid financial results, reporting net profit after tax within our guidance range, declaring total FY21 dividends of 78c per share, and extending our work in hand[1] to $33.2 billion.

We also achieved many significant non-financial milestones.

We committed to achieving net zero emissions for Scope 1 (primarily fuels) and 2 (purchased electricity) by 2038, and net zero emissions for Scope 3 by 2045; and we continue to rank among the best performing companies for sustainability.

We introduced cutting edge technologies in every phase of our projects, investing in innovation, digitisation and digital integration to transform how we work and increase the potential for our people, clients, and communities.

We expanded our skills training centres, and made progress on diversity, including achieving our highest ever percentage of women in top management and in our total workforce.

And, like so many others, we rose to the challenge of COVID-19, adhering to the measures which kept us physically safe, as well as supporting the resilience and wellbeing of our people, and getting on with the job. What we did was critical, not only for our company, but for the people who rely on us: subcontractors for their livelihoods, and communities for essential services.

There is more to come this year and we are ready for the opportunities ahead.

Thiess, South Australia, Australia

Our operational teams are already delivering on our major new projects, including Melbourne's North East Link and Sydney Metro Western Sydney Airport works among others. Our skills centres will help equip the workforce needed to deliver our pipeline and our procurement teams are mitigating and managing the impact of inflation on costs and effectively managing our supply chains.

FY21 performance

In FY21 our financial performance included:

- underlying net profit after tax (NPAT) of $405 million, statutory NPAT of $402 million;
- group revenue[2] growth of 8.3%[3] year on year to $14.7 billion;
- profit before tax and NPAT margins[4] at 5.2% and 4.2% respectively, versus 4.7% and 3.9% for FY20;
- operating cashflow[5] pre-factoring improved by $603 million year on year[6];
- strong liquidity of $4.4 billion; and
- net debt[7] of $498 million, after the repayment of $542 million of factoring and $318 million of dividend payments.

We have completed the strategic unwinding of the factoring program, reducing the balance from around $2 billion[8] at December 2019 to $434 million at December 2021; and fully repaid our supply chain finance facilities, with the program now discontinued.

We optimised our capital structure, diversifying our funding sources and extending our maturity profile with a debut issue in the Eurobond market. We signed a $1.4 billion three-year syndicated performance bond facility aimed at supporting our delivery on the strong tender pipeline.

Our investment grade rating was confirmed by Standard & Poor's (BBB-/A-3/Outlook Stable) and by Moody's (Baa2/Outlook Stable).

We reached a commercial settlement on the dispute related to the West Gate Tunnel, providing certainty for the delivery of an important piece of infrastructure for the people of Victoria and achieving a good outcome for all parties.

We also listed essential services business Ventia on the Australian Securities Exchange and New Zealand Stock Exchange. The initial public offering (IPO) valued 100% of Ventia shares at approximately $1.45 billion and provides it with an improved capital structure and a public market platform to enable further growth.

The IPO offer size, representing 30% of Ventia's share capital, comprised of 26% issuance of new shares and 4% sell down by Ventia's existing major shareholders (2% each). The listing price notionally values our retained stake in Ventia (32.8%) at approximately $560 million, although this continues to be held in our financial accounts at historic, pre-IPO cost.

Ventia is now positioned to benefit from the full integration of Broadspectrum, a company it acquired in 2020, and a lower level of debt, which will help to deliver an increased contribution to CIMIC's revenue and NPAT in future.

We completed a full year with a co-investor in Thiess. I am pleased to report that co-ownership is functioning seamlessly, and Thiess has a bright future as it seeks to diversify and grow its offering in the mining sector, with wins during the year including mining services at the Anthill Copper Project in Queensland.

We strengthened UGL's service offering with the acquisition and integration of Innovative Asset Solutions, a specialist provider of asset life extension and critical repair solutions in the resources, infrastructure and industrial sectors.

And we completed the acquisition of Devine, simplifying the Group's structure.

Our strong performance – as well as our commitment to reward shareholders – has supported the declaration of a final, unfranked dividend of 36 cents per share; with total FY21 dividends of 78 cents per share representing a payout ratio of 60% on the FY21 result.

For FY22, our guidance is for NPAT to be in the range of $425 million to $460 million, subject to market conditions.

Further details on our Company's performance are contained in the Operating and Financial Review section within this Annual Report.

Work winning

We were awarded $20.4 billion of new work[9] during the year, substantially increasing work in hand to $33.2 billion as at December 2021.

This strong growth is the result of government investment in infrastructure to stimulate economic growth, as well as our tender and operational teams' ability to achieve the best results for our clients and the communities who benefit from the infrastructure and services we deliver.

Our order book is well diversified across our construction (CPB Contractors, Broad and Leighton Asia), services (UGL and Sedgman) and investments (Ventia and Thiess) segments, supported by our strategy of delivering public private partnerships (Pacific Partnerships).

Key wins during the period included:

- the North East Link Primary Package public private partnership, a tunnelling project in Victoria that will generate $3.8 billion[10] in revenue for the Group;
- delivery of the M6 Motorway Stage 1 in NSW (revenue: $1.95 billion);
- operation of rail infrastructure for the Country Regional Network in NSW (revenue: $1.5 billion);

Pumpkin Hollow Copper Project
Sedgman. United States of America

- delivery of the Sydney Metro - Western Sydney Airport Station Boxes and Tunnelling works (revenue: $1.35 billion);
- continuation of mining services at Mount Pleasant in NSW (revenue: $920 million[11]);
- delivery of an upgrade for the Warringah Freeway in NSW (revenue: $800 million);
- operation of the Auckland passenger rail network in New Zealand (revenue: NZ$600 million);
- rollout of fibre for NBN Co in NSW, Victoria and Queensland (revenue: $400 million[11]); and
- delivery of Inland Rail's southern civil works program in NSW (selected as JV partner).

In all, new work is now well ahead of pre-COVID-19 levels and has shown a significant recovery from 2020.

Health and safety

Working safely every day is our first priority. Our goal is to eliminate fatalities and serious injuries and reduce all other injuries. To do this, we continue to build on our safety culture, refine our risk controls and measure our performance – always looking to make our workplace safer.

In 2021, we introduced a range of new Key Performance Indicators (KPIs) that guide and support leaders to proactively engage with their teams on critical risk controls and improve safety.

Managers are set KPIs to complete a number of critical control verifications throughout the year, identify improvement opportunities and steer their implementation – using proven apps to record progress and results.

These KPIs are lead indicators which measure how we influence safety outcomes. They help us to identify, assess and control critical risks before someone is injured; complementing our ongoing use of traditional lag indicators which measure incident and injury rates after the event.

Our new KPIs drive conversations about critical risk controls among teams, generating behaviours and actions that can prevent significant incidents. And data analysis shows us where controls are working or need adjustment, and where improvements can be shared across the Group.

During the year, we experienced an increase in the number of recordable safety incidents. A range of circumstances impacted the results. These included that projects located in remote areas of Western Australia and Queensland experienced significant labour constraints due to COVID-19. Travel restrictions related to COVID-19 also resulted in fewer site visits – typically an integral element of our safety management.

The increase in recordable incidents was intensively scrutinised and a range of improvements have been

implemented and are being tracked. We expect to see positive results from the new KPIs in the coming year.

It is with deep sadness that I inform you of the death of a valued and respected member of the subcontracting team at one of our road projects in Queensland in October.

Our colleague, and friend to many in the team, was struck by a stolen vehicle. A police investigation followed and the driver was apprehended by police and charged.

Our colleague's death had a devastating impact on members of our team, with some involved in the first response. The welfare of his loved ones and colleagues has been our focus. While the individual was working in a safe manner, we are always seeking to improve our practices and a review has been undertaken by our safety teams.

On behalf of everyone at CIMIC and CPB Contractors I extend my deepest condolences to the man's family, friends and co-workers.

Everyone should return home safely, every day. Nothing is more important.

With the ongoing presence of COVID-19, we continue to provide a safe work environment for our people and secure the long-term sustainability of our operations. Our controls are tailored to each project and work location to reduce the transmission risk from areas outside of our control.

Among our employees and contractors, across our global locations, there were 461 confirmed positive cases of COVID-19 in 2021 (1.6% of our total workforce, including subcontractors). The strict application of our controls has greatly limited the impact and spread of the virus with many cases identified before workers entered sites and effective management programs were applied when cases were identified on site.

The pandemic has had a profound impact on all our lives, and there is no doubt that it has affected the physical and mental wellbeing of many.

As a community, we have come together to support employees and their families. This has been seen in many areas of our business, for example in Indonesia through the donation of 25,000 doses of the COVID-19 vaccine to our people and the communities where we live and work, as well as the preparation and delivery of home support and care packages containing food, medicine and medical devices.

Sustainability

This year, the importance of the work we have undertaken to embed sustainability into how we operate, and its role in building clients' confidence in the value we add, was evident.

We have a target to reduce the emissions generated by Scope 1 (primarily fuels) and 2 (purchased electricity) to net zero by 2038 and to achieve net zero for Scope 3 by 2045. We are also committed to abiding by the principles of the UN Global Compact and we support the goals of the Paris Climate Agreement to stop global warming.

Tseung Kwan O-Lam Tim Tunnel
Leighton Asia, Hong Kong

Our approach is based on sustainable project delivery, innovation and delivering projects with environmental benefits. It is seen in our delivery of Infrastructure Sustainability Council rated projects, as well as a range of renewable energy projects such as solar farms, wind farms, and battery storage.

In 2021, approximately 97% of our revenue was earned from projects directly aligned with one or more of the UN Sustainable Development Goals.

Also, fundamental to our approach, is our respect for people and future generations. Our Code of Conduct embeds our commitment to human rights, fair treatment of labour, the environment and anti-corruption.

We published our first Modern Slavery Statement in June 2021.

Our statement describes how we identify, mitigate and prevent the risk of modern slavery, and remedy any impacts which may occur.

We made progress on diversity during the year, including procuring $96.9 million worth of goods and services from Indigenous businesses and achieving our highest percentage of women in top management and in our total workforce.

Operating sustainably enables us to improve our efficiency, grow revenue and increase profitability, and to meet the expectations of shareholders and other stakeholders. This puts us in the position to win more work, attract partners and investors, build our financial strength, grow our business and continue to make a valued contribution to communities.

Our efforts continue to be acknowledged externally. We have been a member of the Dow Jones Sustainability Indices for close to 10 years and the FTSE4Good Index Series since 2016.

Supporting our people, our new Parental Leave Policy extended paid primary carer and partner leave. Building on our commitment to safety and positive work environments, I joined 200 leaders to stand against gendered harassment and violence in all its forms, taking the #IStandForRespect pledge with the Diversity Council of Australia.

I encourage you to read the Sustainability Report within this Annual Report which uses case studies to demonstrate how acting sustainably creates value.

Sydney Metro City & Southwest Line-wide Works Project
CPB Contractors and UGL, Sydney, Australia

Innovation

As governments invest in infrastructure to drive economic growth and social benefits for our cities and regions, we are not only investing in operating sustainably – we are also innovating with digital technologies to deliver better solutions and safely increase productivity.

Digital capability is the differentiator. Understanding the importance of integrating technology and data-driven decisions into every aspect of our work, we have built a leading digital capability.

It has readied us for a digital by default future, which is aligned with federal and state governments' expectations. This means projects will have a digital interface and seamless data flow across planning, delivery and operations – delivering the asset and its digital twin.

Digitisation underpins the knowledge sharing and collaboration necessary for sustainability. It is the key to unlocking transformative innovation and truly integrated whole-of-life infrastructure solutions.

We manage every phase of a project's lifecycle by linking our engineering processes with Building Information Modelling, Geographic Information Systems, Virtual Design and Construction, Information Management, Quality Assurance and Asset Management systems.

Just some of the new technologies we are using and enhancing include Internet of Things, 4D Planning, Intelligent Earthworks, Reality Capture, Virtual and Augmented Reality, as well as automation and simulation. 4D planning was used in successful tenders such as Dunedin Hospital in New Zealand, and Intelligent Earthworks and Reality Capture, at Western Sydney Airport.

We are also taking connectivity further, progressing toward Integrated Digital Delivery, which more powerfully links systems, data and diverse capabilities across our companies. It connects digital technologies throughout the design, build, operate lifecycle of each project, integrating work processes and stakeholders to achieve better outcomes.

Key milestones in our digital journey have included establishing our unified technology function, which has reach across all our companies, to embed innovations and digital solutions at scale.

We have progressed implementation of our common Project Data Structure. This is a consistent approach to coding and mapping data which enables our systems, applications and devices to communicate.

The speed of change in digital technologies will continue and that is great news for an industry that has so much to contribute.

12 Creek Street - The Annex
Broad Construction, Brisbane, Australia

Local jobs and skills

Technology and innovation are in the hands of all our people at CIMIC, people who are passionate about the enduring legacy of our projects, and a sustainable future for CIMIC and the communities we serve.

It is one of the reasons why we are investing in their futures, with substantial numbers of training courses delivered and promotions granted in 2021.

Some experienced team members have worked with us their whole careers. Others are changing careers or making a new start; often the result of our outreach via government and community groups such as youth, Indigenous, and migrant organisations.

As part of the community network, we offer local employment, training and opportunities to many people – including those who have faced barriers such as unemployment and skill gaps.

So, I am really pleased when new starters tell me how excited they are to be involved in one of our projects, what the job means to them and how warmly they have been welcomed.

Our training focus has included collaboration with TAFE and universities to develop accelerated courses to upskill our people and cross-skill entrants from other sectors.

At our Homebush Training Academy, in Sydney, we've delivered more than 50,000 days of accredited training, and 69,000 hours at our West Gate Tunnel project, in Melbourne. At Cross River Rail, in Brisbane, more than 700,000 training hours have been completed on the project to date. Those thousands of people now have greater opportunities ahead of them.

The benefits of developing a skilled local workforce shone through during COVID-19 lockdowns. Our people were able to keep projects and essential services running because they live and work in the same area. That was a great result for our teams, our clients and the community.

Our projects and our skills legacy will have an enduring impact on families and communities.

Our future

In 2022, our objectives remain consistent. We have an unwavering focus on sustainable growth and returns, effective management of costs and working capital, and the generation of cash-backed profits from our core operations.

We are in a strong position with our work in hand providing certainty for future revenue. New projects are being awarded with more equitable sharing of risk, and the outlook remains attractive across our core markets, underpinned by numerous stimulus packages announced by governments with additional opportunities through a strong public private partnership pipeline.

As at 31 December, the total future pipeline of relevant tenders to be bid on or be awarded is more than $480 billion, including $115 billion of public private partnership opportunities.

In closing, I would like to thank our people for their contribution to our achievements during 2021, and for their dedication to our continued success.

I also extend my thanks to you, our shareholders, for your support. I look forward to updating you further on our company's performance and outlook at our Annual General Meeting on 6 April 2022.

Sincerely

Juan Santamaria
Executive Chairman and
Chief Executive Officer

Endnotes

1 WIH includes CIMIC's share of work in hand from joint ventures and associates

2 Group revenue includes revenue from joint ventures and associates

3 Percentage is calculated on FY20 comparable figures which have been adjusted to reflect Thiess as a 50% equity accounted JV

4 Margins are calculated on revenue, excluding joint ventures and associates. Margins are calculated on underlying figures in FY21 and on comparable figures for FY20

5 Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments before interest, finance costs and taxes. Free operating cash flow is defined as net operating cash flow less net capital expenditure for property, plant and equipment

6 FY20 reported cash flows have been adjusted to be on a comparable basis, to reflect Thiess as a 50% equity accounted JV

7 Net (debt)/cash includes cash and equivalent liquid assets (which includes cash, cash equivalents and short term financial assets and investments)

8 Includes Thiess factoring balance which was fully consolidated as at 31 December 2019

9 New work includes new contracts and contract extensions and variations, including the impact of foreign exchange rate movements and other WIH adjustments

10 $3.8bn represents total revenue to CIMIC Group, including Ventia's award at 47% share per ASX announcement on 28 October 2021 (pre-Ventia IPO date)

11 Relates to WIH awards for Thiess or Ventia. Value represents Thiess' and Ventia's amount of WIH

Transmission Gully
Pacific Partnerships, CPB Contractors and Ventia, New Zealand

Sydney Metro - Line-wide Works
CPB Contractors and UGL,
Sydney, Australia

Innovation and new technologies

We are early adopters, continually innovating with emerging technologies, visually dynamic platforms, and systems integration.

Just some of the new technologies we have developed, and are using and enhancing, include Internet of Things, Virtual Builder, 4D Planning, Intelligent Earthworks, Reality Capture, Virtual and Augmented Reality, as well as automation and simulation.

Our Active 4D Planning process enables teams to build a project's program, directly from a 3D BIM model, commencing at tender initiation. Generating the initial project program in 4D, much earlier in the tender process than current industry practice, gives teams more time to explore options and develop safer, sustainable solutions.

Virtual Builder is like a flight simulator for construction, with video game architecture. The virtual 3D environment replicates the construction site. Teams can run simulations, testing methodologies and options at every work phase to determine the best solutions. Its use improves safety and efficiency and reduces rework and wastage.

All people matter

Our global supply chain extends to more than 31,000 subcontractors and suppliers.

Involved in every phase of the project lifecycle, procurement specialists lead our ethical, environmental, and socially responsible sourcing. They help us to maintain a reliable supply chain, mitigate risks such as modern slavery, add value, and deliver quality projects and services on time and budget.

We are committed to human rights, fair treatment of labour, the environment and anti-corruption, and published our first Modern Slavery Statement in June 2021.

The Statement, available on our website, describes how we identify, mitigate and prevent the risk of modern slavery, and remedy any impacts which may occur. Tools such as our Code of Conduct, supplier screening, Human Rights Impact Assessments, training, and Ethics Line support safe, fair employment and enterprise for people in our operations and supply chain.

Achieving net zero

We support the goals of the Paris Climate Agreement to address global warming or climate change.

We understand the importance of setting targets for the emission sources where we have the greatest influence and therefore have committed to achieving net zero for Scope 1 (primarily fuels) and 2 (purchased electricity) by 2038.

We are also committed to achieving net zero emissions for Scope 3 by 2045.

Our targets were developed considering the trajectory that is required to transition to net zero, the potential improvements that can be made using bio-diesel and renewable energy, the requirements of clients to reduce energy usage and emissions, and our expectations of technological improvement and innovation.

We believe that setting targets for 2038 will encourage our people to innovate and find solutions that will allow us transition to net zero.

Our plan for managing this transition is set out in the Sustainability Report, within this Annual Report.

Over the years

1,000km 80+

1,000km of rail, 80+ stations, and Australia's only manufacturer of heavy locomotives

1,000s

1,000s of kilometres of new and refurbished roads, reducing congestion and improving road safety

+$60 billion

+$60 billion in PPPs delivered during the past 25 years

9 & 2 +

Nine major solar farms, two utility scale batteries, 60+ energy projects and 6,000kms of transmission lines

400km+

400km+ of next generation tunnels across Australia and South-East Asia

100+

100+ social infrastructure projects including hospitals, schools and prisons

80%

80% of maintenance at Australia's LNG capacity

150+

150+ water, dam and reservoir projects

Byerwen Project
Sedgman, Queensland, Australia

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In this Annual Report a reference to 'CIMIC Group', 'we', 'us' or 'our' is a reference to CIMIC Group Limited 57 004 482 982 and certain entities that it controls unless otherwise stated.

The CIMIC Group corporate governance statement is available on our website, in the section titled 'Corporate Governance' (www.cimic.com.au/our-approach/corporate-governance).

Expanding one of the world's busiest aviation hubs

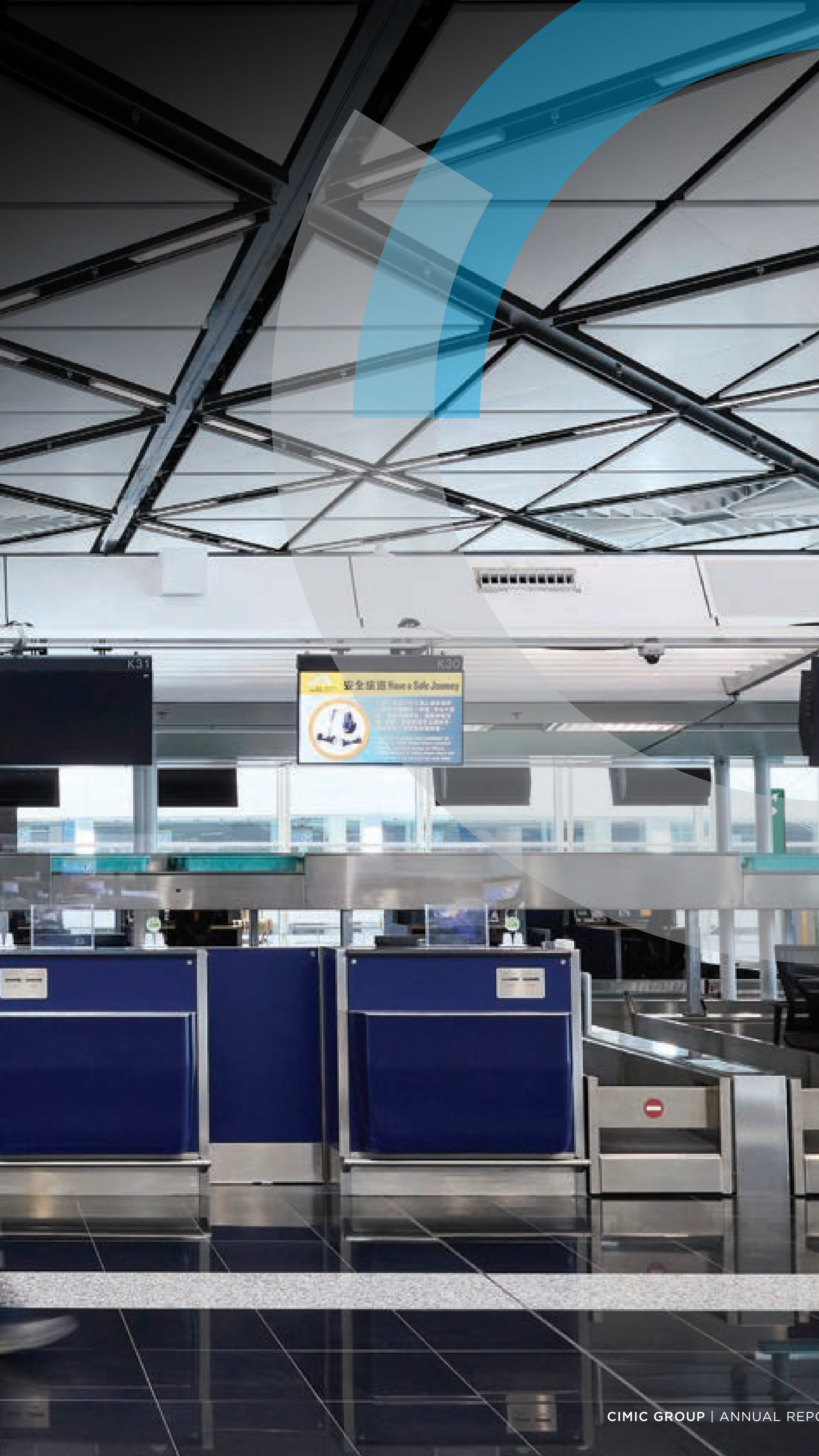
Leighton Asia, Hong Kong

Leighton Asia is playing a vital role at one of the world's fastest growing airports, with responsibility for the Terminal 1 annex building, the expansion of carpark four, and the construction of the Terminal 2 (T2) foundation and substructure works at Hong Kong International Airport.

Key challenges include working in a live environment and maintaining existing facilities and infrastructure, areas in which Leighton Asia has a strong track record.

The Terminal 2 works are part of the new Three Runway project to strengthen Hong Kong's status as an international aviation hub and cater for the city's long-term air traffic demand via a series of infrastructure projects including land reclamation, a new concourse building and the expansion of Terminal 2.

Leighton Asia's use of Building Information Modelling at the T2 project was recognised with a Bronze Award from the Hong Kong Institute of Building Information Modelling. The team adopted digital engineering solutions in the early stage of the project to address the complexity of working in a live environment.



DIRECTORS' REPORT

Directors' Report

The Directors present their report for the 2021 Financial Year in respect of the Company and certain entities it controlled. This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the Corporations Act and is dated 9 February 2022.

DIRECTORS' RESUMÉS

The Directors as at the date of this Directors' Report are:

JUAN SANTAMARIA

Executive Chairman, Chief Executive Officer and Managing Director
MEng (Civil)
Appointed Executive Chairman on 6 November 2020 and appointed Chief Executive Officer and Managing Director on 5 February 2020. Mr Santamaria was formerly the Managing Director of CPB Contractors (CIMIC Group's construction business) with responsibility for CPB Contractors, Leighton Asia and Broad in all geographies including Australia, New Zealand, Papua New Guinea, India and Asia.

Prior to that, Mr Santamaria held roles as the Managing Director of UGL (CIMIC Group's services business) and Executive General Manager of Public Private Partnerships and Construction West at CPB Contractors. He was Chief Executive Officer of Iridium (an ACS Group Company) between 2014 and 2015, and he was Chief Executive Officer and Chief Operating Officer of ACS Infrastructure North America and Canada between 2006 and 2013.

Mr Santamaria holds a Master of Science in Civil Engineering from the Polytechnic University of Madrid and has held a variety of positions in the construction industry during the past 20 years.

Mr Santamaria has extensive international experience in the delivery of large and complex construction, services and PPP projects and has been responsible for projects and businesses in Australia, Europe, North America, Latin America and South Africa.

RUSSELL CHENU

Independent Non-executive Director
BCom, MBA, CPA
Appointed Independent Non-executive Director in June 2014.
Chairman of the Audit and Risk Committee, Member of the Ethics, Compliance and Sustainability Committee and the Remuneration and Nomination Committee.

Mr Chenu has a Bachelor of Commerce from the University of Melbourne and an MBA from the Macquarie Graduate School of Management. Mr Chenu is an experienced corporate and finance professional who previously held senior finance and management positions with a number of ASX-listed companies. In a number of these senior roles, he was engaged in significant strategic business planning and business change, including several turnarounds, new market expansions and management leadership initiatives.

Mr Chenu was CFO of James Hardie Industries plc from 2004 to 2013. As CFO, he was responsible for accounting, treasury, taxation, corporate finance, information technology and systems, and procurement.

ASX listed company experience: Mr Chenu is currently Chairman of Vulcan Steel Limited (since June 2021) and a director of Reliance Worldwide Corporation Limited (since April 2016). He was formerly a director of Metro Performance Glass Limited (July 2014 to August 2021) and James Hardie Industries plc (August 2014 to November 2020).

JOSÉ-LUIS DEL VALLE PÉREZ

Non-executive Director
LLB
Appointed Non-executive Director in March 2014.
Member of the Ethics, Compliance and Sustainability Committee and the Remuneration and Nomination Committee.

Mr del Valle Pérez completed a degree in Law from the University Complutense of Madrid in 1971 and, since 1974, has been Abogado del Estado de España (State Attorney of Spain). He has been a Member of the Bar Association of Madrid since 1976. As Spanish State Attorney he performed his duties in the Delegations of the Ministry of Finance and the Courts of Justice of Burgos and of Toledo, and in the Legal Departments of the Ministry of Health and of the Ministry of Labour and Social Security. Mr del Valle Pérez was previously a Director of the legal department of the political party UCD (from 1977 to 1981) and a Member of the Parliament (Congreso de los Diputados) of Spain (from 1979 to 1982). He was also Deputy Minister for Territorial Administration from 1981 to 1982. Since 1983 Mr del Valle Pérez has been a Director of and/or legal advisor to many Spanish companies, including Banesto (merged with Banco Santander), Continental Industrias del Caucho (a subsidiary of Continental AG), Fococafé and Continental Hispánica (a subsidiary of Continental Grain Inc).

Mr del Valle Pérez is a member and Board Secretary of ACS Group and a number of its subsidiaries, is a Director and Board Secretary of Dragados, S.A., of ACE Servicios, Comunicaciones y Energía S.A., of Cobra Gestión de Infraestructuras, S.A. and of ACS Servicios y Concesiones S.A. and is currently a member of the Supervisory Board of HOCHTIEF AG.

PEDRO LÓPEZ JIMÉNEZ

Non-executive Director
MEng (Civil), MBA
Appointed Non-executive Director in March 2014.
Member of the Ethics, Compliance and Sustainability Committee and the Remuneration and Nomination Committee.

Mr López Jiménez is Ingeniero de Caminos Canales y Puertos and an MBA from IESE Business School, Madrid. He has been awarded the Grand Cross of Isabel La Católica.

During his career, Mr López Jiménez has held the following positions: General Director of Ports for the Ministry of Public Works (Spain), Secretary of State of Urban Affairs and Public Works (Spain), Board Member of Instituto Nacional de Industria (State owned holding company), Manager of the Thermal Plant Constructions in Hidroelectrica Española, CEO of Empresarios Agrupados (thermal and nuclear plants engineering and construction management), Chairman and CEO of Endesa S.A., Board Member of Unión Eléctrica S.A. and Empresa Nacional Hidroelectrica de la Ribagorçana, Chairman of Unión Fenosa S.A., Vice Chairman of Indra Sistemas S.A., Board Member of CESPA, Board Member of ENCE S.A., Board Member of Keller Group plc, and Chairman of Gtceisu Construcción S.A. Additionally, he was the founder of CEOE (Confederation of Spanish Industries), and Member of its first Executive Committee, founder and first Chairman of FEIE (Federation of Spanish Utility Companies), Board Member of Club Español de Energía (Spanish Energy Association) and Board Member of the Alcala University.

Mr López Jiménez is currently a Board Member of ACS Group, Member of the Nomination Committee and Vice Chairman of its Executive Committee, Vice Chairman of Dragados S.A., Chairman of ACS Services y Concesiones S.A. and Vice Chairman of ACS Servicios Communicaniones y Energia S.A.; Chair of the Supervisory Board of HOCHTIEF AG, and Board Member of Abertis and Chairman of its Audit and Control.

Mr López Jiménez is also Vice Chairman of the Royal Board of the National Library of Spain and Board Member of the Malaga Picasso Museum.

Mr López Jiménez is Vice Chairman of the Real Madrid Football Club.

DAVID ROBINSON

Non-executive Director
MCom, BEc, FCA, CTA
Appointed Non-executive Director in December 1990.
Member of the Ethics, Compliance and Sustainability Committee.

Mr Robinson has served as an Alternate Director for a number of HOCHTIEF-nominated directors dating back to November 2013.

Mr Robinson is a graduate of the University of Sydney and a registered company auditor and tax agent. He is a chartered accountant and Partner of ESV Accounting and Business Advisors, which advises local and overseas companies with interests in Australia. He is also principal of Harveys Consulting. Mr Robinson is a Director of Catholic Schools NSW Limited and Catholic Employment Relations Limited. Mr Robinson is a Director of HOCHTIEF Australia and was a former Director of Leighton Properties from May 2000 to August 2012. He was a Trustee of Mary Aikenhead Ministries, the responsible entity for the health, aged care and education works created by the Sisters of Charity of Australia.

Mr Robinson was the Chairman of ASX listed entity Devine Limited (Chairman since January 2016 and a Director since May 2015). Devine was acquired by CIMIC during the year and Mr Robinson resigned as a director effective 25 August 2021.

PETER-WILHELM SASSENFELD

Non-executive Director
MBA
Appointed Non-executive Director in November 2011.
Member of the Audit and Risk Committee.

Mr Sassenfeld has an MBA from the University of Saarland.

Mr Sassenfeld was appointed as the CFO of HOCHTIEF AG in November 2011 and is also the CFO of HOCHTIEF Solutions AG. Mr Sassenfeld is a Director of HOCHTIEF Australia, The Turner Corporation and Flatiron Holding Inc. Mr Sassenfeld has previously worked as the CFO of Ferrostaal AG and Krauss Maffei AG and in senior finance roles at Bayer AG and the Mannesmann Group. He was a director of Abertis Infraestructuras, S.A.

KATHRYN SPARGO

Independent Non-executive Director
LLB (Hons), BA, FAICD
Appointed Non-executive Director in September 2017.
Chairman of the Ethics, Compliance and Sustainability Committee and Remuneration and Nomination Committee, and Member of the Audit and Risk Committee.

Ms Spargo holds a Bachelor of Law with Honours and an Arts degree from the University of Adelaide. Ms Spargo is a fellow of the Australian Institute of Company Directors.

Ms Spargo has broad commercial experience, both in advisory roles (having worked in legal practice in the public and private sectors), and as a director of listed and unlisted companies.

Ms Spargo is a Director of the following additional ASX listed companies: Sigma Healthcare Limited (since December 2015), Sonic Healthcare Limited (since July 2010) and Adairs Limited (since May 2015). She is also a director of the Geelong Football Club, Future Fuels Cooperative Research Centre and Jellis Craig. Ms Spargo's previous Board positions included Chairman of UGL, as well as directorships at Fulton Hogan, SMEC Holdings, Fletcher Building (March 2012 to September 2017), Xenith IP Ltd (April 2017 to August 2019), Pacific Hydro, Suncorp Portfolio Services, IOOF, Investec Bank, Transfield Services Infrastructure Fund, and Coinvest Ltd.

ALTERNATE DIRECTOR RESUMÉ

ROBERT SEIDLER AM

Alternate Director
LLB

Appointed Alternate Director for Mr del Valle Pérez in June 2014. Previously an Alternate Director for Mr Sassenfeld (from June 2014 to October 2017). Mr Seidler AM has served as an Alternate Director for a number of HOCHTIEF-nominated directors dating back to November 2003.

He has a degree in Law from the University of Sydney and is a former partner of Ashurst.

Mr Seidler AM has over 40 years' experience as a lawyer, non-executive director on listed and unlisted companies in industries as diverse as funds management, banking, investment banking, hotel management as well as serving on government committees in both Australia and Japan.

Mr Seidler AM is Vice President of the Australia-Japan Business Cooperation Committee, Senior Regional Executive, APAC Regional Office (Australia) for Hitachi Ltd, Principal of the Kokusai Business Advisory and was the Chairman of the Australian Olympic Committee Tokyo Advisory Committee, and was a member of the Business Council of Australia's Asia Society's "Asia Taskforce". Mr Seidler AM has also been made a member of the Order of the Rising Sun by the Emperor of Japan.

Mr Seidler AM was appointed as a Director of HOCHTIEF Australia in November 2011. From 2016 to 2019 Mr Seidler AM was the NSW Government's Special Envoy – Japan. He was a Director of Investa Office Fund Management (July 2016 to December 2018) and Investa Listed Funds Management Limited (April 2016 to December 2018). He was the Chairman of Leighton Asia (November 2011 to September 2012), and Chairman of Leighton Properties (May 2010 to August 2012) and a Director of Leighton International (November 2009 to November 2011).

COMPANY SECRETARIES' RESUMÉS

LYN NIKOLOPOULOS

Company Secretary
BBus*,* FGIA, FCG

Appointed Company Secretary in June 2017. Prior to her CIMIC appointment, Ms Nikolopoulos was Company Secretary of UGL from October 2006. Ms Nikolopoulos has a Bachelor of Business from the University of Technology Sydney and holds a Graduate Diploma in Applied Corporate Governance from the GIA. She is a fellow of the GIA and has over 20 years' experience as a company secretary. Ms Nikolopoulos is also the company secretary of a number of subsidiaries of CIMIC.

FORMER OFFICEHOLDERS

During FY21 the following people ceased to be officeholders of the Company:

Name	Position	Period
Louise Griffiths	Company Secretary	1 January to 28 May 2021

BOARD MEETINGS

The number of Board and Board Committee meetings held, and the number of meetings attended by each Director, during FY21 are set out in the table below.

	Board		Audit & Risk Committee		Ethics, Compliance & Sustainability Committee		Remuneration & Nomination Committee		Board Sub-Committee	
	H	A	H	A	H	A	H	A	H	A
Directors										
J Santamaria	12	12	-	4[+]	-	4[+]	-	4[+]	-	-
R Chenu	13	13	4	4	4	4	4	4	-	-
J L del Valle Pérez	13	13	-	4[+]	4	4	4	4	-	-
P Lopéz Jiménez	13	13	-	4[+]	4	4	4	4	-	-
D Robinson	12	12	-	4[+]	4	4	-	4[+]	-	-
P Sassenfeld	13	13	4	4	-	2[+]	-	1[+]	-	-
K Spargo	13	13	4	4	4	4	4	4	-	-
Alternate Director										
R Seidler AM[1]	-	13*	-	4*	-	4*	-	4*	-	-

H The number of meetings held during the period the Director/Alternate Director was a member of the Board and/or Committee (including 2 meetings conducted via circular resolution).

A The number of meetings attended by the Director during the period the Director/Alternate Director was a member of the Board and/or Committee (including 2 meetings conducted via circular resolution).

* The number of meetings attended by the Alternate Director in his capacity as an Alternate Director or as a standing invitee.

\+ The number of meetings attended by the Director as a standing invitee of the Committee.

1 Mr Seidler is currently an Alternate Director for Mr del Valle Pérez.

In addition to scheduled meetings, briefing sessions were held for Directors during the year.

DIRECTOR AND SENIOR EXECUTIVE REMUNERATION

Details of the Company's remuneration policy and remuneration paid to the Group's KMP are detailed in the Remuneration Report within this Annual Report.

DIRECTORS' INTERESTS

The Directors in office as at the date of this Directors' Report are listed in the table below together with details of their relevant interests in the issued capital of the Company and its related body corporates.

Name	Relevant interests in CIMIC	Relevant interests in ACS and/or HOCHTIEF AG	
	Ordinary shares	Ordinary shares	Options over shares
Directors			
J Santamaria	-	635 (ACS)	-
R Chenu	4,085	-	-
J L del Valle Pérez	1,000[1]	306,095 (ACS)	275,000 (ACS)
P López Jiménez	1,192[1]	740,393 (ACS)~	-
D Robinson	1,489	-	-
P Sassenfeld	1,858[1]	17,795 (HOCHTIEF AG)	-
K Spargo	4,000	-	-
Alternate Directors			
R Seidler AM	2,941	910 (ACS)	-

1 These shares are held by the relevant director on trust for HOCHTIEF Australia.

~ These shares are held by Fapin Mobi, S.L. (a closely related party to Mr López Jiménez).

No Director held a relevant interest in Devine.

ENVIRONMENTAL REGULATION

Under section 299(1)(f) of the Corporations Act, an entity is required to provide a summary of its environmental performance in terms of compliance with Australian environmental regulations.

Within Australia, the Company is required to report under the NGER Scheme. In addition, the Operating Companies are subject to project specific regulations across the various jurisdictions in which they operate. Failure to comply with these corporate and project specific requirements may result in penalties such as remediation of damage, court injunctions, and criminal and civil penalties.

To assist the Board in discharging its responsibilities the Company has adopted a governance framework which provides for:

- the delegation of accountability for achieving compliance with regulatory requirements (and other requirements) to the most appropriate person or group within the organisation; and
- an assurance and reporting process for the evaluation and oversight of compliance with these requirements to the Board.

In FY21:

- the Company submitted its NGER Scheme report with EY, our NGER Scheme external auditor, providing limited assurance; and
- across the 78.3 million hours worked on projects there were no material breaches of legislation or conditions of approval (ie, those resulting in prosecution, significant financial penalties or contractual action against the Company, executive officers or individuals). However, there were 14 breaches which involved written warnings from environmental regulators and 5 fines totalling $125,318, the detail of which is set out in the Sustainability Report.

For further information regarding the Company's environmental governance, management approach and performance (which extends beyond compliance), please refer to the Sustainability Report within this Annual Report.

OPTIONS

As at the date of this Directors' Report, there are zero options on issue.

Refer to the Remuneration Report for summaries of our STI, LTI and option plans and 'Note 36: *Employee benefits*' to the Financial Report within this Annual Report for further details.

INDEMNITY FOR GROUP OFFICERS AND AUDITORS

CONSTITUTION

The Constitution includes indemnities in favour of people who are, or have been, an 'Officer' of the Company. 'Officer' is defined in the Constitution as any director, alternate director, managing director, executive director, secretary or assistant secretary of the Company or its related bodies corporate.

The Constitution states that, to the full extent permitted by law, the Company indemnifies each Officer, against all losses, liabilities, costs, charges and expenses incurred while acting in that capacity.

DIRECTORS' DEED OF INDEMNITY

The Company has entered into deeds of indemnity, insurance and access with its current and former Directors. Under each director's deed, the Company indemnifies the Director to the extent permitted by law against any liability (including liability for legal defence costs) incurred by the Director as an Officer or former Officer of the Company or any Operating Company, or while acting at the request of the Company or any Operating Company as an Officer of a non-controlled entity.

DEEDS OF INDEMNITY FOR CERTAIN OFFICERS AND EMPLOYEES

The Company has entered into deeds of indemnity with particular Officers, employees or former Officers and employees of the Company and Operating Companies. These deeds of indemnity give indemnities in favour of those Officers, employees or former Officers and employees in respect of liabilities incurred by them while acting in their applicable capacities in the Company or any Operating Company, or while acting at the request of the Company or any Operating Company as an Officer or employee of a non-controlled entity.

The Officers and employees who have the benefit of a deed of indemnity are, or were at the time:

- a Director, Secretary, General Counsel or an executive (in a role that has been approved by the CEO, CFO or Company Secretary) of the Company, an Operating Company or a subsidiary of an Operating Company; or
- a Director, Company Secretary or an executive (in a role that has been approved by the CEO, CFO or Company Secretary) of a non-controlled entity at the request of the Company or an Operating Company.

INSURANCE FOR GROUP OFFICERS

During and since the end of FY21, the Company has paid or agreed to pay premiums in respect of contracts insuring persons who are or have been an Officer against certain liabilities (including legal costs) incurred in that capacity.

Under the directors' deeds and the deeds of indemnity described above, the Company has undertaken to the relevant Officer, employee or former Officer or employee that it will insure the Officer or employee against certain liabilities incurred in their applicable capacity in the Company or any Subsidiary or as an Officer or employee of a non-controlled entity where the position is, or was, held at the request of the Company or any Subsidiary.

The insurance contracts entered into by the Company prohibit disclosure of the specific nature of the liabilities covered by the insurance contracts and the amount of the premiums.

AUDIT

The declaration by the Group's external auditor, Deloitte, to the Directors in relation to the auditor's compliance with the independence requirements of the Corporations Act, and any applicable code of professional conduct for external auditors, is set out in the section of this Directors' Report titled 'Lead Auditor's independence declaration under section 307C of the Corporations Act.

No person who was an Officer of the Company during FY21 was a director or partner of the Group's external auditor at a time the Group's external auditor conducted the audit.

NON-AUDIT SERVICES

Details of the amounts paid or payable to our external auditor, Deloitte, for non-audit services provided during the 2021 Financial Year to entities within the Group are set out in the table below.

The Board has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the 2021 Financial Year is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Board is satisfied that the provision of non-audit services by Deloitte, as set out in the following table, did not compromise the auditor independence requirements of the Corporations Act for the following reasons:

- all non-audit services were reviewed by the Audit and Risk Committee and the Committee believes that they do not impact the impartiality and objectivity of Deloitte because of the nature of the services provided during the 2021 Financial Year and the quantum of the fees which relate to non-audit services compared with the overall fees;
- the Directors believe that none of the services undermine the general principles relating to auditor independence, including reviewing or auditing Deloitte's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards; and
- these assignments were carried out in accordance with the External Auditor Independence Charter.

The non-audit services supplied to entities within the Group by Deloitte and the amount paid or payable by type of non-audit service during FY21 were as follows.

Non-audit services	**Amount paid/payable $'000**
Other assurance services	78
Taxation and other services	92
Total	**170**

ROUNDING OF AMOUNTS

As the Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the Directors have chosen to round amounts in this Directors' Report and the accompanying Financial Report to the nearest hundred thousand dollars, unless otherwise indicated.

CEO AND CFO DECLARATION

The CEO and CFO have provided a declaration to the Board concerning the Group's financial records, financial statements and notes in respect of FY21 in accordance with section 295A of the Corporations Act.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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www.deloitte.com.au

The Directors
CIMIC Group Limited
25/177 Pacific Highway
NORTH SYDNEY NSW 2060

9 February 2022

Dear Directors

Auditor's Independence Declaration to CIMIC Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of CIMIC Group Limited.

As lead audit partner for the audit of the financial report of CIMIC Group Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants

Operating and Financial Review

FINANCIAL OVERVIEW

OPERATING PERFORMANCE

- Group revenue growth of 8.3% to $14.7 billion compared to $13.6 billion for FY20 on a comparable basis[1].
- Revenue[2] growth of 7.6% to $9.7 billion compared to $9.0 billion for FY20 on a comparable basis.
- Earnings before interest, tax, depreciation and amortisation (EBITDA), profit before tax (PBT) and net profit after tax (NPAT) margins[3] were 9.4%, 5.2% and 4.2% respectively.
- Statutory PBT of $497.7 million / underlying PBT of $502.4 million.
- Statutory NPAT of $402.1 million / underlying NPAT of $405.4 million.
- Ventia IPO in November 2021 resulted in pre-tax gain of $60.3 million after costs, and cash proceeds to CIMIC of $32.0 million.
- CIMIC's compulsory acquisition of Devine completed on 9 July 2021.
- Net $(3.3) million one-off post tax impacts in FY21 include $42.2 million gain on the sell down of Ventia (retained 32.8% at cost) and $(45.5) million of other one-offs net of provisions[4].

CASH FLOWS

- Operating cash flow pre-factoring of $516.2 million, an increase of $602.5 million compared to $(86.3) million for FY20 on a comparable basis.
- FY21 EBITDA cash conversion pre-factoring of 57%.
- Factoring balance of $434.1 million, reduced by $541.7 million from $975.8 million at 31 December 2020.

FINANCIAL POSITION

- Strong balance sheet position; $4.4 billion of liquidity comprising $1.94 billion cash and $2.44 billion undrawn bank facilities.
- Net debt of $497.9 million at 31 December 2021.
- Investment grade rating of (BBB-/A-3/Outlook Stable) confirmed by S&P in October 2021. Moody's strong investment grade credit rating remains unchanged (Baa2/Outlook Stable).
- Supply chain finance balance nil; $144.0 million fully repaid in the nine-months to September 2021; program discontinued.
- Cost of debt of 2.2% for FY21.
- Net contract debtors of $(333.5) million versus $(294.7) million at 31 December 2020.
- No change to the contract debtors portfolio provision from prior years.
- Strategic diversification of funding sources with issue of eight year EUR625.0 million corporate Eurobond (equivalent to $982.5 million at the date of issuance), providing ongoing access to the Eurobond market.
- In March 2021, CIMIC signed a $1.4 billion three-year syndicated performance bond facility, reflecting strong financial position and providing enhanced financial capacity to support the strong tender pipeline.

WORK IN HAND AND PIPELINE

- $20.4 billion of new work awarded in FY21, significant recovery from the $6.8 billion awarded in FY20 on a comparable basis.
- Total work in hand of $33.2 billion at 31 December 2021, well diversified across Construction, Services and Investments (services and mining).
- Extensive project pipeline in our key markets/activities, continuing to provide a range of opportunities.
- More than $480 billion of tenders relevant to CIMIC to be bid and/or awarded in 2022 and beyond, including $115 billion of PPP (public private partnership) projects.

SHAREHOLDER RETURNS

- Declared a final dividend of 36.0 cents per share amounting to $112.1 million, unfranked; total FY21 dividends of 78 cents per share representing a payout ratio 60% on FY21 result.
- $317.5 million cash returned to shareholders, comprising FY20 final dividend ($186.8 million) and HY21 interim dividend ($130.7 million).
- EPS (basic) was 129.2 cents per share.

GUIDANCE

- FY22 NPAT expected to be in the range of $425.0 million to $460.0 million, subject to market conditions. An increase of 4.8% - 13.5% on FY21 underlying NPAT of $405.4 million.
- FY22 guidance supported by strong level of work in hand and positive outlook across the Group's core markets.
- Ongoing focus remains on managing working capital, generating sustainable cash-backed profits and a rigorous approach to tendering, project delivery and risk management.

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[1] FY20 on a comparable basis has been adjusted for FY20 one-off items and reflects Thiess as a 50% equity accounted JV for P&L, cashflow and WIH. In the P&L, where appropriate, this is adjusted for the Thiess purchase price allocation ("PPA") adjustment representing the amortisation of the customer relationship intangibles. The Thiess PPA process occurred after CIMIC released FY20 results to the market.
[2] Revenue excludes revenue from joint ventures and associates of $5,022.9 million (FY20 comparable: $4,571.9 million).
[3] Margins are calculated on revenue, excluding joint ventures and associates. Margins are calculated on underlying figures in FY21.
[4] Other one-offs net of provisions include the West Gate Tunnel settlement announced on 17 December 2021.

FINANCIAL HIGHLIGHTS – FY21 PERFORMANCE

FY21 Financial performance $m	**Statutory**	**Sell down of Ventia**	**Other one-offs net of provisions**[5]	**Underlying**
Group revenue	14,709.5	-	-	14,709.5
Revenue – joint ventures and associates	(5,022.9)	-	-	(5,022.9)
Revenue[6]	**9,686.6**	-	-	**9,686.6**
Expenses	(9,023.4)	-	65.0	(8,958.4)
Gain on sell down	60.3	(60.3)	-	-
Share of profit/(loss) of joint ventures and associates	185.7	-	-	185.7
EBITDA	**909.2**	**(60.3)**	**65.0**	**913.9**
EBITDA margin	9.4%	-	-	9.4%
Depreciation and amortisation	(283.7)	-	-	(283.7)
EBIT/Operating profit[7]	**625.5**	**(60.3)**	**65.0**	**630.2**
EBIT/Operating profit margin	6.5%	-	-	6.5%
Net finance costs	(127.8)	-	-	(127.8)
Profit before tax	**497.7**	**(60.3)**	**65.0**	**502.4**
PBT margin	5.1%	-	-	5.2%
Income tax	(93.7)	18.1	(19.5)	(95.1)
Profit for the year	**404.0**	**(42.2)**	**45.5**	**407.3**
Non-controlling interests	(1.9)	-	-	(1.9)
NPAT	**402.1**	**(42.2)**	**45.5**	**405.4**
NPAT margin	4.2%	-	-	4.2%
EPS (basic)	129.2c			130.2c

FY21 ONE-OFF ITEMS

During FY21, the Group determined that the following one-off items had an impact on NPAT including:

- $42.2 million gain on sell down of Ventia as a result of the completion of their IPO in November 2021; CIMIC retains a 32.8% share of Ventia, held at cost as at 31 December 2021. The transaction also generated $32.0 million of cash proceeds to CIMIC; and
- $(45.5) million other one-offs net of provisions include the West Gate Tunnel settlement as detailed in CIMIC's ASX announcement on 17 December 2021.

[5] Other one-offs net of provisions include the West Gate Tunnel settlement announced on 17 December 2021.
[6] Revenue excludes revenue from joint ventures and associates of $5,022.9 million (FY20 comparable: $4,571.9 million).
[7] Operating profit is EBIT adjusted for the one-off items in FY21 in respect of the gain on sell down of Ventia and other one-offs net of provisions.

FINANCIAL HIGHLIGHTS – OTHER

Financial position $m	December 2021	December 2020
Net (debt)/cash[8]	**(497.9)**	**190.4**
Lease liabilities	(277.2)	(314.8)
Net (debt)/cash (incl. leases)	(775.1)	(124.4)
Net contract debtors[9]	**(333.5)**	**(294.7)**

Cash flows $m	Pre-factoring 2021	Pre-factoring 2020 Comparable[10]	Post-factoring 2021	Post-factoring 2020 Comparable[10]
Operating cash flow[11]	**516.2**	**(86.3)**	**(25.5)**	**(246.1)**
Interest, finance costs and taxes	(112.3)	(132.6)	(112.3)	(132.6)
Net operating cash flow[12]	**403.9**	**(218.9)**	**(137.8)**	**(378.7)**
Gross capital expenditure[13]	(63.3)	(160.1)	(63.3)	(160.1)
Gross capital proceeds[14]	28.9	23.7	28.9	23.7
Net capital expenditure	**(34.4)**	**(136.4)**	**(34.4)**	**(136.4)**
Free operating cash flow[15]	**369.5**	**(355.3)**	**(172.2)**	**(515.1)**

Work in hand[16] $m	December 2021	December 2020
Work in hand beginning of period^	30,078.6	37,510.7
New work and adjustments*[17]	20,398.4	7,393.9
Acquisition during the year[18]	-	3,072.2
Executed work	(14,709.5)	(14,212.2)
Total work in hand	**35,767.5**	**33,764.6**
Less: sell down of Ventia (from 47% to 32.8%)	(2,589.1)	-
Less: 50% divestment of Thiess	-	(3,686.0)
Total work in hand end of period	**33,178.4**	**30,078.6**

^(The impact of the Ventia sale (to 32.8% interest) on work in hand at 1 January 2021 would have resulted in an opening balance of $28,129.3 million.)
**(FY20 new work and adjustments of $7.4 billion includes Thiess at 100%; FY20 comparable new work and adjustments is $6.8 billion with Thiess as a 50% JV.)*

Work in hand[16] by segment $m	December 2021	December 2020 with Ventia at 47%	Chg. % 2021 v. 2020 at 47%	December 2020 with Ventia at 32.8%	Chg. % 2021 v. 2020 at 32.8%
Construction	15,660.0	12,526.0	25.0%	12,526.0	25.0%
Services	9,284.0	8,824.5	5.2%	8,824.5	5.2%
Investments (including Thiess JV and Ventia)[19]	8,234.4	8,728.1	(5.7%)	6,778.8	21.5%
Total work in hand end of period	**33,178.4**	**30,078.6**	**10.3%**	**28,129.3**	**17.9%**

[8] Net (debt)/cash includes cash and equivalent liquid assets (which includes cash, cash equivalents and short term financial assets and investments).
[9] Net contract debtors represents the net amount of total contract debtors–trade and other receivables and total contract liabilities–trade and other payables (refer to the Financial Report, 'Note 9: *Trade and other receivables*'–'*Additional information on contract debtors*').
[10] FY20 reported cash flows have been adjusted to be on a comparable basis, to reflect Thiess as a 50% equity accounted JV.
[11] Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments, before interest, finance costs and taxes.
[12] Net operating cash flow is defined as operating cash flow after interest, finance costs and taxes.
[13] Gross capital expenditure is payments for property, plant and equipment.
[14] Gross capital proceeds are proceeds received from the sale of property, plant and equipment.
[15] Free operating cash flow is defined as net operating cash flow less net capital expenditure for property, plant and equipment.
[16] WIH includes CIMIC's share of WIH from joint ventures and associates.
[17] New work includes new contracts and contract extensions and variations, including the impact of foreign exchange rate movements and other WIH adjustments.
[18] CIMIC's share of WIH in relation to Ventia's acquisition of Broadspectrum in FY20.
[19] Investments WIH includes WIH from CIMIC's share of investments at their ownership %, including Thiess and Ventia.

FINANCIAL PERFORMANCE

In FY21, CIMIC generated group revenue of $14.7 billion and revenue of $9.7 billion, with underlying NPAT of $405.4 million.

Underlying financial performance $m	**2021 Underlying[20]**	**2020 Comparable[21]**	**chg. $**	**chg. %**
Group revenue	14,709.5	13,576.1	1,133.4	8.3%
Revenue – joint ventures and associates	(5,022.9)	(4,571.9)	(451.0)	9.9%
Revenue[22]	**9,686.6**	**9,004.2**	**682.4**	**7.6%**
Expenses	(8,958.4)	(8,462.8)	(495.6)	5.9%
Share of profit/(loss) of joint ventures and associates	185.7	278.6	(92.9)	(33.3)%
EBITDA	**913.9**	**820.0**	**93.9**	**11.5%**
EBITDA margin[23]	9.4%	9.1%	30bp	-
Depreciation and amortisation	(283.7)	(240.5)	(43.2)	18.0%
Operating profit[24]	**630.2**	**579.5**	**50.7**	**8.7%**
Operating profit margin[23]	6.5%	6.4%	10bp	-
Net finance costs	(127.8)	(160.0)	32.2	(20.1)%
Profit before tax	**502.4**	**419.5**	**82.9**	**19.8%**
PBT margin[23]	5.2%	4.7%	50bp	-
Income tax	(95.1)	(64.3)	(30.8)	47.9%
Profit for the year	**407.3**	**355.2**	**52.1**	**14.7%**
Non-controlling interests	(1.9)	(3.1)	1.2	(38.7)%
NPAT	**405.4**	**352.1**	**53.3**	**15.1%**
NPAT margin[23]	4.2%	3.9%	30bp	-

Reconciliation of FY2020 comparable NPAT to CIMIC Group Limited 2020 Annual Report (Operating and Financial Review)

2020 comparable NPAT (post Thiess PPA adjustment)	352.1
Impact of Thiess PPA adjustment[25]	19.4
2020 NPAT (pre-Thiess PPA adjustment)	**371.5**

ONE-OFF ITEMS

During FY21, the Group has been impacted by one-off events and transactions, as outlined below.

FY21 $m	**PBT**	**Tax/NCI**	**NPAT**
Underlying	**502.4**	**(97.0)**	**405.4**
Sell down of Ventia	60.3	(18.1)	42.2
Other one-offs net of provisions	(65.0)	19.5	(45.5)
Statutory	**497.7**	**(95.6)**	**402.1**

SELL DOWN OF VENTIA

On 15 November 2021, CIMIC announced that the Ventia IPO would proceed at a final offer price of $1.70 per share. The IPO valued 100% of Ventia shares at approximately $1.45 billion and provided it with a public market platform to enable further growth. The IPO offer size was $438 million, representing 30% of Ventia's share capital, comprising a 26% issuance of new shares to reduce debt and improve capital efficiency, and a 4% sell down by Ventia's existing major shareholders (2% each). The IPO resulted in cash proceeds for CIMIC of $32.0 million, and a statutory pre-tax gain of $60.3 million after costs and the diluting impact of the issuance of new shares.

On completion of the IPO, CIMIC retains a 32.8% stake in Ventia, which is subject to a voluntary escrow period. CIMIC's retained stake is notionally valued at approximately $560 million as at 31 December 2021[26]. Notwithstanding, CIMIC's retained stake will continue to be held in its financial accounts at cost.

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[20] FY21 underlying result is adjusted for the one-off items in respect of Ventia sell-down and other one-off items net of provisions.
[21] FY20 comparable has been adjusted for FY20 one-off items and to reflect Thiess as a 50% equity accounted JV in the P&L. FY20 comparable also includes the Thiess PPA adjustment representing the amortisation of the customer relationship intangible raised during the Thiess PPA. The Thiess PPA process occurred after CIMIC released FY20 results to the market.
[22] Revenue excludes revenue from joint ventures and associates of $5,022.9 million (FY20 comparable: $4,571.9 million).
[23] Margins are calculated on revenue as defined above.
[24] FY21 operating profit is EBIT adjusted for the gain on sell down of Ventia and other one-offs net of provisions; FY20 operating profit is EBIT adjusted for the gain on Thiess divestment, resolution of the Gorgon Jetty arbitration and other FY20 items.
[25] The Thiess PPA adjustment represents the amortisation of the customer relationship intangible raised during the Thiess PPA, at CIMIC's 50% share. The Thiess PPA process was conducted after CIMIC released FY20 results to the market.
[26] At a Ventia share price of $2.00 per share as at 31 December 2021.

OTHER ONE-OFFS NET OF PROVISIONS

Other one-offs net of provisions of $(65.0) million recognised in the year to address one-off items, including the West Gate Tunnel settlement announced on 17 December 2021.

REVENUE AND PROFIT BEFORE TAX BY SEGMENT

Revenue for the year was $9.7 billion, compared to $9.0 billion in FY20 comparable. The revenue increase is attributable to growth in the Australian Construction and Services market segments in response to strong demand for the delivery of infrastructure and operations and maintenance services.

FY21 underlying PBT was $502.4 million, with a corresponding PBT margin of 5.2%.

Revenue by segment $m	2021	2020 Comparable[27]	chg. $	chg. %
Construction	6,875.8	6,596.1	279.7	4.2%
Services	2,756.9	2,351.4	405.5	17.2%
Corporate	53.9	56.7	(2.8)	(4.9)%
Revenue	**9,686.6**	**9,004.2**	**682.4**	**7.6%**
JV & associates revenue	5,022.9	4,571.9	451.0	9.9%
Group revenue	**14,709.5**	**13,576.1**	**1,133.4**	**8.3%**

Group revenue from the various market segments was split 89:11 between domestic[28] and international markets, compared to 86:14 in FY20 comparable.

Underlying profit before tax by segment $m	2021	2020 Comparable[27]	chg. $	chg. %
Construction	441.6	307.6	134.0	43.6%
Services	140.4	104.6	35.8	34.2%
Corporate	(202.4)	(238.3)	35.9	(15.1)%
JV Investments	122.8	245.6	(122.8)	(50.0)%
Underlying profit before tax	**502.4**	**419.5**	**82.9**	**19.8%**

CONSTRUCTION

Construction revenue was $6.9 billion for FY21 compared to $6.6 billion for FY20 comparable. The increase was driven by the start of new projects and the ramp up of major tunnelling projects in Australia.

Major revenue contributors for the Group in FY21 included:

- rail and road developments in Australia, including Sydney Metro 'City & Southwest', WestConnex 'Rozelle Interchange', Monash Freeway Stage 2, Line Wide Works and Pitt St Station Development in New South Wales and West Gate Tunnel in Victoria;
- infrastructure projects including the Waikeria Corrections Facility, Metro Sports Facility in New Zealand, Western Sydney Airport Bulk Earthworks project and the Nepean Hospital and the Campbelltown Hospital in New South Wales;
- infrastructure projects in Hong Kong and South East Asia including the East Kowloon Cultural Centre, Hong Kong International Airport 'Terminal 1 Annex Building and Car Park' and 'Terminal 2 Foundation and Substructure works', T-09 of the Deep Tunnel Sewerage System Phase 2 project and Tseung Kwan O – Lam Tin Tunnel; and
- several PPP projects, including Transmission Gully in New Zealand, and the Tunnel, Stations and Development package of the Cross River Rail project in Queensland.

Construction PBT was $441.6 million for FY21 compared to $307.6 million for FY20 comparable. Construction PBT is consistent with the growth in Australian operations, with strong margins of 6.4% achieved versus a comparable FY20 margin of 4.7%. Margins reflect on-going cost discipline during delivery.

[27] FY20 comparable has been adjusted for FY20 one-off items and to reflect Thiess as a 50% equity accounted JV in the P&L. FY20 comparable also includes the Thiess PPA adjustment representing the amortisation of the customer relationship intangible raised during the Thiess PPA. The Thiess PPA process occurred after CIMIC released FY20 results to the market.
[28] Domestic includes Australia, New Zealand and Papua New Guinea.

SERVICES

Services revenue was $2.8 billion for FY21 compared to $2.4 billion for FY20 comparable. The increase was attributable to strong market demand for Services and an increase in shutdown and maintenance activity.

Major revenue contributors for the Group in FY21 included:

- maintenance and supply chain services to over 1,200 passenger cars in Sydney's metropolitan rail fleet;
- mechanical and electrical works for the Cross River Rail project in Queensland;
- heavy resource maintenance works for resource companies including Chevron, Esso Australia, Australia Terminals Operations Management, Woodside and Alcoa, across Australia;
- provision of maintenance and shutdown support services for clients in the mining sector including BHP Billiton Mitsubishi Alliance (BMA);
- rail rolling stock maintenance and rail manufacturing works for Pacific National, across Australia;
- provision of asset management services for up to 15 years to support the Royal Australian Navy;
- delivery of operation and maintenance services in Australia's energy sector, for companies including AGL and Stanwell;
- managing the delivery of TasWater's capital works program to support and develop Tasmania's water and wastewater infrastructure;
- the Mt Pleasant, Byerwen, Sonoma and Red Mountain mineral processing operations in Australia; and
- the Byerwen Coal Handling and Processing Plant (CHPP) Dry Tailings and Jellinbah Central CHPP Upgrade in Queensland.

Services PBT was $140.4 million for FY21 compared to $104.6 million for FY20 comparable. Services PBT margin was 5.1% versus a comparable FY20 margin of 4.4%, supported by cost efficiency measures in the segment.

CORPORATE

Corporate PBT was $(202.4) million for FY21 compared to $(238.3) million for FY20 comparable. The movement is attributable to overhead cost reduction initiatives and a stronger contribution from our PPP investments. This segment comprises contributions from Corporate, EIC Activities, Pacific Partnerships and the commercial and residential business.

JOINT VENTURE INVESTMENTS

Joint Venture Investments PBT was $122.8 million for FY21 compared to $245.6 million for FY20 comparable, consisting of the share of profits of the Group's corporate joint ventures and associates, including Thiess and Ventia. The FY21 Thiess joint venture investments PBT was mainly impacted by wet weather conditions on the East Coast of Australia and Indonesia, and increased finance costs as a result of Thiess' standalone capital structure.

REVENUE – JOINT VENTURES AND ASSOCIATES

Revenue from joint ventures and associates was $5.0 billion for FY21, an increase of 9.9%, or $451.0 million, compared to FY20 comparable. The amount includes revenue from investments such as Thiess and Ventia, as well as revenue from the other associates and joint venture entities across the CIMIC Group. The increase on FY20 comparable was attributable to Ventia's acquisition of Broadspectrum, which was completed on 30 June 2020. Broadspectrum's financial performance was incorporated into the equity accounted profit of Ventia from 1 July 2020.

EXPENSES

Expenses were $9.0 billion for FY21, an increase of 5.9%, or $495.6 million, compared with FY20 comparable. The major direct expenses were materials, subcontractors, plant costs, and personnel costs.

Depreciation and amortisation

Depreciation and amortisation was $283.7 million for FY21, an increase of 18.0%, or $43.2 million, compared to FY20 comparable. The ramp up in tunnelling activities across major projects, including Cross River Rail and Westconnex M4-M5 Link Rozelle Interchange has driven the increase in the depreciation expense in FY21.

OPERATING PROFIT

The Group's operating profit was $630.2 million for FY21, an increase of 8.7%, or $50.7 million, compared to FY20 comparable. This represents a margin of 6.5% in FY21 versus 6.4% in FY20 comparable. During the year, strong operating profit margin has been maintained and project costs controlled despite COVID-19 and an escalation in some costs.

NET FINANCE COSTS

Net finance costs were $127.8 million for FY21, a decrease of 20.1%, or $32.2 million, compared to FY20 comparable. Total finance costs were lower in FY21 due to lower levels of debt held during the period and decreased use of working capital instruments.

The average cost of debt was 2.2% in FY21.

Finance cost detail $m	**2021**	**2020 Comparable[29]**	**chg. $**	**chg. %**
Debt interest expenses	(68.8)	(83.5)	14.7	(17.6)%
Facility fees, bonding and other costs[30]	(71.7)	(96.3)	24.6	(25.5)%
Total finance costs	**(140.5)**	**(179.8)**	**39.3**	**(21.9)%**
Interest income	12.7	19.8	(7.1)	(35.9)%
Net finance costs	**(127.8)**	**(160.0)**	**32.2**	**(20.1)%**

Average cost of debt calculation $m	**2021**	**2020 Comparable[29]**
Debt interest expenses (a)	(68.8)	(83.5)
Gross debt[31]	2,442.1	2,896.6
Gross debt average (b)	3,094.6	4,411.3
Average cost of debt (-a/b)	**2.2%**	**1.9%**

INCOME TAX

Underlying income tax expense was $95.1 million for FY21 based on an applied tax rate for the Australian business of 30%.

The consolidated effective tax rate of CIMIC Group was 18.9%. The difference between the Australian tax rate of 30% and the effective tax rate was largely due to profit contributions from joint ventures and associates being recognised after tax. Other factors impacting the effective tax rate were international income tax differentials and foreign currency translation relating to profits and losses earned from the various overseas jurisdictions.

The statutory income tax expense of $93.7 million includes the tax impact of the one-off items relating to the gain on sell down of Ventia and other one-offs net of provisions.

NON-CONTROLLING INTERESTS

Non-controlling interests were $(1.9) million for FY21 versus $(3.1) million for FY20 on a comparable basis. This relates to gains attributable to the shareholdings of minority owners for the period. The decrease in non-controlling interest follows CIMIC's compulsory acquisition of Devine, which completed on 9 July 2021.

NET PROFIT AFTER TAX

Underlying NPAT was $405.4 million for FY21 versus $352.1 million for FY20 on a comparable basis.

Statutory NPAT was $402.1 million, representing earnings per share (basic) of 129.2 cents. In FY21, statutory NPAT was impacted by the one-off post tax items of $42.2 million relating to the gain on sell down of Ventia and $(45.5) million for other one-offs net of provisions[32].

[29] FY20 reported finance costs have been adjusted to be on a comparable basis, to reflect Thiess as a 50% equity accounted JV.
[30] Relates to the $3.7 billion of working capital facilities of which $2.44 billion is undrawn at 31 December 2021, and bank bonding commitment fees and other finance costs.
[31] Total interest bearing liabilities.
[32] Other one-offs net of provisions include the West Gate Tunnel settlement announced on 17 December 2021.

FINANCIAL POSITION

CIMIC maintained a strong level of liquidity during the period with an ongoing disciplined focus on managing working capital.

Net (debt)/cash **$m**	**December** **2021**	**December** **2020**	**chg. $**	**chg. %**
Cash and cash equivalent liquid assets	**1,944.2**	**3,087.0**	**(1,142.8)**	**(37.0)%**
Current interest bearing liabilities	(275.7)	(210.0)	(65.7)	31.3%
Non-current interest bearing liabilities	(2,166.4)	(2,686.6)	520.2	(19.4)%
Net (debt)/cash	**(497.9)**	**190.4**	**(688.3)**	-
Lease liabilities	(277.2)	(314.8)	37.6	(11.9)%
Net (debt)/cash (incl. leases)	(775.1)	(124.4)	(650.7)	-

Net contract debtors **$m**	**December** **2021**	**December** **2020**	**chg. $**	**chg. %**
Net contract debtors[33]	(333.5)	(294.7)	(38.8)	13.2%

Assets **$m**	**December** **2021**	**December** **2020**	**chg. $**	**chg. %**
Current assets				
Cash and cash equivalent liquid assets	1,944.2	3,087.0	(1,142.8)	(37.0)%
Trade and other receivables	2,308.2	1,929.8	378.4	19.6%
Current tax assets	126.6	1.0	125.6	-
Inventories: consumables and development properties	232.4	185.2	47.2	25.5%
Assets held for sale	44.3	-	44.3	-
Total current assets	**4,655.7**	**5,203.0**	**(547.3)**	**(10.5)%**
Non-current assets				
Trade and other receivables	123.5	89.8	33.7	37.5%
Inventories: development properties	80.6	84.8	(4.2)	(5.0)%
Investments accounted for using the equity method	1,700.5	1,378.2	322.3	23.4%
Other investments	84.2	57.1	27.1	47.5%
Deferred tax assets	608.9	757.9	(149.0)	(19.7)%
Property, plant and equipment	639.6	814.2	(174.6)	(21.4)%
Intangibles	915.4	912.3	3.1	0.3%
Total non-current assets	**4,152.7**	**4,094.3**	**58.4**	**1.4%**
Total assets	**8,808.4**	**9,297.3**	**(488.9)**	**(5.3)%**

Liabilities and equity **$m**	**December** **2021**	**December** **2020**	**chg. $**	**chg. %**
Current liabilities				
Trade and other payables	4,344.2	4,569.8	(225.6)	(4.9)%
Current tax liabilities	63.8	16.5	47.3	-
Provisions	249.0	218.3	30.7	14.1%
Financial liability	68.9	151.2	(82.3)	(54.4)%
Interest bearing liabilities	275.7	210.0	65.7	31.3%
Lease liabilities	70.1	69.7	0.4	0.6%
Total current liabilities	**5,071.7**	**5,235.5**	**(163.8)**	**(3.1)%**
Non-current liabilities				
Trade and other payables	253.7	195.3	58.4	29.9%
Provisions	30.3	42.7	(12.4)	(29.0)%
Interest bearing liabilities	2,166.4	2,686.6	(520.2)	(19.4)%
Lease liabilities	207.1	245.1	(38.0)	(15.5)%
Total non-current liabilities	**2,657.5**	**3,169.7**	**(512.2)**	**(16.2)%**
Total liabilities	**7,729.2**	**8,405.2**	**(676.0)**	**(8.0)%**
Equity	**1,079.2**	**892.1**	**187.1**	**21.0%**

[33] Net contract debtors represents the net amount of total contract debtors – trade and other receivables and total contract liabilities – trade and other payables (refer to the Financial Report, 'Note 9: *Trade and other receivables*'–'*Additional information on contract debtors*').

NET (DEBT)/CASH

Net debt was $497.9 million at 31 December 2021. Key drivers of the movement were $516.2 million of operational cash flows, impacted by the unwind of some existing projects in Leighton Asia, the unwind of $541.7 million of factoring, dividend payments of $317.5 million made during FY21 and $84.5 million payment under the BICC SPA which reduces the financial liability.

Cash and cash equivalent liquid assets

CIMIC maintained a strong level of liquidity with a gross cash balance of $1,944.2 million. The working capital facilities previously in part drawn upon as a precautionary measure to support the Group during COVID-19, have been repaid during 4Q21. This has contributed to a corresponding reduction in the gross cash position as at 31 December 2021. Liquidity levels have been maintained at $4.4 billion, comprising cash and undrawn debt facilities.

Interest bearing liabilities

Current and non-current interest-bearing liabilities amounted to $2,442.1 million at 31 December 2021.

In May 2021, CIMIC issued a EUR500.0 million eight year corporate Eurobond, maturing May 2029. Subsequently, further market demand allowed for an additional EUR125.0 million to be issued on 7 June 2021 to increase the total face value of the Eurobond to EUR625.0 million. The issuance supports the capital management strategy of the Group to diversify funding sources and provides CIMIC with ongoing access to the Eurobond market.

Bonding

CIMIC has significant bonding and guarantee facilities available. These bonds and guarantees are integral to the successful tendering and delivery of projects, and the ability to provide them is an important element of the Group's competitive offering to clients.

In March 2021, CIMIC signed a $1.4 billion three-year syndicated performance bond facility. The facility reflects CIMIC's strong financial position and supports CIMIC's ability to meet the significant number of projects coming through the pipeline.

Bonds and guarantees outstanding at 31 December 2021 were $4.9 billion (31 December 2020: $5.0 billion). An additional $1,081.5 million (31 December 2020: $791.2 million) was undrawn of which $590.9 million (31 December 2020: $550.1 million) was committed and $490.6 million (31 December 2020: $241.1 million) was uncommitted. The undrawn and uncommitted bonds and guarantees provide significant capacity for the Group to tender for, and take on, more projects in the future.

Credit ratings

CIMIC's investment grade rating of (BBB-/A-3/Outlook Stable) was confirmed by S&P in October 2021. Moody's strong investment grade credit rating remains unchanged (Baa2/Outlook Stable).

CURRENT ASSETS

Trade and other receivables

Trade and other receivables were $2,308.2 million at 31 December 2021, an increase of 19.6%, or $378.4 million, compared to 31 December 2020. The figure includes $1,641.5 million (31 December 2020: $1,322.0 million) of total contract debtors – trade and other receivables (refer to net contract debtors below). The remaining balance relates to sundry debtors, joint ventures and other receivables.

Net contract debtors

The Group's net contract debtors were $(333.5) million at 31 December 2021 compared to $(294.7) million at 31 December 2020.

The level of factoring across the Group was $434.1 million as at 31 December 2021, a reduction of $541.7 million from the 31 December 2020 position of $975.8 million.

The Group's contract debtors portfolio provision remains unchanged from 31 December 2020.

Inventories: consumables and development properties

Inventories: consumables and development properties were $232.4 million at 31 December 2021, an increase of 25.5%, or $47.2 million compared to 31 December 2020. The balance mainly consists of job-costed inventories held for large infrastructure projects and services contracts.

Assets held for sale

Assets held for sale were $44.3 million at 31 December 2021 compared to nil at 31 December 2020. The balance comprises a PPP investment in the Transmission Gully Project in New Zealand (subject to conditions precedent) and CIMIC's interest in BICC which is held at nil book value.

NON-CURRENT ASSETS

Trade and other receivables
Trade and other receivables were $123.5 million at 31 December 2021, an increase of 37.5%, or $33.7 million, compared to 31 December 2020. The balance relates to other non-current receivables.

Investments accounted for using the equity method
Equity accounted investments include project-related associates, joint ventures and PPP projects. Following the Thiess transaction on 31 December 2020, the balance includes CIMIC's 50% investment in the Thiess joint venture.

Investments accounted for using the equity method were $1,700.5 million at 31 December 2021, an increase of 23.4%, or $322.3 million compared to 31 December 2020. The increase is attributable to CIMIC's share of Thiess' profit contribution for FY21 and a dilution gain recognised from the sell down of CIMIC's share in Ventia from 47% to 32.8%. For further details refer to the Financial Report, 'Note 12: *Investments accounted for using the equity method'.*

Deferred tax assets
Deferred tax assets were $608.9 million at 31 December 2021, a decrease of 19.7%, or $149.0 million, compared to 31 December 2020. The movement is driven by tax asset adjustments, including BICC, and utilisation of tax losses through the Ventia sell down.

Property, plant and equipment
Property, plant and equipment was $639.6 million at 31 December 2021, a decrease of 21.4%, or $174.6 million, compared to 31 December 2020. At 31 December 2021, $277.2 million worth of equipment was financed by the Group through leases. The balance includes property, plant and equipment largely related to the Group's investment in job-costed tunnelling machines for major road and rail projects.

Intangibles
Intangibles were $915.4 million at 31 December 2021, an increase of 0.3%, or $3.1 million, compared to 31 December 2020. The balance mainly consists of goodwill in relation to the Construction and Services businesses. There was an increase in goodwill due to the acquisition of Innovative Asset Solutions Group Pty Ltd ("IAS Group") by UGL in the period.

CURRENT LIABILITIES

Trade and other payables
Trade and other payables were $4,344.2 million at 31 December 2021, a decrease of 4.9%, or $225.6 million, compared to 31 December 2020. This figure includes $1,975.0 million (31 December 2020: $1,616.7 million) of total contract liabilities – trade and other payables. The remaining balance includes trade creditors and accruals, joint venture payables and other creditors.

The supply chain finance balance as at 31 December 2021 was nil. $144.0 million was fully repaid during the year and the program has been discontinued.

Current tax liabilities
Current tax liabilities were $63.8 million at 31 December 2021. Changes in tax liabilities are driven by the timing of the various income tax payments as required to be made across the numerous jurisdictions in which the Group operates.

Provisions
Provisions were $249.0 million at 31 December 2021, an increase of 14.1%, or $30.7 million, compared to 31 December 2020. The provisions are for employee benefits and relate to wages and salaries, annual leave, long service leave, retirement benefits and deferred bonuses.

Financial liability (BICC)
CIMIC's financial liability as at 31 December 2021 was $68.9 million, a decrease of 54.4%, or $82.3 million, compared to 31 December 2020. The movement is driven by the amounts paid in respect of CIMIC's financial guarantees of certain BICC liabilities and other expenses, net of the impact of foreign exchange.

NON-CURRENT LIABILITIES

Provisions
Provisions were $30.3 million at 31 December 2021, a decrease of 29.0%, or $12.4 million, compared to 31 December 2020. This figure includes employee benefits relating to long service leave, retirement benefits and deferred bonuses.

EQUITY

Equity was $1,079.2 million as at 31 December 2021, an increase of 21.0%, or $187.1 million compared to 31 December 2020. The movement in the period is primarily due to the profits earned during the period, offset by foreign currency translation reserve, cash flow hedges, the FY20 final dividend declared of $186.8 million and the HY21 interim dividend declared of $130.7 million.

CASH FLOWS

Cash flows from operating activities $m	2021	2020 Comparable[34]	2020 Reported[35]
Operating cash flow pre-factoring	**516.2**	**(86.3)**	**578.6**
Variation in factoring	(541.7)	(159.8)	(525.5)
Operating cash flow[36]	**(25.5)**	**(246.1)**	**53.1**
Interest, finance costs and taxes	(112.3)	(132.6)	(318.3)
Net operating cash flow[37]	**(137.8)**	**(378.7)**	**(265.2)**

Cash flows from investing activities $m	2021	2020 Comparable[34]	2020 Reported[35]
Payments for intangibles	(4.6)	(18.4)	(18.4)
Payments for property, plant and equipment	(63.3)	(160.1)	(579.7)
Payments for investments in controlled entities and businesses	-	(1.7)	(10.9)
Proceeds from sale of property, plant and equipment	28.9	23.7	30.5
Cash acquired from acquisition of investments in controlled entities and businesses	-	-	16.3
Payments for investments	(50.3)	-	-
Net cash from investing activities (excluding one-offs)[38]	**(89.3)**	**(156.5)**	**(562.2)**
Proceeds from sell down of Ventia	32.0	-	-
Proceeds from sale of Thiess	-	2,223.4	2,223.4
Cash disposed on divestment of Thiess	-	(127.7)	(127.7)
Net cash from investing activities	**(57.3)**	**1,939.2**	**1,533.5**

Cash flows from financing activities $m	2021	2020 Comparable[34]	2020 Reported[35]
Cash payments for share buybacks	-	(281.3)	(281.3)
Repayment of financial liability	(84.5)	(1,398.4)	(1,398.4)
Payments to acquire non-controlling interest	(15.6)	-	-
Proceeds from borrowings	2,188.3	4,910.0	4,910.0
Repayment of borrowings	(2,655.7)	(2,752.9)	(2,752.9)
Repayment of leases	(88.5)	(90.8)	(317.8)
Dividends paid to shareholders of the Company	(317.5)	-	-
Dividends paid to non-controlling interests	-	0.4	(11.4)
Amounts (advanced to) / received from related entities	-	(462.5)	-
Net cash from financing activities	**(973.5)**	**(75.5)**	**148.2**

OPERATING CASH FLOWS

Operating cash flows pre-factoring were $516.2 million in FY21 compared to $(86.3) million in FY20 comparable.

The net operating cash outflow position has been impacted by the unwind of existing projects in Leighton Asia and the unwind of $541.7 million of factoring. CIMIC has seen a strong recovery in the operating cash flow position from $(283.6) million in 1HY21 to $258.1 million in 2HY21, which generated the $(25.5) million result in FY21.

CIMIC reduced its factoring balance by $541.7 million compared to 31 December 2020, to $434.1 million at 31 December 2021.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash outflows from investing activities were $57.3 million for FY21. The cash outflow was driven by gross capital expenditure of $63.3 million, which reflects the ongoing investment in job-costed plant and equipment to deliver tunnelling opportunities.

During the period, $19.3 million was paid for UGL's acquisition of IAS Group – a specialist provider of asset life extension and critical repair solutions in the resources, infrastructure and industrial sectors. Furthermore, FY21 investing activities were also impacted by the payment of outstanding transaction costs in relation to the 50% divestment of Thiess on 31 December 2020.

The cash outflows during the period were offset by the $32.0 million cash proceeds from the sell down of Ventia.

[34] FY20 reported cash flows have been adjusted to be on a comparable basis, to reflect Thiess as a 50% equity accounted JV.
[35] FY20 reported cash flows include 100% of Thiess.
[36] Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments, before interest, finance costs and taxes.
[37] Net operating cash flow includes operating cash flow, after interest, finance costs and taxes.
[38] 2021 excludes the net proceeds from the sell down of Ventia of $32.0 million. 2020 excludes the net proceeds from Thiess transaction of $2,095.7 million.

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash outflows from financing activities were $973.5 million for FY21. The net cash outflows from financing activities were mainly attributable to the repayment of debt, including the working capital facilities that were previously in part drawn upon as a precautionary measure to support the Group during COVID-19, net of the cash inflows from the issue of the EUR625.0 million corporate Eurobond (equivalent to A$982.5 million at the date of issuance).

During the period, payments of $88.5 million were made in relation to finance leases and $15.6 million was paid as part of the compulsory acquisition of Devine. Furthermore, payments of $84.5 million (FY20: $1,398.4 million) were made in relation to CIMIC's financial guarantees of certain BICC liabilities and other expenses that are funded by the financial liability and other amounts payable recognised as at 31 December 2019.

Amounts advanced to related entities in FY20 comparable relates to intercompany payments made to Thiess during FY20. In line with ordinary business operations, CIMIC and its Group entities frequently engage in intercompany transfers which were ordinarily eliminated on consolidation. For FY20 comparable purposes, $462.5 million is not eliminated on consolidation since Thiess is considered as an equity accounted joint venture. As part of the divestment of 50% of Thiess on 31 December 2020, all outstanding intercompany balances that existed at 31 December 2020 between Thiess and CIMIC were settled.

Finally, during FY21 $317.5 million of dividends were paid to shareholders, consisting of the $186.8 million FY20 final dividend paid on 5 July 2021 and the $130.7 million HY21 interim dividend paid on 7 October 2021.

NEW WORK AND WORK IN HAND

CIMIC has maintained its position as a leading international contractor, with a diversified portfolio of work in hand of $33.2 billion at 31 December 2021, a significant recovery after the slowdown of new awards in full year 2020 due to COVID-19.

CIMIC was awarded $20.4 billion worth of new work in FY21, exceeding the $6.8 billion[39] that was awarded in FY20.

Work in hand[40] $m	**December 2021**	**December 2020**
Work in hand beginning of period^	30,078.6	37,510.7
New work and adjustments*[41]	20,398.4	7,393.9
Acquisition during the year[42]	-	3,072.2
Executed work	(14,709.5)	(14,212.2)
Total work in hand	**35,767.5**	**33,764.6**
Less: sell down of Ventia (from 47% to 32.8%)	(2,589.1)	-
Less: 50% divestment of Thiess	-	(3,686.0)
Total work in hand end of period	**33,178.4**	**30,078.6**

^(The impact of the Ventia sale (to 32.8% interest) on work in hand at 1 January 2021 would have resulted in an opening balance of $28,129.3 million.)
**(FY20 new work and adjustments of $7.4 billion includes Thiess at 100%; FY20 comparable new work and adjustments is $6.8 billion with Thiess as a 50% JV.)*

In FY21, work in hand was split 94:06 between the Group's domestic[43] and international markets, compared with 93:07 in FY20.

MAJOR CONTRACT AWARDS AND SCOPE INCREASES IN 2021

CIMIC's work in hand continues to be broadly diversified by segment as well as by activity and geography. Additionally, CIMIC's client profile is split ~70:~30 between Government/PPP clients and other private sector clients (~65:~35 as at 31 December 2020).

Work in hand by segment $m	**December 2021**	**%**	**December 2020**	**%**	**chg. $**	**chg. %**
Construction	15,660.0	47.2%	12,526.0	41.6%	3,134.0	25.0%
Services	9,284.0	28.0%	8,824.5	29.3%	459.5	5.2%
Investments[44]	8,234.4	24.8%	8,728.1	29.1%	(493.7)	(5.7)%
Total work in hand end of period	**33,178.4**	**100.0%**	**30,078.6**	**100.0%**	**3,099.8**	**10.3%**

The table below outlines the comparable new work, accounting for Thiess as a 50% equity accounted joint venture. The $20.4 billion of new work in FY21 represents a significant recovery from the delay in new work awards due to COVID-19 in FY20, and is well ahead of 2018 and 2019 pre-COVID levels.

Comparable new work and adjustments[41] (with Thiess as 50% JV) $bn	**FY 2021**	**FY 2020**	**FY 2019**	**FY 2018**
H1 new work awarded during period	10.4	3.8	7.4	6.2
H2 new work awarded during period	10.0	3.0	9.0	9.5
Total	**20.4**	**6.8**	**16.4**	**15.7**

CONSTRUCTION WORK IN HAND

Construction work in hand was $15.7 billion at 31 December 2021 compared to $12.5 billion at 31 December 2020. Construction work in hand is broadly diversified across a range of sectors in Australia, New Zealand and the Asia-Pacific region.

SERVICES WORK IN HAND

Services work in hand was $9.3 billion at 31 December 2021 compared to $8.8 billion at 31 December 2020. Services work in hand is diversified across a range of markets and clients.

INVESTMENTS WORK IN HAND

Investments work in hand was $8.2 billion at 31 December 2021 with Ventia at the Group's new ownership share of 32.8%, compared to $8.7 billion at 31 December 2020 with Ventia at 47% (or compared to $6.8 billion as at 31 December 2020 adjusted for Ventia at 32.8%). Investments work in hand includes CIMIC's share of work in hand from investments such as Thiess and Ventia.

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[39] FY20 new work has been adjusted to reflect Thiess as a 50% equity accounted JV.
[40] WIH includes CIMIC's share of WIH from joint ventures and associates.
[41] New work includes new contracts and contract extensions and variations, including the impact of foreign exchange rate movements and other WIH adjustments.
[42] CIMIC's share of WIH in relation to Ventia's acquisition of Broadspectrum in FY20.
[43] Domestic includes Australia, New Zealand and Papua New Guinea.
[44] Investments WIH includes WIH from CIMIC's share of investments at their ownership %, including Thiess and Ventia.

NEW WORK IN 2021

During FY21, a number of projects were announced, with revenues to the Group as follows:

- $3.8 billion to deliver the North East Link Primary Package PPP, which provides three-lane twin tunnels that closes the missing link in Melbourne's freeway network, Victoria *(including Ventia's award at 47% share)*;
- $1.95 billion to deliver stage 1 of Sydney's M6 motorway, New South Wales;
- $1.7 billion to deliver asset management services for government-owned facilities across South Australia such as schools, hospitals and police stations, South Australia *(value is total amount to Ventia)*;
- $1.5 billion to provide operations and maintenance of the rail infrastructure for the Country Regional Network, New South Wales;
- $1.35 billion to deliver the Sydney Metro – Western Sydney Airport Station Boxes and Tunnelling Works, New South Wales;
- $920 million contract extension to continue providing mining services at the Mount Pleasant Operation in the Hunter Valley, New South Wales (*value is total amount to Thiess*);
- $800 million to deliver the Warringah Freeway Upgrade, New South Wales;
- NZ$600 million contract for the operations and maintenance of the Auckland passenger rail network, New Zealand;
- $400 million to support NBN Co's roll out of fibre, Queensland, New South Wales and Victoria (*value is total amount to Ventia*);
- $368 million to design and construct a new 39-storey premium commercial development above the north entrance to the Pitt Street Station of the Sydney Metro, New South Wales;
- $314 million alliance contract to deliver duplication works on the Main South Road and the Victor Harbor Road, South Australia;
- $297 million to design, manufacture and supply new fuel-efficient diesel electric locomotives, New South Wales;
- $289 million to deliver the Bruce Highway Upgrade – Cooroy to Curra Section D, Queensland;
- $265 million to deliver the Western Sydney International (Nancy-Bird Walton) Airport's airside civil and pavement works, New South Wales;
- $220 million to continue providing mining services at the PT Wahana Baratama Mining's coal mine in South Kalimantan, Indonesia (*value is total amount to Thiess*);
- $200 million to extract and deliver essential resources that support global steel production and electrification, Queensland (*value is total amount to Thiess*);
- $160 million to provide planning, maintenance and shutdown services, Western Australia;
- $158 million to deliver engineering support platforms for the Australian Defence Force, under Project Land 8120 Phase 1, Australia (*value is total amount to Ventia*);
- $150 million to design, construct and install a high voltage transmission line from Kidston to Mt Fox and a new 275kV switching station located at Mt Fox, Queensland;
- $150 million to design and construct the first build-to-rent residential tower in Sydney's central business district, New South Wales;
- $150 million to provide asset management and project-related services at BP fuel terminals across Australia;
- $145 million to deliver building works and services for the expansion of a data centre in Hong Kong, to manufacture a number of locomotives in New South Wales, to complete wireless communications modifications in New South Wales, and to design and construct stages 1 and 2 of the Bethesda clinic at Cockburn Central, Western Australia;
- $140 million to construct Equinox, an Indian Green Building Council Platinum rated commercial complex in Hyderabad, India;
- $135 million to provide maintenance, projects and turnaround services, and to design and construct two greenfield switching stations and construct approximately 65 kilometres of 330kV transmission lines, Victoria and Queensland respectively;
- $124 million to deliver upgrades to the rail services for Victoria's Gippsland line, Victoria;
- $110 million maintenance contract extensions in the power sector to provide maintenance and outage works, Western Australia, South Australia and New South Wales;
- $100 million to design and construct a tailings dewatering facility at the Byerwen mine and to deliver stage two of the Yarrabilba State Secondary College, Queensland;
- $100 million to deliver Brisbane's Ferny Grove Central development, Queensland;
- $100 million to replace the electrical services and systems for the existing Central Expressway and Fort Canning Road Tunnels and to deliver the expansion of the Casuarina maximum security prison, Singapore and Western Australia respectively;
- $100 million to increase the size of the Mariyung Fleet and install an additional transformer at the maintenance facility at Kangy Angy, New South Wales;
- $7 million early contractor involvement contract with CuString Pty Ltd related to the delivery of CopperString 2.0, a high-voltage transmission network extending from Townsville to Mount Isa, Queensland (*potential for a contract of $1.7 billion*);
- Long-term maintenance master contract with Chevron Australia for works in the Pilbara region, Western Australia. The master contract is for 10 years with expected annual revenue of approximately $100 million subject to predicted volumes and work orders being issued *(value is total amount to Ventia)*;
- Services contract to deliver front-line and campaign maintenance, brownfield execution scopes and turnaround events at Chevron-operated facilities which has an extendable term up to 10 years, to generate approximately $40 million revenue per annum, Western Australia;
- Preferred Respondent for the New Dunedin Hospital Inpatient Building (ECE), New Zealand; and
- Named partner for the delivery of Inland Rail's southern civil works program, New South Wales.

SHAREHOLDER RETURNS

TOTAL SHAREHOLDER RETURNS

Shareholder returns	31 December 2021	31 December 2020
Closing share price	$16.90	$24.37
Market capitalisation ($m)	5,260.9	7,586.3
Final dividend per share	36c	60c
Interim dividend per share	42c	-
Total dividends per share	78c	60c
EPS (basic)	129.2c	195.0c
Payout ratio for ordinary dividends*	60%	62%

**The payout ratio for ordinary dividends for FY20 is in respect of 2H20 results.*

DIVIDENDS

A final dividend has been declared of 36.0 cents per share for FY21, unfranked. The total final dividend of $112.1 million is a result of CIMIC's strong liquidity and improvement in cash, particularly in 4Q21, and CIMIC's ongoing commitment to reward shareholders. The 60% payout ratio is in respect of FY21 results.

During FY21, a total of $317.5 million was returned to shareholders. The FY20 final dividend of 60.0 cents per share totalling $186.8 million was paid on 5 July 2021, and the HY21 interim dividend of 42.0 cents per share totalling to $130.7 million was paid on 7 October 2021.

RISK MANAGEMENT

CIMIC defines risk management as the identification, assessment and treatment of risks that have the potential to materially impact the Group's operations, people, and reputation, the environment and communities in which the Group works, and the financial prospects of the Group. The Group's risk management framework is continually monitored and there have been no material changes to the risks presented below since the 2020 Annual Report.

CIMIC's risk management framework is tailored to its business, embedded mostly within existing processes and aligned to the Company's objectives, both short and longer term. Given the diversity of the Group's operations and the breadth of its geographies and markets, a wide range of risk factors have the potential to affect the achievement of business objectives. Key risks, including those arising due to externalities such as the economic, natural and social operating environments, are set out in the following table, together with the Group's approach to managing those risks.

Risk description	**Risk management approach**
Continued need to manage COVID-19 pandemic related constraints.	
Ensuring the safety of our people, clients and communities is the utmost priority of the Group during the current COVID-19 pandemic.	Established COVID-19 protocols, procedures and controls are in place across all CIMIC sites. These include regular rapid antigen testing for site staff, controlled contact for site staff outside of immediate team, COVID-19 specific reporting and compliance monitoring. Incremental COVID-19 cost impacts are monitored on a continuous basis with entitlements to compensation under contract pursued where appropriate.
The Group's operations require planning, training and supervision to manage workplace health and safety hazards.	
A workplace health and safety incident or event may put our people and the community at risk.	The Group is committed to the health, safety and security of our people and the communities in which we work. Safety policies and standards apply across the Group. Compliance is regularly reviewed. The Group seeks continual improvement in safety performance which is managed by each Operating Company and their Management teams. Governance of safety is overseen by the Board.
The Group often works within, or adjacent to, sensitive environments.	
An environmental incident or unplanned event may occur that adversely impacts the environment or the communities in which we work.	The Group is committed to the highest standard of environmental performance. Operating Companies' environmental policies and procedures are aligned with the Group Policy and Standards. Should an incident occur, emergency response plans will be enacted. Governance of environmental performance is overseen by the Ethics, Compliance and Sustainability Committee.
External factors may affect the Group's markets and growth plans.	
Changes in economic, political or societal trends, or unforeseen external events and actions, may affect business development and project delivery.	The Group maintains a diverse portfolio of projects and investments across a range of markets and geographies. Regular and rigorous reviews of the Group's current and potential geographies, industries, activities and competitors are undertaken. Oversight of key risks is maintained by the Audit and Risk Committee, supported by a quarterly Risk Report that aggregates and highlights risks to the Group achieving its objectives.
Reduction in demand for commodities and/or price may cause clients to curtail or cease capital investment, or adjust operations, impacting existing and future contracts. This may include market changes as a result of new ESG requirements.	The Group maintains a project, contract and investment portfolio that is diversified by geography, market, activity and client to mitigate the impact of emerging trends and market volatility. ESG related opportunities aligned to the Group's capabilities are being closely monitored and pursued. The Group continually seeks opportunities to improve its operations and thereby the value proposition it delivers to clients with reference to ESG related market expectation. The Group closely monitors changes to ESG requirements and impacts to potential markets and projects. The Group takes a continuous improvement approach to sustainable delivery and monitors ESG risks on an on-going basis, including evaluation of diversification opportunities, which will flow from these changes and requirements. The Group's commodity related operations seek to leverage demonstrable ESG related improvements to enhance their value proposition to existing clients and new (metals related) commodity markets.
The Group's reputation is critical to securing future work and attracting and retaining quality personnel, subcontractors and suppliers.	
Issues impacting brand and reputation may affect the Group's ability to secure future work opportunities, investment, suppliers or joint venture partners.	The Group is committed to the highest standard of ethical conduct, and statutory and regulatory compliance. This is supported by a comprehensive range of Group level policies and standards, including our Code of Conduct. CIMIC promotes clear governance through the empowerment of individuals with delegated authority, appropriate segregation of duties, and clear accountability and oversight for risks.
The Group targets work that meets a defined risk appetite and appropriately balances risk and reward.	
Work procurement challenges may impact our ability to secure high-quality projects and contracts.	Group work procurement standards and approval process maximises the likelihood of securing quality work with commensurate returns for the risks taken. Pre-contracts assurance teams manage and assure the work procurement process. EIC Activities supports the Group with project design, risk identification and engineering solutions during the tender phase. The Tender Review Management Committee oversees and approves the risk profile for key tenders.

Work delivery is subject to various inherent uncertainties.	
Work delivery challenges may manifest in actual costs increasing from our earlier estimates which could have a resultant impact on the Group's revenue and returns.	Significant resources are devoted to the avoidance, management and resolution of work delivery challenges. Operating Companies provide project teams with guidance and support to achieve project and business objectives. EIC Activities also helps to identify and mitigate risk. Project oversight is maintained by regular performance reviews that involve Operating Company and CIMIC management, commensurate with the scale, complexity and status of the project. People related resource constraints are closely monitored and managed through: mobility focus of our people from project to project; on-going commitment to learning & development from graduates to senior managers and leveraging technology to drive efficiencies. Supply chain constraints for key material inputs, such as steel, are considered in the context of the commercial exposure to CIMIC. In the majority of cases, escalation provisions and / or the ability to pass through costs are provided in our contracts. In these instances, we work with our clients to determine optimal procurement strategies to achieve their objectives, including escalation risk management. In the limited cases where such provisions have not been allowed under contract, CIMIC seeks to procure ahead of expected price increases. While this results in higher working capital requirements, it is expected to reduce overall project spend through the life of the project.

COVID-19 UPDATE

The COVID-19 pandemic continues in all major jurisdictions in which we operate. On-going focus by clients on business continuity and the designation of construction, services and mining services as essential activities across all these jurisdictions has helped safeguard the operational continuity of projects.

However, as part of Government responses to the Delta COVID-19 strain, temporary site closures occurred during 3Q21 in NSW, Victoria and New Zealand. Financial performance includes the revenue and margin impacts from the shutdowns and are reflected in the financial performance in the year considered in the Group's most recent financial forecasts. In most cases COVID-19 related costs have been recovered from clients or mitigated by cost reduction strategies. In addition to the 3Q21 site closures, various operations within the Group have been affected both domestically and overseas since the start of the pandemic. Management continues to monitor the risk across the Group's existing portfolio of contracts, including new COVID strains and infection rates. Increasing rates of government led vaccination program along with established control measures and mitigation strategies within CIMIC are now in place to maximise business resilience.

Notwithstanding possible future uncertainties, such as further potential site closure, supply-side disruption and macro-economic conditions from the current COVID-19 situation, the outlook across the Group's core markets remains positive with strong levels of work in hand. The mining market also proves resilient along with stimulus packages announced by governments in the core markets of construction and services with additional opportunities through a strong PPP pipeline.

The Group continues to monitor COVID-19 related risk factors and considers possible impacts to liquidity assessments, asset valuation and contract cost forecasts. A significant portion of customer receivables are due from Government clients with limited immediate COVID-19 related credit risk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

CIMIC integrates environmental, social and governance (ESG) factors, and specifically the risks and opportunities of climate change, into its business operations. ESG is integrated in terms of governance, strategy, risk management, and the setting of - and measuring against - metrics and targets. The possible impacts of ESG factors, and specifically climate change, have been considered in the financial report. CIMIC is committed to operating sustainably and detailed reporting on its ESG performance and progress is set out in the Sustainability Report section of this Annual Report.

We note that CIMIC is primarily a construction and services contractor and, with the exception of some investments in PPP infrastructure, not the long-term owner of the projects we deliver. This results in a comparatively lower exposure to climate-change than many other companies in the industrials sector due to the relatively short-term nature of the services CIMIC provides to those asset owners.

CIMIC's exposure to climate-related risk over time is expected to be relatively limited, even under different climate-related scenarios. The Group anticipates that the nature and type of construction and other services it delivers for infrastructure and property assets will evolve over time. CIMIC notes that its services are delivered over relatively short time periods (i.e. generally between 1-4 years), versus the much longer life span (i.e. between 50-100+ years) of the assets to which it provides its services. Therefore, any impact or risk can largely be assessed and priced during the tender phase.

SIGNIFICANT CHANGES

SIGNIFICANT CHANGES DURING FY21 AND SUBSEQUENT EVENTS

- On 15 February 2021, CIMIC announced it signed a share purchase agreement with SALD Investment LLC ("SALD") for the sale of CIMIC's investment in the Middle East.
- On 9 July 2021, CIMIC announced that CIMIC Residential Investments Pty Ltd (CRI), a wholly owned subsidiary of CIMIC had a relevant interest in 91.61% of Devine Limited's shares. As a result of having a relevant interest in greater than 90% of Devine's shares, CRI had the right to compulsorily acquire all the remaining Devine shares. Compulsory acquisition was achieved on 9 July 2021.
- On 15 November 2021, CIMIC advised that the Ventia IPO proceeded at a final offer price of $1.70 per share. The IPO valued 100% of Ventia shares at approximately $1.45 billion. The IPO resulted in cash proceeds for CIMIC of $32.0 million and a statutory pre-tax gain of $60.3 million after costs which is included in the FY21 CIMIC Group results. CIMIC now retains a 32.8% stake in Ventia as at 31 December 2021.
- On 17 December 2021, a commercial settlement was reached with respect to the West Gate Tunnel project in Melbourne, Victoria. The design and construction contract was awarded to CPB Contractors and John Holland Joint Venture in 2017. The settlement allows tunnelling works to commence in early 2022 with a revised expected completion date of late 2025.

SHAREHOLDERS

The largest shareholder in CIMIC is HOCHTIEF Australia Holdings Limited, a wholly owned subsidiary of HOCHTIEF AG, which owns 78.58% of CIMIC as at 31 December 2021. HOCHTIEF AG is listed on the Frankfurt Stock Exchange. The largest shareholder in HOCHTIEF AG is Spanish based company Actividades de Construcción y Servicios, SA (ACS), which held 50.41% of the shares in HOCHTIEF as at 31 December 2021.

STRATEGY AND OPERATING ENVIRONMENT OUTLOOK

CIMIC is an engineering-led construction, mining, services and PPPs leader with a history dating back to 1899. We employ around 29,000 people and deliver services in around 20 countries. Our mission is to generate sustainable returns for shareholders by delivering projects for our clients while providing safe, rewarding and fulfilling careers for our people. We strive to be known for our Principles of Integrity, Accountability, Innovation and Delivery, underpinned by Safety.

OPERATING MODEL AND STRATEGY

The Group operates through activity-focused businesses in construction, mining and mineral processing, operation and maintenance services, PPPs and engineering. These businesses deliver services across Australia and select markets in Asia, the near Pacific, and the Americas, with a strategic focus on core markets in Australia, New Zealand, Hong Kong and Singapore.

CIMIC's mission is to generate sustainable returns for its shareholders by delivering projects for its clients while providing safe, rewarding and fulfilling careers for its people. Sustainability (or ESG) is embedded in our business through our commitment to five themes: Safety, Integrity, Culture, Innovation, and Environment.

CIMIC's strategy has the following key elements:

- optimise project delivery and production including risk management, creating value for our clients and sustainable returns for shareholders;
- grow the existing business in our core markets;
- expand and diversify the Group's integrated solutions which cover the full lifecycle of infrastructure assets;
- develop and provide innovative solutions to our clients;
- agile approach to adoption and scale of integrated digital solutions that improve delivery performance - including data analytics, process automation and artificial intelligence;
- ensure on-going alignment to ESG linked market requirements including greenfield projects and opportunities to differentiate current service offerings by delivering improved ESG outcomes to our clients;
- focusing on sustainable project delivery and projects with environmental benefits; and
- efficiently allocate capital and resources to target opportunities.

Underpinning the strategy is the pursuit of operational excellence in terms of:

- identifying value-adding engineering solutions;
- applying a disciplined approach to risk management;
- rigorously managing cash;
- maintaining a tight control on costs;
- integrating sustainability (or ESG) into our decision making; and
- ensuring an uncompromising focus on safety.

Fundamental to the delivery of the strategy is a strong balance sheet, which supports growth and provides flexibility in capital expenditure and investments into PPPs, as well as strategic capital allocation opportunities including acquisitions and share buy-backs.

Our financial policy is to maintain net cash/debt and other key financial metrics at an investment grade credit rating level.

DIGITISATION STRATEGY

We are investing in innovation and Integrated Digital Delivery (IDD), connecting our capabilities and data assets, and driving to digital by default operations. Our progress includes leveraging greater alignment of the Group's business systems, digital technologies and devices, so they communicate seamlessly. Greater connectivity enables us to bring rigorous technical analysis to every challenge and make better decisions more quickly. We can breakthrough with data driven solutions, and digitally measure, map, visualise and control project delivery to achieve better outcomes. Aggregated data and learnings from our project portfolios accelerate innovation and provide unmatched insights for clients and our business operations.

Key milestones in our digital journey have included:

- establishing our unified technology function, which has reach across all of our companies, to embed innovations and digital solutions at scale;
- progressing implementation of our common Project Data Structure. This is a consistent approach to coding and mapping data which enables our systems, applications and devices to communicate;
- creating an Innovation Council with representatives from each of our companies. While each business has its own innovation road map, we collaborate to surface and accelerate high value innovations that benefit the Group; and
- launching our Innovation Influencers network and activities to dynamically engage our people, and foster collaboration on cutting edge ideas and technologies.

To-date, our Innovation Council has surfaced a Group-wide pipeline of more than 200 initiatives to advance IDD and is supporting their assessment and development from ideation to implementation. The Council's oversight brings the benefits of sharing efficiencies and learnings, and leveraging the Group's capability.

Some of the new technologies we have developed, and are using and enhancing, include Virtual Builder, 4D Planning, Intelligent Earthworks, Reality Capture, Virtual and Augmented Reality, Internet of Things as well as automation and simulation.

CONSTRUCTION MARKET

Across CIMIC's core geographies, the construction markets have remained resilient throughout the year, as clients maintained and built on their infrastructure investment plans and commitments. These investments will underpin the economic outlook and support our confidence in the Group's construction market.

Major transport and social infrastructure programs were outlined in the latest four-year budget statements from the Australian Federal, State and Territory Governments, which increased infrastructure commitments to $225 billion[45].

In NSW, the 2021-22 State Budget outlined a $108.5 billion infrastructure investment program over the coming four years. The program includes funding for the $12.0 billion Sydney Metro West (PPP), $8.0 billion Sydney Metro – Western Sydney Airport (PPP), $6.3 billion Western Harbour Tunnel and Beaches Link Program and Warringah Freeway Upgrade, $2.7 billion M6 Extension Stage 1 and the $2.0 billion Great Western Highway Upgrade. The Budget also outlines the State Government's commitment to undertake early works and site preparation for Sydney's third city, Bradfield, which is to be built adjacent to the Western Sydney International (Nancy-Bird Walton) Airport and connecting with the Sydney Metro, both of which are currently under construction[46].

In Victoria, the State Government's Big Build program forms the backbone of the Group's opportunities across the State. This program includes the $15.4 billion North East Link (PPP), the $1.0 billion Monash Freeway Upgrade – Stage 2, the $2.2 billion Suburban Roads Upgrade – Northern Roads Upgrade and South-Eastern Roads Upgrade, $12.3 billion Metro Tunnel (PPP), $6.3 billion West Gate Tunnel (PPP), $10 billion Melbourne Airport Rail and the $6.6 billion project for the removal of 75 level crossings by 2025. This program of works forms part of the Victorian Government's broader $90.2 billion infrastructure investment program over the coming four years[47,48].

In Queensland, the State Government's capital investment program will deliver $52.2 billion of infrastructure over the coming four years, including investments into schools, hospitals, roads, rail and renewable energy infrastructure. This includes funding for the $6.9 billion Cross River Rail (PPP), a significant program of works on the M1 Pacific Motorway, $1 billion for the Gold Coast Light Rail – Stage Three and continued work on the $13.3 billion upgrade of the 1,700km Bruce Highway – which includes the Rockhampton Ring Road. In a bid to stimulate the renewable energy sector, the Queensland State Budget also allocated $2 billion to the Queensland Renewable Energy and Hydrogen Jobs Fund to invest in renewable energy projects across the state[49,50,51].

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[45] Infrastructure Partnerships Australia, Australian Infrastructure Budget Monitor 2020-21, 22 December 2020.
[46] New South Wales Government Budget 2021-22, Budget Paper 3, 22 June 2021, p. 1-2, 1-4, 2-13, and 2-35.
[47] Victorian State Government Budget 2021-22, Budget Paper 4, 20 May 2021, p. 13, 100, 102, 104, 105 and 195.
[48] Victorian State Government Budget 2021-22, Budget Paper 2, 20 May 2021, p.1-6.
[49] Queensland State Government Budget 2021-22, Budget Paper 3, 15 June 2021, p. 1, 6, 114.
[50] Queensland State Government Budget 2021-22, Budget Paper 2, 15 June 2021, p. 32.
[51] Infrastructure Partnerships Australia, Australia New Zealand Infrastructure Pipeline, Bruce Highway Upgrade, Website: https://infrastructurepipeline.org/project/bruce-highway-upgrade, Accessed: 8 December 2021

In Western Australia, the 2021-22 State Budget outlines a record $30.7 billion commitment to infrastructure over the next four years, which includes components of the $7.9 billion METRONET project[52,53].

The other State and Territory governments have major transport and social infrastructure programs in their own right, as outlined in their most recent budgets. For example, the South Australian, Australian Capital Territory, Tasmanian, and Northern Territory governments have respectively committed to infrastructure investments of $17.9 billion[54], $5.0 billion[55], $4.6 billion[56], and $4.4 billion[57] over the coming budget period, the bulk of which are in transport and social infrastructure, and provide the Group with a broad range of construction opportunities across the country.

Supporting the State and Territory Government investments across the country is the Australian Federal Government's commitment to invest $110 billion in infrastructure over the coming decade. This investment includes funding for the $14.5 billion Inland Rail project – which will see the creation of a 1,700 km freight rail corridor from Melbourne to Brisbane, the $4 billion Geelong Fast Rail in Victoria, the $14.5 billion North-South Corridor in South Australia, $565 million Midland Highway Upgrade in Tasmania and the $4.4 billion Western Sydney Infrastructure Plan (WSIP) and $1 billion M80 in Sydney[58,59].

These considerable public sector infrastructure investment programs support a positive outlook for the Australian construction market over the coming years and are expected to be supplemented by ongoing investment by the private sector, largely in the form of PPP projects.

In CIMIC's overseas markets, the construction outlook has continued to improve over the year. For example, New Zealand's Government outlined a record NZ$57.3 billion infrastructure investment program over the coming five-years in the most recent 2021-22 Budget – with substantial investments in roads and rail, schools and hospitals, housing and energy generation. This investment program included $300 million of additional capital for Green Investment Finance in support of climate change mitigation[60]. In Hong Kong, the government has committed to an infrastructure investment program of over HK$100 billion and is expecting the region's total construction output to grow to approximately HK$300 billion[61]. In other international markets, sustained investment in economic and social infrastructure continue to provide a broad range of opportunities for the Group.

EMERGING OPPORTUNITIES IN THE LOW CARBON ECONOMY

Global commitments to slow, and reverse, the rate of climate change are having a significant impact on CIMIC's outlook and order book, creating the opportunity for new and additional revenue streams across the Group and entrenching CIMIC's competitive position in multiple fields.

For CIMIC, this evolution is currently presenting:

- growing opportunities to transition new and existing infrastructure to the low carbon economy;
- opportunities in renewable energy generation, transmission infrastructure, electric transport, carbon capture and storage and hydrogen infrastructure;
- growing opportunities in commodities central to new and low emission technologies;
- projects increasingly requiring measures to mitigate the acute and chronic physical risks associated with climate change;
- clients mandating that their infrastructure projects achieve improved sustainability metrics, including meeting decarbonisation targets; and
- embedding sustainable innovation into the services we deliver for projects to create competitive advantage.

As market leaders in low carbon infrastructure delivery, CIMIC welcomes these developments and encourage stakeholders to accelerate their integration into infrastructure tenders, planning and processes.

These developments are supported by the Australian Federal Government's Long-Term Emissions Reduction Plan, which outlines Australia's technology-led approach to achieving net-zero emissions by 2050. The plan outlines more than $80 billion in public and private investment in low emissions technologies by 2030, including significant new Government backed funding and co-investment initiatives. An example of such a technology is the emerging clean hydrogen industry, which has the potential to drive

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52 Western Australia State Budget 2021-22, Budget Paper 1, 8 October 2021, p. 10.
53 Infrastructure Partnerships Australia, Australia New Zealand Infrastructure Pipeline, METRONET, Website: https://infrastructurepipeline.org/project/metronet, Accessed: 8 December 2021
54 South Australian Budget 2021-22, Budget Paper 1, 22 June 2021, p. 3.
55 Australian Capital Territory Budget 2021-22, Budget Outlook, 6 October 2021, p. 281.
56 Tasmanian Government Budget 2021-22, Budget Paper 1, 26 August 2021, p. 1.
57 Northern Territory Budget 2021-22, Budget Paper 2, 27 April 2021, p. 39.
58 Infrastructure Partnerships Australia, Australia New Zealand Infrastructure Pipeline, North South Corridor, Website: https://infrastructurepipeline.org/project/north-south-corridor, Accessed: 8 December 2021
59 Commonwealth of Australia, Department of Infrastructure, Transport, Regional Development and Communications, Infrastructure Investment Program, Website: https://investment.infrastructure.gov.au/, Accessed: 8 December 2021
60 New Zealand Government Budget 2021-22, Wellbeing Budget 2021, 20 May 2021, p. 47-48.
61 Hong Kong Government, 2021-22 Budget Speech, 24 February 2021, p. 44.

$350 billion of investment across Australia over the coming decades[62,63]. CIMIC is looking to significantly participate in the development of this market and see its potential to materially aid the decarbonisation efforts of our industry.

From a capital allocation perspective, CIMIC is investing significant resources into the research and development of low carbon technology and intellectual property. Furthermore, CIMIC is currently exploring investment opportunities to generate renewable energy and create carbon credits in the rapidly evolving carbon market. This reflects the Group's intention to be a part of the decarbonisation solution, drive the industry forward, and will stand us in good stead to deliver clients' evolving needs in decades to come.

SERVICES MARKET

CIMIC operates in a broad range of services markets, across its core markets and geographies. Service market outlook for CIMIC continues to be positive, supported by:

- maintenance spending having not kept up with population growth, which has increased the utilisation of existing assets and is driving the need for additional investment into infrastructure;
- systemic maintenance underspend on a growing capital base; and
- the ongoing trend for asset owners to outsource maintenance services to specialist service providers, as they seek to achieve operational efficiencies, focus on core activities, deliver productivity improvements, and avoid the need to hold specialist maintenance services capabilities in-house. Increased technological integration and project complexity are also accelerating this trend.

BIS Oxford Economics estimates the maintenance services market in Australia to average $52.3 billion over the five years to 2025-26, representing a 10% growth on the five-year average to 2020-21. Growth in the outsourced maintenance services market is expected to outpace the overall market, growing by 13% over the same comparable period, to $31.2 billion on average over the five years to 2025-26[64].

CIMIC's market position and ability to deliver innovative end-to-end service solutions for clients, positions the Group to capitalise on the growing opportunities in this market.

PPP MARKET

PPP delivery models for large scale infrastructure are well established in CIMIC's core markets. They continue to be attractive to clients as a model that offers value for money, providing opportunities to improve services, and the ability to transfer risk to the party which is best able to manage that risk.

CIMIC has identified government opportunities across transport, social infrastructure such as hospitals, schools and prisons (with scope to provide non-custodial services), and utilities such as water and energy.

PPPs remain a key component of CIMIC's growth strategy, with the Group's operating companies offering services at all phases of projects, from sponsorship and financial arrangement to construction, operations and maintenance. Opportunities for the Group in the PPP market are likely to include varying combinations of design, construction, finance, and operations and maintenance.

In Australia, the National PPP Policy Framework established that all projects valued over $50 million should be considered for the PPP procurement method[65], and in New Zealand the National Government is actively pursuing non-traditional procurement options, where these can demonstrate greater value for money over the life of the project relative to conventional procurement methods[66].

CIMIC's competitive offering and market leading position, places the Group in a strong position to benefit from the growing pipeline of opportunities identified by the Group, which stood at $115 billion at the end of December 2021.

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[62] Australian Federal Government, Australia's Long-Term Emissions Reduction Plan, 26 October 2021, p. 15 and 85.

[63] NSW Government, Department of Planning, Industry and Environment, Net Zero Plan Stage 1: 2020–2030 Implementation Update, 28 September 2021, p. 22.

[64] BIS Oxford Economics, Maintenance in Australia Report 2021-2035, February 2021.

[65] Department of Infrastructure and Regional Development, National PPP Policy Framework, October 2015, p. 7.

[66] New Zealand Infrastructure Commission, Te Waihanga, Contractual Framework for the Standard Form PPP Project Agreement, April 2020, p. 8.

MINING & MINERAL PROCESSING MARKET

CIMIC's exposure to the mining and mineral processing market is principally through Sedgman and its 50% equity interest in Thiess, with expertise spanning most of the world's key commodities.

Robust global demand for the Group's core commodity exposures and strong structural tailwinds supports our mining and mineral processing market outlook. These trends include sustained population growth, increasing urbanisation and industrialisation, rising global living standards, and limited substitutes for the major commodities mined and processed by the Group. In addition, CIMIC's key commodity exposures are central to new and low emission technologies, which are set to gain momentum over the coming decades.

The CSIRO – Australia's National Science Agency – has stated that the "global transition to low carbon energy systems will be very metals intensive, with some metals facing demand increases of nearly 500% by 2050. This is due to the higher mineral intensity of renewable technologies, like offshore wind turbines, which are 13 times more mineral intensive than an equivalent gas-fired power plant. The demand for metals is robust because our whole system of electricity generation, transmission, and storage is undergoing rapid transformation."[67]

In the shorter term, Australian resource and energy exports are expected to grow to a record $379 billion in 2021-22, representing a 22% increase on the prior year. According to the Australian Department of Industry, Science, Energy and Resources, resource and energy export volumes are expected to show further growth over the coming years, driven by economic growth and industrial production in the country's major trading partners, as well as further production of electric vehicles and new energy technologies.

Australian exports, by volume, of copper, gold, aluminium, nickel, zinc, lithium, metallurgical coal, thermal coal and iron ore are expected to grow by a compound annual growth rate of 2.0%, 15.4%, 3.4%, 22.5%, 0.6%, 21.1%, 2.8%, 2.9%, and 3.0% per annum, respectively, from 2020-21 until 2022-23[68].

This outlook underpins the Group's positive outlook for the mining services market.

[67] CSIRO, "Known unknowns: the devil in the details of energy metal demand", October 2021.

[68] Australian Government (Office of the Chief Economist) Department of Industry, Innovation and Science: Resources and Energy Quarterly, December 2021, p. 7 and 14.

FUTURE DEVELOPMENTS

GROUP PROSPECTS

CIMIC's core markets – in construction, PPPs, mining and mineral processing, operations and maintenance services, and engineering – continue to offer a broad range of opportunities. CIMIC's work in hand and a substantial pipeline of future projects support our positive outlook.

During 2022, CIMIC has an opportunity pipeline of approximately $180 billion. CIMIC expects to bid for, is currently bidding on, or has been shortlisted for projects, including, but not limited to:

- Sydney Metro West - Westmead to the Bays Central Package, Transport for NSW, New South Wales;
- Sydney Metro West - Eastern Tunnelling Package, New South Wales;
- Copper String 2.0 for CuString Pty Ltd, Queensland;
- Western Harbour Tunnel - Northern and Southern Tunnel, immersed tube tunnel & project wide civil, mechanical and electrical fit out for the Roads and Maritime Services, New South Wales;
- Westmead Paediatric Services Building, Department of Health Infrastructure, New South Wales;
- Pacific Highway, Coffs Harbour Bypass, Roads and Maritime Services, New South Wales;
- Coomera Connector - Stage 1 Central, Department of Transport and Main Roads, Queensland;
- Redevelopment of Prince of Wales Hospital Phase 2 (Stage 1) (Superstructure), Hong Kong;
- Redevelopment of Our Lady of Maryknoll Hospital (Superstructure), Hong Kong;
- Construction of New Territories East Cultural Centre, Hong Kong;
- Manila International Airport Terminal, Philippines;
- North-South Railway Project (South Line) – Various Packages, Philippines;
- Cross Island Line - P103 (Riviera Station), Singapore;
- Rio Tinto - Winu Copper Gold Concentrator and Mining Support Project, Western Australia;
- Yuen Long Barrage Scheme, Hong Kong;
- Cactus Mine Project – Copper Project, United States of America;
- Greensbushes - Lithium project, Western Australia;
- Various opportunities for 'Centinela' – Copper Projects, Chile;
- PT Position - Nickel Mine Project, Indonesia; and
- Various other mining and mineral processing opportunities across Australia.

The Group has an extensive pipeline with more than $480 billion of tenders relevant to CIMIC to be bid and/or awarded in 2022 and beyond, including about $115 billion worth of PPP projects.

CIMIC continues to consider opportunities to diversify and expand into new regions and markets by leveraging its existing capabilities. The Group's positive outlook is founded on a disciplined focus of sustaining a strong balance sheet, generating cash, and a rigorous approach to tendering and project delivery. This focus, combined with the Group's strong competitive position and the range of opportunities across the core markets, provides a solid base for the generation of sustainable returns.

GUIDANCE

CIMIC expects 2022 NPAT to be in the range of $425.0 million to $460.0 million, subject to market conditions. This represents an increase of 4.8% - 13.5% on FY21 underlying NPAT of $405.4 million.

Remuneration Report

SCOPE

The information provided in this Remuneration Report has been audited and is in accordance with the requirements of the Corporations Act.

For the purposes of this Remuneration Report, the KMP are referred to as either Senior Executives (which includes the Executive Chairman and CEO) or Non-executive Directors (including Alternate Directors). Details of the Senior Executives (as at 31 December 2021) are set out below.

SENIOR EXECUTIVE REMUNERATION – POLICY AND APPROACH

REMUNERATION PRINCIPLES

The key remuneration principles that underpin CIMIC's approach to Senior Executive remuneration are to:

- align to Group principles and business needs;
- link reward to performance; and
- promote behaviours that deliver Group sustainability and align to shareholder interests.

REMUNERATION COMPONENTS

Senior Executive remuneration for the 2021 Financial Year was delivered as a mix of fixed and variable remuneration as set out in the following table.

Fixed	Fixed remuneration	Base salary, non-monetary benefits and superannuation (as applicable).
Variable	Short-Term Incentive (STI)	Annual cash incentive paid to eligible Senior Executives for performance against approved and measurable objectives.
	Long-Term Incentive (LTI)	There was no LTI granted in this financial year.

APPROACH TO SETTING REMUNERATION

Individual remuneration is determined by reference to:

- Group policy regarding the mix of fixed and variable remuneration;
- performance and experience of the individual;
- comparable jobs within the Group; and
- remuneration for comparable jobs amongst peer companies.

The Remuneration and Nomination Committee considers and proposes the remuneration of the CEO (including any incentive awards) to the Board for approval, and receives and reviews the remuneration (including any incentive awards) approved by the CEO for any other Senior Executives.

SENIOR EXECUTIVE REMUNERATION – COMPONENTS IN DETAIL

The Senior Executives as at 31 December 2021 are identified in the table below.

Executive Directors		
Juan Santamaria	Executive Chairman, CEO and Managing Director	Appointed as CEO and Managing Director on 5 February 2020. On 6 November 2020 he was also appointed as Executive Chairman.
Executives		
Ignacio Segura Suriñach	Deputy CEO and Chief Operating Officer	Commenced employment and became KMP on 9 April 2018.
Emilio Grande	CFO	Appointed as CFO and became KMP on 5 January 2021.
Former Executive		
Stefan Camphausen	CFO	Appointed as CFO and became KMP on 1 June 2017. Mr Camphausen's employment with the Group ended on 28 February 2021 after a handover to his successor.

The remuneration components described in this section apply to Mr Santamaria, Mr Segura Suriñach, Mr Grande and Mr Camphausen.

REMUNERATION ARRANGEMENTS IN 2021

Fixed remuneration received by Senior Executives comprises base salary, non-monetary benefits and superannuation (as applicable).

Non-monetary benefits included items such as fringe benefits, costs associated with citizenship application and other salary-sacrificed benefits as agreed from time to time.

Effective 1 April 2021 the total fixed remuneration for Mr Santamaria was increased to $1,600,000 per annum and the STI on-target percentage was increased to 100% of total fixed remuneration in line with market positioning and to recognise his dual roles as CEO and Executive Chairman. In addition, Mr Santamaria's on-target STI was increased by an additional 25% of total fixed remuneration for the 2021 year to acknowledge the continued effort required on a number of important and significant matters.

Mr Seguria Suriñach's total fixed remuneration and STI on-target percentage remained unchanged during 2021.

Mr Grande's total fixed remuneration upon commencement in the CFO role was $775,000 per annum and his on target STI% was set at 60% of total fixed remuneration.

Any other one-off items are set out in the Statutory Senior Executive Remuneration Table.

STI

Summary of 2021 STI

<table>
<tr><td>Senior Executive participation</td><td colspan="2">Mr Santamaria, Mr Segura Suriñach and Mr Grande were eligible to participate in the 2021 STI.</td></tr>
<tr><td>How much could Senior Executives earn under the 2021 STI?</td><td colspan="2">The STI opportunity provides a reward for threshold, target and stretch performance based on performance conditions referred to below. The table reflects the potential earnings as a percentage of fixed remuneration for the relevant executive.

The STI opportunities for 2021 were:
<table>
<tr><th colspan="3">Mr Santamaria - Percentage of Total Fixed Remuneration (TFR)</th></tr>
<tr><th>Threshold</th><th>Target</th><th>Stretch</th></tr>
<tr><td>75% (ie, 60% of the target STI opportunity of 125% of TFR)</td><td>125% (ie, 100% of the target STI opportunity of 125% of TFR)</td><td>188% (ie, 150% of the target STI opportunity of 125% of TFR)</td></tr>
</table>
<table>
<tr><th colspan="3">All other Senior Executives - Percentage of Total Fixed Remuneration (TFR)</th></tr>
<tr><th>Threshold</th><th>Target</th><th>Stretch</th></tr>
<tr><td>36% (ie, 60% of the target STI opportunity of 60% of TFR)</td><td>60% (ie, 100% of the target STI opportunity of 60% of TFR)</td><td>90% (ie, 150% of the target STI opportunity of 60% of TFR)</td></tr>
</table></td></tr>
<tr><td>Over what period was performance measured?</td><td colspan="2">The 2021 Financial Year.</td></tr>
<tr><td>What were the performance conditions?</td><td colspan="2">STI to be determined based on whole of job performance as well as performance against financial measures and targets applicable to the relevant role. For Senior Executives in 2021, this financial component is based on NPAT and operating cash flow. Performance against safety targets and/or other personal/non-financial measures relevant to the role also considered.</td></tr>
<tr><td>Why were those performance measures chosen?</td><td>The financial measures are designed to encourage Senior Executives to focus on the key financial objectives of the Group consistent with the business plan for the relevant year and the Group's strategic objectives.</td><td>The personal/non-financial measures are designed to encourage a direct relationship between the individual Senior Executive's role and measures of performance set. They also ensure that contributions to critical initiatives are recognised and rewarded.</td></tr>
<tr><td>How and when is the STI paid?</td><td colspan="2">The STI is paid in cash following finalisation of the audited financial statements for the 2021 Financial Year and deliberations regarding any amounts payable. Payments are usually in April of the following year.</td></tr>
<tr><td>How is performance against targets assessed?</td><td colspan="2">Executives are assessed on whole of job performance as well as performance against financial and personal/non-financial key performance indicators (KPIs) to the relevant roles to determine the actual STI payments.
Notwithstanding any STI amount determined, the Remuneration and Nomination Committee, on the recommendation of the Executive Chairman, retains an overriding ability to adjust the STI amount before payment taking into account all relevant circumstances.</td></tr>
</table>

The review process for any STI payments for the 2021 Financial Year will progress through Q1 2022 and will be considered by the Remuneration and Nomination Committee in Q2 2022.

STI outcomes for the 2020 Financial Year

STI payments for the 2020 Financial Year were determined in Q2 2021. The Remuneration & Nomination Committee when determining the appropriate STI outcomes for the 2020 financial year, took into account business performance as well as individual whole of job performance and factors relevant to the unique circumstances of 2020. This included disruptions such as temporary delay in the award of new projects, a slowdown of revenues across the Group's activities and increased costs in both domestic and overseas markets due to COVID.

The following table sets out the outcomes for the 2020 Financial Year for each Senior Executive who participated in the 2020 STI.

Percentage of available STI earned[1]

Senior Executives	STI earned (A$)	Percentage of target STI	Percentage of maximum STI
Current			
J Santamaria[2]	1,125,000	150%	100%
I Segura Suriñach[3]	900,000	125%	83%
S Camphausen[4]	607,500	123%	82%

1. In consultation with the Remuneration and Nomination Committee, the threshold, target and stretch values of the financial KPIs for Mr Segura Suriñach and Mr Camphausen were approved by the CEO and Executive Chairman.
2. Mr Santamaria's STI award was approved by the Board, on the recommendation of the Remuneration and Nomination Committee, on 28 April 2021 and was paid on 3 May 2021.
3. Mr Segura Suriñach's STI award was approved by the CEO and Executive Chairman, was endorsed by the Remuneration and Nomination Committee on 28 April 2021 and was paid on 3 May 2021.
4. Mr Camphausen's STI award was approved by the CEO and Executive Chairman, was endorsed by the Remuneration and Nomination Committee on 28 April 2021 and was paid on 3 May 2021.

LTI

The last grants of options under the LTI were approved to be made to eligible Senior Executives in February 2016 as their 2015 LTI on 28 October 2015. The last remaining options lapsed on 29 October 2020. The terms of the 2015 LTI grant were previously disclosed in past years Remuneration Report.

No options under the LTI were awarded for the 2021 Financial Year.

COMPANY PERFORMANCE

As required by the Corporations Act, the 5 year financial performance of the Group has been set out in the following table.

Year-on-year performance snapshot

	Opening share price - Jan[1] (A$)	Closing share price - Dec[2] (A$)	Share price appreci-ation (%)	Dividend per share paid (A$)	TSR[3] (%)	EPS (A$)	PBT (A$M)	NPAT (A$M)	Return on equity (%)	Cash flow from operations (A$M)	Gross debt to equity ratio (%)[6]
FY 2021	24.30	16.90	(30.5%)	1.02	(57.5)	1.29	498	402	41	(25.5)	227
FY 2020[5]	33.04	24.37	(26.2%)	-	(49.1)	1.95	992	620	77	53.1	325
FY 2019	43.17	33.14	(23.2)	1.57	5.1	(3.21)	(1,625)	(1,040)	(69)	1,713	128
FY 2018	51.45	43.41	(15.6)	1.45	96.2	2.40[4]	1,072[4]	779[4]	37[4]	2,051[4]	23[4]
FY 2017	35.38	51.45	45.4	1.22	154.3	2.17	959	702	27[4]	1,523	27

1. Opening share price is determined as the market open price traded on the first trading day of the relevant financial year.
2. Closing share price is determined as the market close price traded on the last trading day of the relevant financial year.
3. TSR is determined over a rolling 3 year period.
4. For FY 2018 the metrics included here have been restated to reflect the impact of the new accounting standards on implementation of AASB 16: Leases as restated in the Financial Statements. The financial report has been restated accordingly for FY2018 and FY2019 has been prepared under the new accounting standards. In addition, FY2017 equity metrics have been restated to reflect implementation of AASB 9: Financial instruments and AASB 15: Revenue from Contracts with Customers.
5. The December 2020 amounts shown above include both continuing and discontinued operations.
6. Rounded to nearest whole percent.

STATUTORY SENIOR EXECUTIVE REMUNERATION TABLE

	SHORT-TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT		SUBTOTAL (A$)
	Cash salary (A$)[a]	Cash bonuses (STI) (A$)	Non-monetary benefits (A$)[b]	Special Incentives & Other (A$)[c][d][e]	Super-annuation benefits (A$)	Termination benefits (A$)	
Senior Executives							
J Santamaria[1]							
2021 Financial Year	1,733,304	1,125,000	12,252	887,500	22,631	-	3,780,687
2020 Financial Year	1,203,207	-	-	-	19,302	-	1,222,509
I Segura Suriñach							
2021 Financial Year	1,312,292	900,000		-	-	-	2,212,292
2020 Financial Year	1,347,599	-	-	105,913	-	-	1,453,512
Emilio Grande[2]							
2021 Financial Year	792,189	465,000[3]	-	-	22,631	-	1,279,820
Former Senior Executives							
S Camphausen[4]							
2021 Financial Year	236,102	607,500	-	585,750	3,616	-	1,432,968
2020 Financial Year	849,163	-	-	-	21,348	-	870,512

This table sets out the payments and benefits to each Senior Executive from the date they were appointed as a Senior Executive until their termination as a Senior Executive.

1. Mr Santamaria was appointed as CEO and Managing Director on 5 February 2020. On 6 November 2020 he was also appointed as Executive Chairman.
2. Mr Grande was appointed CIMIC Group CFO on 5 January 2021.
3. Mr Grande's STI paid in FY2021 related to his performance for FY2020 as CFO of UGL.
4. Mr Camphausen’s employment with the Group ended on 28 February 2021 after a handover to his successor.

LONG-TERM EMPLOYEE BENEFITS			TOTAL PAYMENTS AND ACCRUALS (A$)	PERCENTAGE OF BONUSES (%)[g]	PERCENTAGE OF SHARE-BASED INCENTIVE (%)[h]
	Share rights fair value (LTI) (A$)[f]	Options fair value (A$)[f]			
- -	- -	- -	3,780,687 1,222,509	29.8 -	- -
- -	- -	- -	2,212,292 1,453,512	40.7 -	- -
-	-	-	1,279,820	36.3	-
- -	- -	- -	1,432,968 870,512	42.4 -	- -

(a) Cash salary includes accrued leave entitlements such as annual leave and long service leave. For Mr Segura Suriñach the amounts also include deductions for several periods of leave without pay which had incorrectly been applied, so the 2020 amount includes the repayment of these incorrect deductions.

(b) For Mr Santamaria, this amount pertains to the costs associated with citizenship application.

(c) Mr Santamaria received a special cash payment in recognition of the significant contribution he made to CIMIC Group in relation to the progress in resolving important and significant issues relating to the future success of the Group. The Group considered these issues in the context of the overall Group performance for FY2020 and anticipated future satisfactory resolution. A payment of $887,500 was made, which was 95% of the total award that could be awarded to Mr Santamaria. This was approved by the Board, on the recommendation of the Remuneration and Nomination Committee.

(d) Mr Segura Suriñach, the amount pertains to the role allowance which ceased on 31 March 2020.

(e) Mr Camphausen received a special cash payment, which was dependent upon the performance of Thiess (as this was critical to the Group's overall performance) as well as Mr Camphausen's overall performance in his role in resolving several important and significant issues. A payment of $585,750 was made, which was 95% of the total award that could have been awarded to Mr Camphausen. This was approved by the CEO and Executive Chairman and was endorsed by the Remuneration and Nomination Committee.

(f) In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the 2021 Financial Year. For equity-settled awards, the fair value of equity instruments is determined as at the grant date and is progressively allocated over the vesting period. For cash-settled awards, the fair value is re-measured at each reporting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that Senior Executives may ultimately realise should the equity instruments vest. The fair value of equity instruments has been determined in accordance with AASB 2. Refer to the Financial Report, 'Note 38: Employee benefits' for further information.

(g) The percentage calculation is based on the cash STI received in the 2021 Financial Year as a percentage of total payments and accruals.

(h) The percentage of each Senior Executive's remuneration for the 2021 Financial Year that consisted of equity as a percentage of total payments and accruals.

SUMMARY OF EXECUTIVE SERVICE AGREEMENTS

Senior Executives
Remuneration and other terms of employment for all Senior Executives are formalised in ESAs.

The key terms of the ESAs for Senior Executives are:

Key terms of the ESA	Senior Executives			Former Senior Executive
	J Santamaria	**I Segura Suriñach**	**E Grande**[1]	**S Camphausen**
Annual review of remuneration	Yes	Yes	Yes	Yes
Length of notice period where either party is able to terminate the ESA	6 months	3 months	6 months	3 months
Specified term of employment	No	No	No	No
Specified payments on termination (apart from any payments in lieu of notice and any payable statutory entitlements)	No	No	No	No[2]
Any additional payments/allowances (apart from any fixed or variable remuneration)	No	On the commencement date of employment, a 'one off' relocation payment of $400,000 as a contribution to meeting relocation expenses.	No	No
Restraint period to apply following termination	3 months	3 months	3 months	3 months

1. Mr Grande was appointed CIMIC Group CFO on 5 January 2021.
2. For the purposes of calculating Mr Camphausen's long service leave entitlement, his prior service at HOCHTIEF AG was recognised.

The ESAs also specify the remuneration mix that applies to a Senior Executive's remuneration package.

Any entitlement of Senior Executives to unvested LTI awards on termination of their employment would be dealt with under the relevant plan rules and the specific terms of any grant.

ENGAGEMENT OF REMUNERATION CONSULTANTS

No remuneration recommendations (as defined by the Corporations Act) were provided by any advisor.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Non-executive Directors who held office during 2021 are set out in the following table.

Non-executive Directors during 2021

Name	Title (at 31 December 2021)	Change during the 2021 Financial Year
Current Non-executive Directors		
Russell Chenu	Independent Non-executive Director	-
José-Luis del Valle Pérez	Non-executive Director	-
Pedro López Jiménez	Non-executive Director	-
David Robinson	Non-executive Director	-
Peter-Wilhelm Sassenfeld	Non-executive Director	-
Kathryn Spargo	Independent Non-executive Director	-
Alternate Directors		
Robert Seidler AM	Alternate Director for Mr del Valle Pérez	-

SETTING NON-EXECUTIVE DIRECTOR REMUNERATION

Remuneration for Non-executive Directors is designed to ensure that the Group can attract and retain suitably qualified and experienced Directors. Fees are based on a comparison to the market for director fees in companies of a similar size and complexity.

In recognition of the additional responsibilities and time commitment of Committee Chairs and members, additional fees are paid to Directors for Committee membership.

Non-Executive Directors do not receive shares, options or any performance-related incentives.

Superannuation is payable to Australian-based Directors in addition to Board and Committee fees in accordance with compulsory Superannuation Guarantee requirements under Australian legislation.

FEE LEVELS AND FEE POOL

Effective from 1 January 2021[1] the Board and Committee fees were increased by 1.5%, rounded to the nearest $100. The changes are shown in the table below.

Board and Committee fees for 2021

Name	Chair[2] (A$)	Member (A$)
Board	nil	191,900
Audit and Risk Committee	57,300	31,500
Ethics, Compliance and Sustainability Committee	41,700	21,400
Remuneration and Nomination Committee	41,700	21,400
Board Sub-Committee[3]	4,100	4,100

1. Approved by the Board on 28 April 2021.
2. Mr Santamaria receives no additional remuneration from the fee pool for his role as Executive Chairman. Details of his remuneration as CEO and Managing Director are set out in the Statutory Senior Executive Remuneration Table.
3. This fee is payable to all Non-executive Directors for each day of service on a Board Sub-Committee.

The review process for any changes for 2022 will progress through Q1 2022 and will be considered by the Remuneration and Nomination Committee in Q2 2022.

The aggregate annual fees payable to the Non-executive Directors for their services as Directors are limited to the maximum annual amount approved by shareholders in general meeting. The maximum annual amount is currently $4.5 million (including superannuation contributions), as approved by shareholders at the 2013 AGM.

ALTERNATE DIRECTORS

CIMIC does not pay fees for Board membership to Alternate Directors. Financial arrangements for Alternate Directors are a private matter between the Non-executive Director and the relevant Alternate Director.

NON-EXECUTIVE DIRECTOR TOTAL REMUNERATION

Details of Non-executive Directors' remuneration for the 2021 Financial Year and 2020 Financial Year are set out in the following table.

Non-executive Director Remuneration

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	TOTAL REMUNERATION FOR SERVICES AS A NON-EXECUTIVE DIRECTOR (A$)
	Board and Committee fees (A$)	Other (A$)	Extra service fees[1] (A$)	Superannuation contributions (A$)	
Current Non-executive Directors					
R Chenu					
2021 Financial Year	292,000	-	-	22,631	314,631
2020 Financial Year	287,375	-	-	21,348	308,723
J del Valle Pérez					
2021 Financial Year	234,700	-	-	-	234,700
2020 Financial Year	231,000	-	-	-	231,000
P López Jiménez					
2021 Financial Year	234,700	-	-	-	234,700
2020 Financial Year	231,000	-	-	-	231,000
D Robinson[2]					
2021 Financial Year	213,300	63,854[3]	-	26,942[4]	304,096
2020 Financial Year	210,000	95,890[3]	-	29,060[4]	334,950
P Sassenfeld[5]					
2021 Financial Year	223,400	-	-	-	223,400
2020 Financial Year	220,000	-	-	-	220,000
K Spargo					
2021 Financial Year	306,800	-	-	22,631	329,431
2020 Financial Year	302,000	-	-	21,348	323,348

1. These amounts represent additional service fees payable to Non-Executive Directors for service on a Board Sub-Committee.
2. Mr Robinson will receive a maximum benefit on retirement limited to his entitlement under the Non-executive Director Retirement Plan as if he had retired on 1 July 2008. This entitlement totals $363,495.
3. Mr Robinson received Director fees from a related party, Devine, in respect of his services as non-executive director of Devine. Mr Robinson resigned as non-executive director of Devine on 27 August 2021.
4. These amounts are inclusive of $9,110 in 2020 and $6,146 in 2021 from Devine in respect of his services as non-executive director.
5. Mr Sassenfeld received no Director fees directly from CIMIC in respect of his services as Non-executive Director. The amounts in the table represent the payment by CIMIC to HOCHTIEF AG in respect of Mr Sassenfeld's services.

ADDITIONAL EQUITY DISCLOSURES

This section provides additional information regarding KMP equity holdings as required by the Corporations Act and applicable Australian Accounting Standards.

MOVEMENT IN KMP SHAREHOLDINGS (DIRECTORS AND SENIOR EXECUTIVES)

The following table sets out the movement in KMP shareholdings (either direct or indirect) during the 2021 Financial Year.

Name	Balance at 31 Dec 2020	Purchases	Received on exercise of options/rights	Sales	Closing Balance at 31 Dec 2021[1]
Directors					
J Santamaria	-[2]	-	-	-	-
R Chenu	4,085	-	-	-	4,085
J del Valle Pérez	1,000[3]	-	-	-	1,000[3]
P López Jiménez	1,192[3]	-	-	-	1,192[3]
D Robinson	1,489	-	-	-	1,489-
P Sassenfeld	1,858[3]	-	-	-	1,858[3]
K Spargo	4,000	-	-	-	4,000
Alternate Directors					
R Seidler AM	2,941	-	-	-	2,941
Senior Executives					
I Segura Suriñach	-	-	-	-	-
E Grande	-	-	-	-	-
Former Senior Executives					
S Camphausen	-	-	-	-	-

1. The closing balance is at 31 December 2021.
2. As at 5 February 2020 when Mr Santamaria was appointed as CEO and Managing Director. On 6 November 2020 he was also appointed as Executive Chairman.
3. These shares are held by the relevant director on trust for HOCHTIEF Australia.

MOVEMENTS IN OPTIONS HELD BY KMP UNDER LTI

The last grants of options under the LTI were approved to be made to eligible Senior Executives in February 2016 as their 2015 LTI. These options lapsed on 29 October 2020. The terms of the 2015 LTI grant were previously disclosed in past years Remuneration Report.

No options under the LTI were awarded for the 2021 Financial Year.

SHARES PURCHASED ON MARKET

No shares were purchased on market in the 2021 Financial Year for the purpose of satisfying vested awards under the EIP.

The CIMIC Group Limited Directors' Report for the 2021 Financial Year is signed at Sydney on 9 February 2022 in accordance with a resolution of the Directors.

Juan Santamaria
Executive Chairman and CEO

Delivering one of the world’s biggest batteries

UGL, Victoria, Australia

UGL is proud to have been part of the ground-breaking 300MW/450MWh Victorian Big Battery, improving the reliability of energy supply for many Australians.

UGL, as subcontractor to Tesla, played a key role in the design, construction and procurement of the plant and civil works, and the installation of Tesla Megapacks. Operations commenced in December 2021.

The battery unlocks 250MW of additional peak capacity on the existing Victoria to New South Wales Interconnector over the next decade of Australian summers.

In ensuring grid stability, the battery will be instrumental in helping Victoria reach its target of 50% renewable energy generation by 2030.

SUSTAINABILITY REPORT

Sustainability Report

SUMMARY OF PERFORMANCE AGAINST OUR SUSTAINABILITY COMMITMENTS AND TARGETS

COMMITMENT Target	FY21 result	Performance Commentary	Target Date
SAFETY			
Zero work-related fatalities	○	▪ One fatality recorded	Annual
Reduce Class 1[1] injuries	○	▪ Increased from zero (ex-Thiess) to 3	Annual
Reduce potential Class 1 injuries	○	▪ Increased from 39 (ex-Thiess) to 45	Annual
Reduce TRIFR[2]	○	▪ Increased from 2.45 (ex-Thiess) to 2.96	Annual
Improve safety performance of contractors	◎	▪ LTIFR of contractors (ex-Thiess) increased marginally from 1.39 to 1.40	Annual
Ensure safety training in place	●	▪ All new hires receive at least one occupational health and safety course	Annual
Ensure safety management systems in place	●	▪ All Operating Companies certified to ISO 45001, ISO 18001 and/or AS/NZ 4801	Annual
INTEGRITY			
Zero material breaches of Code of Conduct	●	▪ No material breaches recorded	Annual
Maintain Group-wide Code of Conduct training	●	▪ 12,659 direct employees completed Code of Conduct training in 2021, required every two years ▪ 350 employees in 'high risk roles' attended face-to-face Code of Conduct training in 2021, required every two years	Annual
Induct employees in Code of Conduct	●	▪ All new hires trained in Code of Conduct	Annual
Evaluate suppliers for ESG issues	●	▪ 100% of Tier 1 suppliers evaluated in 2021	Annual
Maintain the proportion of local suppliers at >90%	●	▪ Local suppliers represented 95% of procurement	Annual
CULTURE			
Roll out 'One' leadership program	●	▪ 486 participants attended frontline leadership development programs (Frontline and Leading Managers)	Annual
Train and develop future leaders	●	▪ Graduate Program cohort intake of 95	Ongoing
Promote diversity	●	▪ 2,694 employees undertook Equal Employment Opportunity (EEO), Discrimination, Anti-Bullying and Harassment training ▪ 186 senior staff have completed unconscious bias training (863 trained in total to date)	Annual
Promote gender equity	●	▪ Graduate Program features an above-industry participation of women rate of 33% for the 2021 cohort	Annual
Foster participation of women in the workforce	●	▪ Share of women in the total Group workforce at 15.0%	Annual
20% of women in management and senior management positions	◎	▪ 14.1% of women in top management positions ▪ 13.0% of women in senior management positions ▪ 14.2% of women in management positions	By 2025
Maintain proportion of local employees at >90%	◎	▪ 87.6% of employees employed locally (as measured by nationals as a % of the workforce)	Annual
Increase the number of Indigenous employees to 4%	◎	▪ 2.2% of employees identified as Aboriginal or Torres Strait Islander	By 2025

[1] A Class 1 incident is a death or permanent disability including: fatality; quadriplegia; paraplegia; amputation; or permanent loss of vision.
[2] Total Recordable Injury Frequency Rate.

COMMITMENT **Target**	**FY21 result**	**Performance Commentary**	**Target Date**
INNOVATION			
Delivering sustainable returns	●	▪ Returned $317.5m to shareholders through dividends	Annual
Increase the number of IS[3] rated projects	●	▪ 40 cumulative certifications (v 32 in FY20)	Annual
Achieve >50% of construction revenue from projects certified to 'green-rated' standards	●	▪ Delivered $4.6bn of 'Cleantech'[4] or 'green-rated' and renewable energy projects which represents approximately 47% of revenue	By 2025
Utilise technology in the delivery of projects	●	▪ Developed and Integrated Digital Delivery (IDD) strategy approach to support improved performance of projects ▪ Continued to increase use of BIM and GIS[5]as part of IDD ▪ CPB Contractors, Leighton Asia, UGL, Sedgman, Pacific Partnerships and EIC Activities covered by BSI Kitemark certification	Ongoing
Development of in-house technology solutions to improve project delivery	●	▪ Delivered prototype for Virtual builder construction simulation software ▪ Completed project pilots of ToBe Maps augmented reality tool	Ongoing
ENVIRONMENT			
No Level 1 or 2 environmental incidents	◎	▪ Zero Level 1 incidents reported (v zero in 2020 ex-Thiess) ▪ 15 Level 2 incidents reported (v 18 in 2020 ex-Thiess)	Annual
Reduce EIFR[6]	○	▪ Decreased from 0.22 (ex-Thiess) to 0.19	Annual
Minimise legal breaches, fines or penalties	◎	▪ 14 legal breaches resulting in 5 fines	Annual
Environmental management systems in place	●	▪ 100% of Operating Company management systems certified to ISO 14001	Annual
20% reduction in Scope 1 and 2 emissions compared to a 2019 base	◎	▪ On track to achieve	By 2025
Limit the amount of project waste going to landfill to <10%	●	▪ Achieved a project waste to landfill rate of 2.8%	By 2025
Achieve a waste re-use/recycling rate of >75%	●	▪ Achieved a waste re-use/recycling rate of 97.2%	By 2025
Achieve a water recycling/reuse rate of >10%	●	▪ Achieved a water re-use/recycling rate of 27.8%	By 2025

● Achieved ◎ Partly achieved/On track ○ Not achieved

[3] The Infrastructure Sustainability (IS) rating scheme is Australia's only comprehensive rating system for evaluating sustainability across design, construction and operation of infrastructure. Refer to https://www.iscouncil.org/

[4] Revenue earned by CPB Contractors from construction of sustainably rated or 'green' projects.

[5] Building Information Modelling (BIM) and Geographic Information System (GIS).

[6] Environmental Incident Frequency Rate.

SUSTAINABILITY STRATEGY

Sustainability is embedded in the Group's mission which is to maximise long-term value for shareholders by sustainably delivering projects for our clients while providing safe, rewarding and fulfilling careers for our people.

CIMIC's sustainability - or environmental, social, governance (ESG) - strategy is premised on the type of business we are and our Principles of Integrity, Accountability, Innovation and Delivery, underpinned by Safety, which guide all of the Group's activities. We are an engineering-led construction, mining, services and public private partnerships leader. We offer a complementary suite of construction, operations and maintenance, mining and minerals processing services, throughout the lifecycle of a client's assets, which include infrastructure, property or resources projects.

CIMIC's sustainability or ESG strategy is based on 6 broad themes and goals:

Strategic theme	Goal
Act with integrity to maintain license to operate	To meet or exceed all regulations and operating standards imposed by governments, regulators, clients and other stakeholders to ensure that CIMIC maintains its license to operate
Minimise the Group's environmental footprint	Seek to minimise the Group's environmental footprint in delivering projects by efficiently using resources, promoting a circular economy, and encouraging biodiversity
Build a great culture with motivated people and invest in people and communities	To develop and retain an innovative, motivated workforce, able to successfully deliver projects and to leave positive legacies for the communities impacted by our projects
Aim to be a leader in offering clients sustainable solutions	To be the industry leaders in offering clients the opportunity to integrate more sustainable solutions through the lifecycle of their projects
Actively pursue the emerging opportunities driven by enhanced ESG focus	To purse emerging energy and related opportunities that are or will emerge from the transition from fossil fuels and in response to climate change
Support the transition to the resources and minerals of the future	To transition from the provision of services for the fossil fuel industry to leveraging the opportunities presented by the growing demand for minerals and other resources that will be increasingly important as the world decarbonises

ABOUT THIS SUSTAINABILITY REPORT

This Sustainability Report section of the Annual Report is structured around five sustainability chapters:

- safety - supporting safe communities, providing safe, supportive and positive workplaces for our people;
- integrity - acting with integrity, operating honestly and respectfully and seeking sustainable supply chain outcomes;
- culture - promoting a culture that builds capability and supports opportunities for sustainability, diversity and inclusion;
- innovation - targeting innovation through knowledge sharing and collaboration, seeking competitive advantage with a focus on the future; and
- environment - promoting environmentally responsible outcomes by using resources efficiently, minimising waste and building resilience to climate risks.

These chapters provide the framework for addressing CIMIC's sustainability commitments and performance. They can provide opportunities to create value by growing revenue, reducing costs, mitigating risk and building our reputation.

Our approach is derived from, and based on, our Principles.

CIMIC's sustainability objectives are to:

- set targets and report on the Group's performance to promote confidence with investors, clients and other stakeholders;
- develop a culture of collaboration and knowledge sharing enabling opportunities for sustainability and innovation;
- be recognised as a leader in sustainability and contractor of choice by clients, employees and industry;
- seek environmentally and socially responsible supply chain solutions;
- deliver safe and resilient communities and workplaces; and
- leave a positive legacy.

STRUCTURE OF THE SUSTAINABILITY REPORT

REPORTING APPROACH

CIMIC Group is committed to operating sustainably and reporting on our environmental, social and governance (ESG) performance and progress. This Sustainability Report, integrated into our Annual Report, demonstrates how embedded sustainability is in our business. The Report utilises a number of case studies which are highlighted as breakout boxes in the text. These case studies provide current or recent examples of sustainability in practice, demonstrating the diversity of the Group's activities, and reinforcing the concept that acting sustainably creates value.

For FY2021, we have utilised the Global Reporting Initiative (GRI) Sustainability Reporting Standards framework for the preparation of the Report. By doing so, we aim to generate reliable, relevant and standardised information that our stakeholders can use to assess our performance against the GRI measures. The GRI index can be found on pages 159 - 163.

REPORT BOUNDARY AND SCOPE

This Report is for FY2021, unless otherwise noted. The scope of the Report covers CIMIC Group and its Operating Companies which include:

- CPB Contractors, including Broad Construction;
- Leighton Asia, including Leighton India and Leighton Offshore;
- Sedgman;
- UGL;
- Pacific Partnerships;
- EIC Activities;
- Devine; and
- Leighton Properties.

CIMIC divested 50% of Thiess as of the 31 December 2020 which is now reported in CIMIC's financial statement as an equity accounted joint venture. Thiess' ESG data has therefore been excluded for the 2021 reporting period however CIMIC has included FY2020 data, including and excluding Thiess, to help assist with comparisons of the Group's underlying performance. The exclusion of Thiess' data would otherwise have made it difficult to compare the results including Thiess in FY2020 with results that excluded Thiess in FY2021.

Thiess is also producing a stand-alone Sustainability Report which will be accessible at www.thiess.com and this Report provides historic comparable metrics for Thiess for interested stakeholders.

DATA COLLECTION

Sustainability related data and information is recorded and tracked at projects and/or Operating Companies and then aggregated to an Operating Company level and then at a CIMIC level, using a Group-wide software application. This ensures that a consistent approach with certain factors, such as those for emissions, are applied across the appropriate geography or business unit. Standardised definitions are applied to certain data points to provide reliable and comparable metrics.

CIMIC included in The Sustainability Yearbook 2022

CIMIC is pleased to have been included in S&P Global's 'The Sustainability Yearbook 2022' as a result of the Company's participation in the 2021 Corporate Sustainability Assessment. Manjit Jus, Managing Director, Global Head of ESG Research, S&P Global: "We congratulate CIMIC on inclusion in The Sustainability Yearbook 2022. Over 7,000 companies were assessed, and this distinction highlights dedication to sustainable business practices."

In order to be listed in the Yearbook, companies must score within the top 15% of their industry and must achieve an S&P Global ESG Score within 30% of their industry's top-performing company. CIMIC was also listed in The Sustainability Yearbook 2021.

RECOGNITION OF THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

CIMIC recognises the global commitment of governments and businesses to the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). Our commitment is reflected in CIMIC's Sustainability Policy which notes that "the Group will abide by the principles of the UN Global Compact and acknowledges its role in contributing to the UN Sustainable Development Goals".

The SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The 17 'Global Goals' with their 169 identified targets[7] were initially reviewed in 2017, based on CIMIC's exposure to, or ability to directly or indirectly influence, these goals and targets. This review and the results were published in the Sustainability Reports in the 2017, 2018, 2019 and 2020 Annual Reports.

In 2021, CIMIC again reviewed each of its construction, mineral processing, and operations and maintenance (O&M) services contracts to determine their alignment with the SDGs. The analysis shows that around 97% of the Group's revenue is earned from contracts that are directly aligned with one (or more) of the SDGs. The relevant SDGs, and the type of CIMIC projects that align with them, are set out in the table below.

	Sustainable Development Goal
	3) Ensure healthy lives and promote well-being for all at all ages ▪ Construction and O&M of hospitals and health facilities.
	4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all ▪ Construction and O&M of universities, schools and educational facilities.
	6) Ensure availability and sustainable management of water and sanitation for all ▪ Construction and O&M of water facilities, waste treatment plants, recycling facilities, dams and water utilities.
	7) Ensure access to affordable, reliable, sustainable and modern energy for all ▪ Construction and O&M of renewable energy plants including solar and wind. ▪ Construction of electricity transmissions lines. ▪ Construction and O&M of gas related infrastructure.
	9) Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation ▪ Construction and O&M of 'green rated'[8] infrastructure and buildings. ▪ Construction and O&M of telecommunications infrastructure. ▪ Construction of technology promoting facilities such as research centres. ▪ Mining, construction and O&M of minerals processing facilities for iron ore, nickel, copper and other metals.
	11) Make cities and human settlements inclusive, safe, resilient and sustainable ▪ Construction and O&M of safe, affordable, accessible and sustainable transport systems, notably by expanding public transport infrastructure such as busways, and passenger and light rail projects. ▪ Construction and O&M of public buildings such as cultural facilities or public housing.
	13) Take urgent action to combat climate change and its impacts ▪ Construction and O&M of projects specifically addressing climate change.
	16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels ▪ Construction and O&M of projects that promote the rule of law such as defence facilities, courts and correctional facilities.

While some of the Group's projects may not directly align with the SDGs, this does not mean that CIMIC should not deliver this work for our clients. For example, CIMIC would prefer to construct 'green rated' infrastructure or buildings but, if a client has not mandated or is able to contribute towards the achievement of a 'green rated' asset, CIMIC has to make a decision whether to tender for that work. In evaluating these, or any projects, CIMIC will endeavour to ensure that any opportunity is aligned with the Group's Principles and sustainability commitments and, where possible, work with clients to maximise sustainable goals within their constraints.

The Report references the SDGs, with their relevant logos, when the goals and targets align with CIMIC's sustainability themes, commitments and reporting.

[7] From the 'Report of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators (E/CN.3/2017/2): Revised list of global Sustainable Development Goal indicators'.

[8] Includes projects with a nationally or internationally recognised sustainability rating such as Green Star, LEED, IS and Greenroads.

MATERIAL ISSUES

DEFINING MATERIAL ISSUES

CIMIC has previously undertaken materiality assessments to identify and confirm the important potential economic, environmental, social and governance issues that could affect the business, both positively and negatively. The process has involved interviews with senior management from across the Group and ESG analysts at broking firms, an assessment of media reports about the Group, reviews of client sustainability reports, and reference to recent sustainability reporting submissions such as the Dow Jones Sustainability Index (DJSI) and CDP (formerly the Carbon Disclosure Project).

This year, CIMIC has again reviewed the material issues to ensure they are still applicable. CIMIC's Operating Companies have also undertaken materiality assessments, as part of the development of their own sustainability plans, which have involved materiality workshops with senior and operational business leaders, as well as external consultation with key clients to confirm that strategic focus areas align with client objectives. In addition, CIMIC has worked with some leading investment banks to undertake a review of its sustainability reporting and the material issues for financial stakeholders.

The outcomes of these Operating Company assessments and the bank reviews have been integrated into the disclosure of material issues (as per below) to ensure alignment with disclosures provided in the Sustainability Report. The material issues identified have again been used in the Report as a framework for discussion of those issues that the Group believes are material and of most interest to stakeholders. The material issues, the relevant GRI Standard they refer to and section of the Annual Report or chapter of the Report (and page/s) in which they are addressed, are set out in the table below:

Material issues (by ESG factors)	Applicable GRI Standard	Section/Page number
Economic		
▪ Availability of funding for future infrastructure projects given government budget constraints and competing demands	General Disclosures	OFR[9]
▪ Changes in economic factors (regulation, government policy, new technology and availability of capital) that could impact capital productivity	General Disclosures	OFR
▪ CIMIC Group's ability to deliver projects that meet the needs of its clients	Customer Health and Safety	Innovation, pg 135; Safety, pg 86
▪ Continuing population growth, greater urbanisation, and the future growth of China and India	General Disclosures	OFR
▪ Growth in renewable energy supply potentially leading to a decline in demand for thermal coal and the impact on contract mining opportunities	General Disclosures	OFR; Environment, pg 155
▪ Growth in demand for renewable energy and the impact on construction opportunities	General Disclosures	Environment, pg 155
▪ Increased globalisation and a more competitive business environment	General Disclosures	OFR
▪ Increased sovereign/political risk and Australia's attractiveness as an investment destination	General Disclosures	OFR
Environment		
▪ Dealing with climate change threats and opportunities, developments in government's emissions policies and reducing carbon emissions	Emissions, Economic Performance	Environment, pg 142, pg 155
▪ Ensuring legal compliance with all environmental regulations and avoiding reputational liabilities	Environmental Compliance, Effluents and Waste	Environment, pgs 141 - 142
▪ Improving energy efficiency on projects, in the supply chain and in corporate activities	Energy	Environment, pgs 142 - 149
▪ Optimising the use of materials (e.g. concrete, steel, packaging), promoting the use of recycled and sustainable materials, and working with the supply chain to reduce environmental impacts	Materials	Environment, pgs 152 - 153
▪ Protecting biodiversity and ecosystem health (including erosion and sediment management) when delivering projects	Biodiversity	Environment, pgs 153 - 155
▪ Reducing the production of hazardous and non-hazardous waste	Effluents and Waste	Environment, pg 149
▪ Reducing the consumption and wastage of water	Water, Effluents and Waste	Environment, pgs 150 - 152
▪ Ensuring that sustainability of design is integrated into projects	General Disclosures	Innovations, pgs 130 - 132; see other case studies

[9] OFR - Operating and Financial Review section of this Annual Report

Material issues (by ESG factors)	Applicable GRI Standard	Section/Page number
Governance		
▪ Aligning remuneration with performance to encourage and reward the creation of shareholder value	General Disclosures, Employment	Culture, pg 120
▪ Balancing transparency in disclosing information for investors while not giving away commercial advantage	Public Policy, Marketing and Labelling, Customer Privacy	Integrity, pgs 91 - 93
▪ Collaborating with industry not-for-profits to generate shared value	General Disclosures	Innovation, pg 132
▪ Encouraging free, fair and open competition, and complying with all applicable competition laws	Anti-competitive Behaviour	Integrity, pg 93
▪ Ensuring compliance in overseas markets when operating across different cultures and languages	Anti-corruption, Anti-competitive Behaviour, Socioeconomic Compliance	Integrity, pgs 89 - 91, pg 93
▪ Ensuring environmentally and socially responsible sourcing and governance factors are integrated into procurement processes	Supplier Environmental Assessment, Supplier Social Assessment	Integrity, pgs 93 - 98
▪ Impact of changes in local or regional political or regulatory regimes that may impact business development and project delivery	General Disclosures	OFR
▪ Managing risk across a diverse and complex range of markets and geographies	General Disclosures	OFR; Innovation, pg 134
▪ Maintain the integrity of the Company's tax payment and disclosure regime	Economic Performance	OFR; Integrity, pg 93
▪ Ensuring the sustainability of the supply chain, including screening and reporting	Procurement Practices, Supplier Environmental Assessment, Supplier Social Assessment	Integrity, pgs 93 - 98

Material issues (by ESG factors)	Applicable GRI Standard	Section/Page number
Social		
▪ Application of appropriate labour standards, where people are treated fairly and with respect	Non-discrimination, Freedom of Association and Collective Bargaining, Human Rights Assessment	Culture, pgs 105 - 110
▪ Attracting, developing and retaining employees to meet the evolving needs of the business	Employment, Labour/ Management Relations, Training and Education	Culture, pgs 105 - 120
▪ Availability of a skilled and trained workforce that can deliver projects and manage the business	Employment, Training and Education	Culture, pgs 105 - 120; Innovation, pg 129
▪ Avoidance of all forms of bribery and corruption including facilitation payments	Anti-corruption, Public Policy	Integrity, pgs 88 - 93
▪ Avoidance of all forms of child or forced labour in the supply chain	Child labour, Forced or compulsory labour, Human Rights Assessment	Culture, pgs 106 - 109
▪ Changes in social factors (government policy, industrial relations, new technology) that could impact labour productivity	General Disclosures	OFR
▪ Indigenous and social inclusion, and development of an Indigenous workforce and Indigenous procurement	Employment, Diversity and Equal Opportunity	Integrity, pgs 98 - 103; Culture – pgs 114 - 120
▪ Contributing to the development of local communities who can affect or be affected by the Group's activities	Local Communities, Indirect Economic Impacts	Integrity, pgs 98 - 103
▪ Creating safer and healthier workplaces for the well-being of employees, subcontractors and all those in the Group's care	Occupational Health and Safety	Safety, pgs 74 - 86
▪ Encouraging a culture of innovation where people are continually looking for new and better ways of doing things	Training and Education	Innovation, pgs 123 - 134; Culture, pgs 110 - 120
▪ Ensuring the safety of the public while delivering projects	Customer Health and Safety	Safety, pg 86
▪ Fostering a more diverse workforce that reflects the communities in which the Group operates	Employment, Diversity and Equal Opportunity	Culture, pgs 114 - 120
▪ Providing local communities with full, fair and reasonable opportunity to participate in the economic benefits (i.e. employment, procurement, or as subcontractors) of the Group's activities	General Disclosures, Procurement Practices, Indirect Economic Impacts	Integrity, pgs 98 - 103
▪ Promoting gender equity in remuneration and promotion decisions	Employment, Diversity and Equal Opportunity	Culture, pgs 115 - 117
▪ Respecting the rights of local communities when delivering projects for clients	Rights of Indigenous Peoples, Local Communities	Integrity, pgs 98 - 103
▪ Supporting corporate community investment (i.e. sponsorship, donations and corporate partnerships) in local communities and society	Indirect Economic Impacts	Integrity, pgs 91 - 95
▪ Managing the health and safety impacts of the COVID-19 pandemic	Occupational Health and Safety	Safety, pgs 74 - 86; Innovation, pg 137

SUMMARY OF GROUP PERFORMANCE

CREATING SHAREHOLDER VALUE		2021[10]	2020 (ex-Thiess)	2020 (with Thiess)	2019	2018
Human Capital return on investment[11]	#	1.13	Not avail	1.11	1.31	1.31
Revenue per employee[12]	$k/emp'ee	558.1	515.2	388.9	415.6	381.8
Labour (revenue) productivity	$m/MhW	123.7	110.9	104.4	99.5	92.2
Profit per employee[13]	$k/emp'ee	23.2	20.1	21.1	22.6	20.3
SAFETY						
Total fatalities	#	1	0	1	0	1
Of which: Australia	#	1	0	1	0	1
International	#	0	0	0	0	0
Total Class 1 actual events	#	3	0	1	4	1
Of which: Australia	#	3	0	1	1	1
International	#	0	0	0	3	0
Total Recordable Injury (TRI) frequency rate	TRIs/MhW	2.96	2.45	1.99	2.30	2.82
Lost Time Injury (LTI) frequency rate	LTI/MhW	1.08	0.83	0.62	0.95	1.27
Potential Class 1 incidents	#	45	39	51	63	97
Million hours worked	MhW	78.3	81.2	120.9	147.8	159.1
INTEGRITY						
Employees undertaking formal, on-line Code of Conduct training	#	12,659	13,830	18,112	25,419	23,837
Continuous disclosure breaches	#	0	0	0	0	0
Significant breaches of Code of Conduct	#	0	0	0	0	0
CULTURE						
Total direct employees	#	17,357	17,477	29,339	35,373	38,423
Total employees[14]	#	28,717	31,900	37,838	40,234	46,959
Personnel costs[15]	$m	2,619	2,577	Not avail	3,710	3,634
Payroll ratio[16]	$k/emp'ee	150.9	147.5	Not avail	104.9	94.6
Average tenure of employment	years	4.2	4.2	4.6	3.9	3.4
Number of new hires	#	7,399	7,436	9,062	16,245	19,685
Of which: Male	#	6,544	6,702	8,038	14,676	18,108
Female	#	855	734	1,024	1,569	1,577
Total turnover rate[17]	%	51.5	61.2	47.3	48.9	51.3
Of which: Male staff (voluntary)	%	18.1	10.8	10.1	11.9	13.1
Female staff (voluntary)	%	6.2	3.7	3.4	3.8	4.2
Of which: Male staff (involuntary)	%	5.9	12.1	11.6	7.6	4.5
Female staff (involuntary)	%	1.4	3.2	3.1	1.4	1.2
Females on the Board	# / %	1 / 14.3	1 / 14.3	1 / 14.3	1 / 12.5	1 / 12.5
Females in the workforce	%	15.0	15.0	13.2	12.2	10.3
Females in top management	%	14.1	12.8	13.4	13.8	11.8
Females in senior management	%	13.0	14.7	14.3	13.9	12.2
Local participation (in Int'l workforce)	%	87.6	87.3	92.2	94.1	94.2

[10] The 2021 figures exclude 100% of Thiess which is now treated as an equity accounted joint venture – refer to Thiess' own Sustainability Report which will be available at www.thiess.com.au for details of Thiess' performance as a stand-alone company.
[11] Total Revenue less Total Operating Expenses less Total Employee Related Costs (TERC) divided by TERC. As reported to DJSI.
[12] Based on revenue excluding joint ventures and associates divided by total direct employees.
[13] Statutory Group net profit after tax (NPAT) divided by Total direct employees. For 2019, the ratio reflects underlying NPAT.
[14] Total employees includes both direct employees of CIMIC Group and a proportion of the headcount of indirect employees from investments as follows: BICC (45%) until 31 December 2019, Devine (59%) and Ventia (47%) and Thiess (50%) as at 31 December 2020.
[15] 2020 reflects amended Personnel costs for 'Continuing operations' as per Note: 3 Expenses in the 2020 Financial Report which were restated to treat Thiess as 'Discontinued operations'.
[16] Total personnel costs divided by the total number of direct employees. For 2020, they reflect Thiess' treatment in the 2020 accounts as 'Discontinued operations'.
[17] Given that a large proportion of the workforce is hired on projects, the total overall turnover rate includes the total of voluntary turnover, ordinary and customary turnover of employees turnover and involuntary turnover and is not considered the most effective method to measure staff retention. Therefore, voluntary turnover rates for permanently employed staff have been provided in the 'Culture' chapter for a more representative comparison of turnover rates.

INNOVATION		2021	2020 (ex-Thiess)	2020 (with Thiess)	2019	2018
Cumulative green buildings completed	#	81	80	80	80	76
Cumulative ISC[18] certified and rated projects	#	35	34	34	33	22
Green Standard project registrations	#	3	3	8	17	5
Green Standard project certifications	#	11	11	4	11	6
Cleantech or 'green-rated' revenue[19]	$m	4,659	2,869	2,869	3,021	4,932
Green Standard employee certifications	#	98	98	86	81	76
ENVIRONMENT						
Total Level 1 incidents	#	0	0	0	1	0
Total Level 2 incidents	#	15	18	18	29	14
Of which: Australia	#	8	8	8	7	11
International	#	7	10	10	22	3
Total Level 3 incidents	#	218	204	316	447	693
Of which: Australia	#	194	187	269	347	567
International	#	24	17	47	100	126
Total Breaches	#	14	23	34	32	21
Of which: Australia	#	9	6	13	7	13
International	#	5	17	21	25	8
Violations with fines >$10k	#	5	0	1	1	1
Value of fines related to above	$k	125	0	15	295	15
EIFR[20]	# / MhW	0.19	0.22	0.15	0.20	0.09
Energy consumption - Diesel	GWH	444	617	9,441	10,410	10,627
Energy consumption - Electricity	GWH	114	83	86	141	153
Energy consumption - Other	GWH	15	17	14	19	17
Total energy consumption	GWH	573	715	9,541	10,570	10,798
Energy intensity[21]	GWH / $m	0.06	0.08	0.76	0.72	0.74
Water: Withdrawals	ML	5,810	3,310	18,488	17,188	8,121
Discharges	ML	797	1,338	7,233	11,567	9,022
Water consumption	ML	5,013	1,972	11,255	5,621	(901)
Water reuse	ML	2,233	197	3,567	4,297	9,200
Recycled/reuse[22]	%	27.8	5.6	16.2	20.0	53.1
Water intensity[23]	ML / $m	0.52	0.22	0.89	0.38	-0.06
GHG emissions - Scope 1[24]	kt. CO2-e	115	157	2,391	2,634	2,689
GHG emissions - Scope 2	kt. CO2-e	79	58	61	122	126
GHG emissions - Scope 3	kt. CO2-e	715	780	801	1,143	1,016
Carbon intensity[25]	kt. CO2-e / $m	0.02	0.02	0.21	0.19	0.19
Total material volumes	kT	2,952	3,624	3,627	6,753	4,295

[18] Infrastructure Sustainability Council.
[19] The 2021 cleantech revenue is not directly comparable with 2020 as 2020 did not include revenue from UGL which has now been analysed and included in 2021.
[20] Environmental Incident Frequency Rate (EIFR) is total number of Level 1 and Level 2 environmental incidents per million hours worked.
[21] Energy intensity is 'Total energy consumption' divided by 'Total revenue' (excluding revenue from joint ventures and associates).
[22] Recycled/reused % equals total water recycled and reused divided by total water recycled and reused plus total water withdrawals.
[23] Water intensity is 'Total water consumption divided by 'Total revenue' (excluding revenue from joint ventures and associates).
[24] Includes internal reporting of emissions regardless of who has operational control of facilities.
[25] Carbon intensity is 'Total Scope 1' and 'Total Scope 2' emissions divided by 'Total revenue' (excluding revenue from joint ventures and associates).

SAFETY

OUR APPROACH

Looking out for each other is an essential part of our culture. It underpins everything we do and reflects our determination to keep our people, and those under our care, safe. Safety is enshrined in CIMIC's Principles and our priorities are to minimise harm in workplaces, promote physical and mental health, and protect the public. Our commitment extends to business partners, subcontractors, suppliers, and anyone else that may be impacted by the work that we do.

OUR COMMITMENTS, MEASURES IN PLACE, ACTIONS TAKEN AND PERFORMANCE

Minimising harm in workplaces	
Measures in place	▪ 100% of Operating Company management systems certified to ISO45001, ISO 18001 and/or AS/NZS 4801 ▪ Critical Risk programs, such as Safety Essentials, Critical Risk Controls and Class 1 Practices in place across CPB Contractors, Leighton Asia, Sedgman and UGL, providing the systems, procedures, and knowledge to manage our activities ▪ Focus on 'above-the-line' controls used to eliminate, substitute, isolate or engineer out risk ▪ Sedgman and Leighton Asia focus on delivering our management systems and communications in multiple languages or by using simple illustration and diagrams to tackle any potential literacy issues ▪ Quarterly Managing Director Health and Safety Reviews in which Managing Directors individually report performance on all aspects of their management systems and progress against health and safety improvement plans in face-to-face or virtual meetings to the CIMIC Executive Chairman and CEO ▪ 379 safety specialists employed across the Group
Actions taken during 2021	▪ Continue to develop and refine COVID-19 plans and protocols to minimise risk of infection ▪ Developed and implemented a COVID-19 Vaccination Protocol ▪ Developed and implemented the CIMIC Group Safety Leadership Score, a unique lead indicator focused on improving critical risk management program outcomes ▪ All Operating Companies maintained management system certification ▪ 169 internal safety audits conducted and 31 external audits – all to ISO 45001, ISO 18001 and/or AS/NZ 4801 standards ▪ Delivered approximately 120,700 hours of health and safety training
Performance	▪ TRIFR (ex-Thiess) increased from 2.45 to 2.96 ▪ Minimised number of positive COVID-19 cases to 461, less than 1.6% of our total workforce (including subcontractors)
Promote physical and mental health	
Measures in place	▪ Employee Assistance Program is in place for all Australian based operations, and globally for Sedgman, CPB Contractors and Leighton Asia ▪ All Operating Companies have developed formal strategies or are implementing plans to support positive mental health outcomes and address psycho-social risk ▪ International medical and security program supported by International SOS to provide routine and emergency medical support to international travellers and expatriates ▪ Free health checks, influenza vaccinations and skin cancer checks provided across large parts of the business
Actions taken during 2021	▪ Continued to implement targeted initiatives in our operations in response to the physical and mental health challenges of COVID-19 ▪ Video and other technology used to ensure team connections were maintained ▪ Delivered a variety of mental health education programs targeting managers and supervisors ▪ Significant communication from Senior Management to maintain physical and mental health and to seek assistance if required ▪ Buddy programs and R U OK initiatives put in place for workers who had to remain on site due to border closures and inability to return home
Performance	▪ 52% of eligible employees have activated their AIA Vitality accounts (refer to page 85)
Protect the public	
Measures in place	▪ Public safety integrated into Safety Essentials and at the design phase of projects
Actions taken during 2021	▪ Numerous, project-by-project initiatives tailored to manage risks as appropriate
Performance	▪ Undertook a range of initiatives to protect the public appropriate to each project

MINIMISING HARM IN WORKPLACES

At CIMIC, we are committed to physical and mental wellbeing and target the elimination of all fatalities and permanent disabilities, the reduction of all other injuries, and the creation of psychologically safe workplaces. This means ensuring everyone we interact with – including contractors and subcontractors, suppliers, clients, users of our projects and visitors – is treated with the same degree of care as our employees.

To achieve our safety and health objectives, we continually focus on strengthening our risk management systems, instilling strong safety cultures and reducing the frequency and severity of injuries. Across the Group, our risk management systems and critical risk programs systematically work to identify, assess and eliminate or control risks in the design, planning and implementation of our projects.

CIMIC's health and safety commitment includes identifying and controlling potential sources of exposure to hazardous substances, pathogens, dust, vapours, noise, vibration and other hazards that may result in occupational illnesses. We also work to identify and provide rehabilitation opportunities to ensure workers can achieve the earliest safe return to work, to reintegrate employees following a workplace injury or illness.

Our commitment is led from the Board who understand that the safety and wellbeing of those engaged or impacted by our work is fundamental to the success and sustainability of our business. The Ethics, Compliance and Sustainability Committee assists the Board in fulfilling its corporate governance and oversight responsibilities by monitoring and reviewing Operating Company compliance with applicable legal obligations and their own internal policies, procedures and standards in the areas of workplace health and safety.

The day-to-day management of operational responsibilities for specific activities and transactions resides with the Operating Companies. Each Operating Company maintains health and safety management systems and critical risk controls that systematically identify, assess and eliminate or control risks at every stage of the project delivery cycle. Identified risks are eliminated or, where elimination is not possible, mitigated where practicable through 'hard' controls[26].

Each of CIMIC's Operating Companies has dedicated safety management systems that, while similar in their structure, are tailored to meet the unique risks and hazards that exist in their industries and are certified to ISO 45001, ISO 18001 and/or AS/NZS 4801.

While we continually focus on strengthening our risk management systems, to achieve our safety and health objectives we understand that our focus must also include instilling strong safety cultures. This is achieved through purpose-built programs like our new Safety Leadership Score (SLS), combined with ongoing leadership development, workplace training and strong communication programs.

If an injury or illness does occur, the Operating Companies work to identify the causes, prevent recurrence and provide rehabilitation opportunities to achieve the earliest safe return to work and normal daily routines.

In Australia, employees are entitled by law[27] to take paid sick leave when they cannot work because of a personal illness or injury. This can include stress and pregnancy related illnesses. CIMIC complies with all the sick leave laws and obligations of the jurisdictions in which our Operating Companies have a presence.

Fatalities and Permanent Disabilities

We are saddened to report that, in October 2021, a fatality occurred in Central Queensland when a traffic controller was struck by a car in a hit-and-run incident involving a stolen vehicle. Police have arrested and charged a man with multiple criminal offences in relation to the event.

We extend our deepest condolences to our colleague's family, friends and co-workers.

Disappointingly there were also 2 injuries that resulted in disabilities. The details of these Class 1 events were:

- during the erection of scaffold on a project in Central Queensland, Australia, a UGL employee fell from height suffering multiple fractures and chemical burns from caustic residue found in the bunded area where he fell; and
- during the installation of a defector plate at a project in Central Queensland, Australia, a UGL employee fell from height and suffered compound leg fractures, and a fractured vertebrae and sternum.

Both employees are continuing with long term care and rehabilitation plans.

[26] Controls used to eliminate, substitute, isolate or engineer out the risk from causing harm.

[27] The yearly entitlement is based on an employee's ordinary hours of work and is 10 days for full-time employees, and pro-rata for part-time employees.

Injury measurement

Minimising harm in workplaces is dependent on effective injury measurement. The Group utilises a mix of lagging and leading metrics to measure progress towards targets and identify the success of specific programs.

The Group's preferred lag measure is the number of Recordable Injuries (RIs)[28] from which we calculate the Total Recordable Injury Frequency Rate (TRIFR)[29], which reflects the average number of recordable injuries per million hours worked (MhW). RIs capture lost time injuries (LTIs)[30], but also encompass a wider range of injuries including medically treated injuries (MTIs), restricted work injuries (RWIs), permanent disabilities (PDs) and fatalities which impact our workers.

In 2021, the Group experienced an increase in the number of recordable incidents as can be seen in the increased TRIFR and LTIFR in the following tables. A detailed analysis of the reasons for these increases has been undertaken and, while a range of circumstances impacted the results, some clear anomalies were identified. These included that a number of projects located in remote/regional areas in Western Australia and Queensland experienced significant labour constraints due to COVID imposed border restrictions. More broadly, COVID travel restrictions have also resulted in less site visits by senior management and subject matter experts that generally feature as integral elements of our safety management programs.

The increase in recordable incidents was intensively scrutinised during our quarterly Managing Director Health and Safety Reviews. Each Operating Company has completed safety performance analyses and a range of improvement programs, some project specific and others more broadly, have been implemented. These programs and specific actions will be tracked through to completion to ensure safety outcomes are improved.

The Group recorded a TRIFR in 2021 of 2.96, which represents an increase from the 2020 result of 2.45 (ex-Thiess). The historically better safety results achieved in Thiess' mining business, versus CIMIC's construction and services activities, can be seen in the comparisons of the 2020 results.

	2021	2020 (ex-Thiess)	2020	2019
Group TRIFR[31] (TRIs/MhW)	2.96	2.45	1.99	2.30

The Group is committed to applying the same safety standards to everyone who works on one of our projects and accordingly, all our lag indicators, including TRIFR and LTIFR, reflect both direct employee and contractor[32] performance.

Safety approach for contractors and sub-contractors

The CIMIC Group does not distinguish between employees, contractors or subcontractors engaged on our projects. Providing work environments that promote and support the health and safety of everyone exposed to our workplaces, is fundamental to the sustainability of our business.

CIMIC has defined procedures which ensure that safety requirements are adequately defined and integrated into the engagement process and tender documents for contractors and subcontractors. An evaluation of each subcontractor's safety prequalification questionnaire responses is undertaken as part of the overall subcontractor selection process.

The pre-contract award meeting must confirm, relevant to the scope of works, that subcontractors have an understanding of the Group's safety requirements and expectations, and the capacity and capability to meet or exceed our requirements and expectations for all matters of safety.

Once a contract has been awarded, a series of defined steps are to be undertaken to ensure safety requirements are effectively communicated, implemented and monitored, including identification of the accountable roles and the tools and knowledge to be used. A pre-mobilisation meeting will be conducted with all contractors/suppliers before they commence work on the project. A schedule of monitoring activities will be implemented including reviews of the contractor's/supplier's performance in relation to the safety aspects of the contract. The Group will record the outcomes of the monitoring activities as required and ensure corrective actions identified are monitored until completion. On completion of the contract, the Group will ensure the contractor/supplier's safety performance is assessed.

The Group also tracks the number of LTIs, a widely recognised safety metric, and the Lost Time Injury Frequency Rate (LTIFR)[33]. LTIFR is a commonly used lag indicator of both injury prevention and management performance that is often benchmarked across industries. In 2021, the Group's LTIFR notionally increased from 0.83 (ex-Thiess) to 1.08.

[28] Any occurrence that results in a fatality, permanent disability, lost time injury, restricted work injury, and medical treatment injuries. It does not include first aid injuries.
[29] For the purposes of this report, TRIFR is calculated on a base of 1,000,000 hours worked (MhW). It is noted that some regions, such as the USA and Canada, use a base of 200,000 hours worked for frequency rate calculations. For comparability with a 200,000-hour base, divide the rates reported by 5.
[30] An occurrence that results in a fatality, permanent disability or time lost from work of one day/shift or more.
[31] Includes employees and contractors.
[32] A subcontractor is hired by the main contractor (such as CPB Contractors or Sedgman) to complete a specific job as part of the overall project and is normally paid for services provided to the project by the originating general contractor. The terminology of subcontractor or contractor is often used interchangeably; in some markets they are known as subcontractors and in others as contractors.
[33] Accidents (defined as LTIs on the current page) per MhW.

	2021	2020 (ex-Thiess)	2020	2019
Group LTIFR[30] (accidents/MhW)	1.08	0.83	0.62	0.95
Employee LTIFR (accidents/MhW)	0.78	0.34	0.27	0.42
Contractor LTIFR (accidents/MhW)	1.40	1.39	1.24	1.84

All contractors or subcontractors working on CIMIC projects are required to undertake safety training to ensure compliance with our requirement to provide a safe workplace for workers and visitors to our worksites or workplaces. Standardised induction training is provided and is supplemented by project site orientation and any additional training relevant to the specific role being undertaken.

One HSE Culture Engagement with Contractors

During 2021, Sedgman's Operations group conducted a Contractor Health, Safety and Environment (HSE) Forum in Mackay, Queensland. Utilising the Group's One HSE Culture approach, the purpose was to engage, discuss and collaborate with key contractors who work across multiple Sedgman locations on all safety matters.

This group of key contractors support plant shutdowns and maintenance days, provide equipment and personnel for high-risk activities such as lifting operations, and supply specialist knowledge and skills. Ensuring that contractors understand Sedgman's HSE culture and requirements is essential for the safe operation of plants.

A wide variety of contracting companies attended and the key themes for the day were:

- setting safety expectations;
- discussing current performance and collaborating on how that can improve;
- focussing on critical risk using the Sedgman Safety Essentials and in-field safety engagement via key tools such as job safety observations and hazard identification; and
- understanding what drives Sedgman's HSE culture and behaviour using the One HSE Culture survey tool.

The One HSE Culture focus and open communication style of the contractor forum yielded a deeper understanding of HSE issues being faced by our contractors and an action plan to address feedback has been established. It was a very positive engagement where Sedgman was also able to establish what the collective group was doing well in safety and how to sustain that focus.

Potential Class 1 (PC1) events are another key lag indicator measured by the Group. A PC1 is an incident that may have, but did not, result in a fatality or a permanent disabling injury. Tracking the timeliness of PC1 investigations, and sharing the learnings from them, drives accountability of Executive Management Teams[34] - in each of the Operating Companies - for safety. We seek to ensure the learnings from any investigations are quickly and efficiently communicated across the Group, reducing the potential for recurrence.

Performance against this lead indicator is monitored and managed in the Quarterly Managing Director Health and Safety Reviews, which are chaired by the CEO.

In 2021, the total number of PC1 injuries increased by 6 to 45. The prior decline in PC1s over time suggests that the potential risk of injury to our people is decreasing.

	2021	2020 (ex-Thiess)	2020	2019
Group PC1 (#)	45	39	51	63

The Group also tracks a range of other safety metrics - for both employees and contractors - which are used to drive improvements in the management of safety. These measures include the total number of:

- fatalities and permanent disabilities;
- days lost to LTIs and the LTI severity rate;
- RWIs, the number of days lost to RWIs, the RWI frequency rate and the RWI severity rate;
- MTIs and the MTI frequency rate; and
- First Aid Injuries (FAIs) and the All-Injury Frequency Rate (AIFR).

A number of lead indicators of safety performance are used to identify and help prioritise where effort is needed in order to reduce the potential risk of injury to our people. Lead indicators, used in this way, become important tools for risk avoidance and minimisation of harm across our businesses.

[34] Generally defined as direct reports to an Operating Company Managing Director.

The Group's Operating Companies utilise a range of other lead indicators which include:
- the number of Project Systems Audits - planned versus actual;
- the number of Critical Risk Reviews - planned versus actual;
- in field Critical Control Verifications - planned versus actual;
- the number of Incident Actions - closed on time versus overdue; and
- the number of Leadership Reviews/Walks - planned versus actual.

In 2021, CIMIC introduced the Safety Leadership Score (SLS) as a new leading health and safety measure for the year and beyond. While still using existing critical risk management programs, the SLS is designed to sharpen the focus on critical risk management, by holding individual leaders accountable for both their own efforts, as well as the efforts of their team. The SLS also ensures a focus on the quality of critical risk management activities by rewarding the identification of improvement opportunities and monitoring the implementation of actions identified.

Three separate measures are used to calculate the SLS. The measures are focussed on Operating Company Critical Control Verifications (CCVs) to minimise the risk of Class 1 and Potential Class 1 events. CCVs are designed to ensure the known controls in Operating Companies' Critical Risk programs, such as Safety Essentials and Class One Practices, are fully implemented and effective. The SLS is measured for various levels of operational management, from Managing Director to Project Manager, and includes data from CCVs completed by the responsible manager and all other team members within that manager's organisational structure.

The SLS allows for performance comparisons both within and across the Operating Companies. The data used to calculate the SLS is extracted from the Synergy Safety Database and SIMS in Leighton Asia. Performance against the SLS is reported and discussed in quarterly Managing Director Safety Reviews, Operating Company quarterly Safety Reviews, monthly reports and a range of other forums.

Calculation of the Safety Leadership Score

Three measures are used to calculate the SLS. Each measure is capped at 100% to ensure any underperforming sites or business units of an Operating Company are not masked by higher performing areas.

Measure 1 – Completion of CCVs (planned v actual)
- Calculated on the number of CCVs planned vs. the actual number completed. This ensures the minimum number of CCVs are completed.
- Example: 200 CCVs Planned / 180 CCVs completed = 90%

Measure 2 - CCV Improvement Opportunities Identified
- Calculated on the total checklist questions answered vs. the number of Improvement Opportunities identified. This measure helps to drive the effectiveness of CCVs by encouraging the identification of improvement opportunities.
- Example: 23 CCV Improvement Opportunities Identified vs. 860 CCV Questions Answered = 2.67% vs a target of ≥5%. This equates to a result of 53% against targeted performance.

Measure 3 - CCV Improvement Opportunities Corrected
- Calculated on the number of improvement opportunities corrected vs. those identified.
- Example: 15 CCV Improvement Opportunities Corrected / 23 CCV Improvement Opportunities Identified = 65%

The SLS is calculated by totalling the scores from each measure and dividing by 3.
- Example: 90 + 53 + 65 = 208 / 3 = Safety Leadership Score of 69%

For 2021, the SLS target has been set at 85%.

Compliance

On the 23rd of July 2021, CPB Contractors pleaded guilty in the District Court of New South Wales in relation to an incident that occurred on 1 February 2018 on the M4 East Project. The incident involved the uncontrolled release of pressurised water during hydrostatic pressure testing on the fire and deluge main rise pipe. A subcontractor working on the project suffered fractured ribs and internal injuries and has subsequently made a full recovery.

In handing down the decision, the Court noted that the applicable controls were contained within the system of work at the time of the incident, albeit that the documented systems of work for the safe management of the hydrostatic pressure testing could have been more comprehensive. CPB Contractors was fined $85,000.

Over the course of 2021, 3 infringement notices totalling $10,800 were imposed for breaches of health and safety requirements. These related to:
- 23 April: Cross River Rail (CRR) Woolloongabba Road Header – Infringement resulting in a fine of $3,600 for works being carried out not in accordance with the Safe Work Method Statement.
- 9 June: CRR Boggo Rd Cavern – Infringement resulting in a fine of $3,600 for worker/s using respirators while not clean shaven.
- 31 August: CRR Southern Area – Infringement resulting in a fine of $3,600 for Safe Work Method Statement for high-risk construction not being prepared prior to works commencing.

COVID-19 initiatives

In response to the risk of coronavirus or COVID-19, CIMIC put in place plans and protocols in 2020 and has been continuously monitoring the situation and updating its responses. The 'Group Protocol - Minimising the risk of COVID-19' infections was developed in January 2020. This detailed Protocol contains information about routine prevention activities, guidelines for what to do when personnel are thought to have been at risk of exposure to COVID-19 and plans to respond to a situation where a person who has been working at a CIMIC Group work location reports that they have a laboratory confirmed case.

Staying COVID-19 safe

Across the Group we have put in place plans and protocols in place to respond to the risk of coronavirus and we are continuously monitoring the situation. Our approach has included the provision of regular COVID-19 updates to ensure that our people are focused on keeping themselves, their colleagues and their friends and families safe.

In September, CIMIC hosted a Virtual Town Hall on COVID-19 protocols and vaccines, featuring Dr Rob McCartney who addressed the myths and benefits of vaccination, outlined the different types of vaccinations that were available, and explained the benefits of vaccination in the workplace. The virtual town hall was positively received and has been uploaded to the Group's intranet where it can be accessed by all employees.

Similar presentations, talks and education sessions have been held at Operating Companies and sites through the pandemic.

At our project sites, we have applied prevention activities which included limiting the size of toolbox and pre-start meetings to achieve social distancing, increased hygiene and cleaning practices, split rosters, and staggered meal breaks and start and finish times. We also established teams to manage the continuity of our operations. The rigorous implementation of these controls and our protocols have minimised impacts to our delivery of projects and our supply chain, along with ensuring our teams have the resources and information required to respond quickly as the situation evolved.

Across the CIMIC Group there have been 461 confirmed positive cases of COVID-19 in 2021, which represents 1.6% of our workforce across our global operations. The majority of these cases occurred outside of Australia. Fortunately, most of the cases have had a limited direct impact on the health and well-being of our people. The positive cases were largely detected in tests undertaken prior to workers travelling to site or in screening on arrival prior to entering the workplace.

Completion of the Coffs Harbour Hospital redevelopment

After two years of a complex and rewarding hospital redevelopment, CPB Contractors' team on the Coffs Harbour Hospital reached practicable completion in September 2021. Building health infrastructure today comes with a never-before contemplated set of challenges, including having to adapt to an international pandemic and all the challenges this brings. In response to COVID-19, the NSW Government updated their hospital guidelines to mandate that one-in-twenty hospital spaces be capable of handling patients during a pandemic. The guidelines changed during CPB Contractors' works on the Coffs Harbour Hospital so the project team adapted three intensive care treatment areas to meet the pandemic mode operational requirement, including the installation of equipment that provides greater air handling capacity.

The hospital expansion redevelopment works began in April 2019 and included:

- additional operating theatres, and critical care and inpatient beds;
- a new expanded Emergency Department;
- a new short stay surgical unit;
- additional critical care beds;
- increased capacity for chemotherapy; and
- additional Maternity and Birthing Care.

The team managed the challenge of expanding the hospital while keeping major utilities (including gas, electricity, water etc) active. They also dealt with bush fire events, flooding, water restrictions, and two rounds of COVID-19 lockdowns. It is testament to CPB Contractors' team, and the supporting subcontractors, that this impressive project was delivered to the client.

Safety in construction

In the Group's construction business, the most commonly reported critical risks giving rise to safety incidents are: working at heights; crane and lifting operations; stored energy; working in and around mobile plant; working near live services; and working near live traffic.

New safety systems for mobile elevated work platforms

In 2014, CPB Contractors, together with CIMIC's EIC Activities, began conducting research and development into safety systems to prevent injuries to occupants of scissor-type mobile elevated work platforms (known as MEWPs). This involved collaborating with the CSIRO, UTS and Premier Rock Machinery. It also included collaborating with industry associations like the Elevating Work Platform Association of Australia and the International Powered Access Federation to encourage suppliers to develop secondary safety systems. The motivation for this research and development was to keep everyone safe by setting high standards when it comes to the safety and wellbeing of our people and those who work with us.

CPB Contractors commenced trialling a new proximity detection system using light detection and ranging (LiDAR) technology which determines the proximity of objects using a laser to calculate distance. The trial involved using LiDAR sensors to create a curtain around the MEWPs' basket to detect hazards and then alarm, slow or stop the MEWP according to their proximity.

Throughout 2018 and 2019, trials occurred across CPB Contractors construction sites. In total, the system was tested for over 2,400 hours in different operational environments to ensure all 'bugs' were exposed and resolved. Ultimately, the trials were successful and found that LiDAR can adequately perform as a proximity detection technology on scissor-type MEWPs. As the trials concluded, new secondary safety systems began to enter the market and CPB Contractors set a company-wide mandate requiring all scissor-type MEWPs operating on its sites to be fitted with a secondary safety system from 1 December 2020.

James Oxenham, CEO of the Elevating Work Platform Association, said: "CPB Contractors were pivotal in this development and their work with OEMs, suppliers and rental companies has driven this outcome. CPB Contractors displayed leadership and demonstrated their commitment to a safety-first approach by requiring scissor lifts on their sites to be fitted with secondary safety systems."

Safety first at Olympic Dam

CPB Contractors successfully completed the delivery of the Olympic Dam Refinery Capacity Project in South Australia with an impressive safety record of 403 days recordable injury-free. The Project constructed a new 24-tonne overhead travelling crane, structural access platforms and completed several brownfield upgrades within the operating copper refinery. This required detailed planning to achieve deadlines while working around BHP's operations. The scope included high-risk works around live cells containing a copper sulphate solution and exposed busbars carrying 31,000 amps of electricity.

The team eliminated a potential hazard by building non-conductive temporary covers to isolate the busbars from any potential contact. This is a good example of using 'above the line' controls' such as elimination, substitution, isolation and engineering to actively help prevent injuries.

The team eliminated the risk of exposure to toxic arsine gas by removing the potential for aluminium, galvanised or zinc-coated materials to come into direct contract with the electrolyte solution. All standard materials and tools were prohibited inside the refinery and substituted with zinc and aluminium-free alternatives.

The safety results achieved on the project can be attributed to the team fostering a positive safety culture, detailed construction planning and encouraging everyone to speak up and get involved.

For CPB Contractors, the Group's construction company in Australia, New Zealand and Papua New Guinea, critical risks are managed through the Safety Essentials, a collection of minimum requirements focused on providing projects with the standards, procedures and knowledge to manage activities that pose the greatest risk to our people. These Safety Essentials cover activities such as:

- working at heights - where there is a risk of a worker falling or an object falling from height;
- working in and around mobile plant - where the public or workers risk being struck by operating mobile plant;
- working with temporary works – where an engineered solution is used to support or protect an existing structure or the permanent works during construction;
- working with live services - risk of working with live services such as power, electricity, gas, water and petroleum;
- working near live traffic - where there is a risk of being struck by live traffic, or project activities impacting on passing vehicles or pedestrians;
- mobile cranes and lifting operations - when working with mobile plant that is used to lift, suspend and/or carry, and lower a load; and
- electrical work - managing the risk of electric shock.

People and Plant Proximity Detection Systems

The separation of people and mobile plant is a critical risk for the construction and building industry. Being struck by a mobile plant can cause serious injury or even death.

To improve the effectiveness of the controls used to separate people and mobile plant, CPB Contractors has created a National Working Party (NWP) which is working with selected projects to conduct research and trial innovative proximity detection systems. The NWP is testing new technologies and looking at innovations that use a variety of sensors, alert functions and control interfaces to warn mobile plant operators when people are approaching, particularly in operator blind spots.

The Group's Leighton Asia business has developed a similar set of minimum requirements, the Class One Practices (COPs). Similar in nature to CPB Contractors' Safety Essentials, the COPs cover the high-risk activities carried out at project sites, such as:

- electrical works - managing the risk of electric shock;
- lifting operations - risks associated with crane operations, safe working loads and rigging requirements;
- working at heights - risks associated with working at heights including falling objects and working above the ground;
- isolation and hazardous energies - risks associated with electricity, chemicals, kinetic energy and mechanical energy;
- vehicle and mobile plant movement - risks associated with the interactions between workers and plant, and between plant;
- temporary works - risks associated with temporary works such as form work and scaffolding;
- fitness for work – managing risks of fatigue or other external influences which could make employees unfit for work or unable to safely perform tasks; and
- hand and power tools – manage the risk associated with hand or power tool selection, use or maintenance.

Managing critical risks in the digital age – the Element Champion App

At Leighton Asia, ensuring the ongoing health and safety of our people is paramount in today's ever-evolving construction industry. Having effective and efficient processes in place for the management of our 'Critical Risks' is crucial for success.

Leighton Asia's vision was to create a user-friendly mobile digital platform, which facilitated the fast and efficient management of the 'end-to-end' Critical Risk inspection process. The solution is the newly developed 'Element Champion App' (ECA), a cloud-based inspection management tool, which allows appointed end-users to conveniently record inspection data, and assign and close out actions in real-time, using mobile devices running either iOS or Android systems.

The ECA can be accessed via mobile devices, providing a centralised portal for project teams to manage critical risks efficiently. The platform can manage all aspects of the Critical Risk inspection processes, as well as the consolidation and submission of all associated monthly reports and data trend analysis.

Inspection findings can be recorded easily and requests for corrective actions can be assigned to responsible persons in real-time. Key features enable ECA users to:

- Capture inspection findings
- Take and mark up photographs
- Score and monitor project compliance to Class One Practices
- Track the status of all identified corrective actions
- Send notifications for corrective actions to responsible persons
- Send reminders for outstanding actions to responsible persons
- Consolidate and submit all associated monthly reports
- Report verification and endorsement by Senior Managers
- Capture and migrate all ECA data to the Safety Incident Management System (SIMS) platform.

The ECA tool delivers benefits that include:

- A fast and efficient, user friendly, paperless process
- Systematic tracking and close-out of inspection findings
- Improved efficiency – reduces the workload of operational staff
- Supports fast and efficient inspection data trend analysis
- Efficient tracking of Critical Risk management "Lead Indicators"
- A single platform approach for all assigned stakeholders
- Improved Critical Risk management and health and safety outcomes.

Operating in countries as diverse as Hong Kong, Singapore, India, the Philippines, Indonesia and Malaysia, Leighton Asia communicates its safety standards and process controls in different languages, including English, Chinese (Cantonese and Mandarin), Hindi, Tamil, Bahasa and Tagalog. The challenge of relatively low literacy rates in some of these regions is addressed by simplifying many of the 'frontline safety tools' and the development of safety standards and processes with the 'end-user focus' in mind. Many of the traditionally text-heavy documents have been reformatted and they now use illustrations, diagrams and more simplified wording.

Leighton Asia's Terminal 2 project champions safety
Leighton Asia's Terminal 2 foundation and substructure works at Hong Kong International Airport (HKIA) were awarded the merit prize in the Airport Safety Recognition Scheme 2020 / 2021. The Scheme is held annually to recognise organisations who successfully achieved safety targets with a sustainable safety performance.

Delivering works at a densely developed area with a myriad of existing underground utilities that keeps the vital systems of the airport operational, this award recognises the team's unwavering commitment to safety.

Leighton Asia continues to operate its 'Strive for L.I.F.E.' training centres to support its mandatory safety training curriculum. The objective is to provide staff and workers with a world-class program of training that is interactive and dynamic, whilst also being informative.

Construction projects have implemented a range of measures that respects government social distancing regulations, seek to keep our people and subcontractors safe, while also maintaining delivery momentum. Some of the required changes to work programs have included the scheduling of staggered starts, team rotations and alternative work locations. To support the requisite additional planning and to ensure social distancing, employees on each project have been reassigned as COVID-19 Protocol Implementation and Support Officers. Their role has been to ensure all sites are working in line with government health directives and our COVID-19 protocols.

Safety in Services

In the Group's Services business, the critical risks most often occurring are: isolation of energy sources; working at heights; working with electricity sources; excavation and trenching; cranes and lifting operations; operation of mobile plant; and managing traffic.

Locomotive build safer for all
With over 120 years of experience, UGL's Manufacturing and Maintenance Newcastle Operations continue to build and maintain locomotives for Australia's rail industry and prides itself on offering Australia's only locally made freight locomotive product. Freight locomotives generate a significant amount of power through their engines which results in a lot of heat. The engines are cooled via a large radiator system. As part of the locomotive manufacturing process the UGL team completed the radiator cab sub-assembly works including installing radiator fans, radiators, hosing and screens.

In the past, carrying out the sub-assembly works involved lifting the cab onto the locomotive platform, using the fan mounts as lifting points. When installed, the top of the cab structure was approximately 6m off the ground. The workers accessed the locomotive radiator cab roof from a series of work platforms and ladders. This work involved several high-risk activities, and the team would spend around three hours to set up the work platforms and ladders.

UGL's Newcastle-based Operations and Engineering teams worked together investigating the work system and eliminating the need to work at height. The most effective option was to carry out the sub-assembly works on the ground. This caused another issue; the cab was then too heavy to lift onto the platform for the next stage of the build. The engineering team investigated the radiator cab structure and provided a redesign to incorporate stronger lifting points to hold the full weight of a sub-assembled radiator cab. It can then be lifted using an engineered lifting beam using overhead cranes in the workshop.

The new radiator cab design has successfully eliminated the need for working at heights and reduced the risk of hazardous manual handling tasks. In addition to the improved safety outcomes, productivity has increased by allowing employees to complete the entire sub-assembly at ground level reducing the overall time for works to be completed.

For UGL, critical risks are managed through their Critical Risk Control Protocols which include:

- working at height
- working in confined spaces
- cranes and lifting operations
- working with electricity
- hazardous chemicals
- working in and around the rail corridor
- operation of mobile plant
- excavation and trenching
- energy isolation
- managing traffic
- working with asbestos
- movement of rolling stock

UGL Unipart wins SafeWork NSW award
The team from UGL Unipart has been recognised with the Safe Work NSW 2021 Large Regional Business Award. The Award, 'Outstanding solution to a high-risk work health and safety issue for workers at risk', was for a custom-made lifter jig that eliminates hazardous manual handling and injury to the workers.

The custom-made jig was developed in response to a high-risk activity that required technicians to lift a 38kg plate above their head while working in an awkward position under an XPT car (passenger train) with limited space. The proposed solution was a purpose-built scissor lift. With support from Prescribe (an injury prevention provider) and David Puata, XPT Engineer, the team developed a device that sits on the rails under the car. A hydraulic jack extends from the jig and lifts the heavy follower plate. Now used on every coupler change out completed, the user-friendly lifter has successfully eliminated hazardous manual tasks, musculoskeletal injury, and pinch or crush risk to the workers.

Two years injury free for UGL at Olympic Dam

In 2021, UGL's Mine Maintenance team at BHP's Olympic Dam Mine reached a significant milestone of two years injury free. UGL has been providing maintenance services to BHP at their Olympic Dam Mine near Roxby Downs in South Australia for more than 12 years.

The team completed vital and complex tasks within the underground mine, working in a challenging environment. Two years injury free is a testament to the team's commitment to safety and is attributed to skilled employees, solid leadership at all levels, and effective field leadership activities. This milestone is a credit to the team for managing hazards appropriately, being situationally aware and continuing to raise issues and look for improvements.

Safety in Minerals Processing

Sedgman updated its critical control processes in 2019 with the implementation of Safety Essentials to manage their critical risks. The Safety Essentials globally cover higher risk activities such as:

- hazardous / stored energy and working with electricity
- working in confined spaces
- operating energised equipment
- ground movement
- working at heights, dropped objects
- mobile plant, vehicles and pedestrians
- lifting operations
- entanglement and crushing

The Safety Essentials are mandatory and are applied at all Sedgman sites. To ensure their effectiveness, Critical Control Verifications and Site Critical Risk Reviews were also introduced.

Executing complex lifting operations with redefined safety tools

At Barquito, in northern Chile, Sedgman has been upgrading a 60-year-old copper concentrate port. A key part of the upgrade was the safe and successful execution of a difficult gallery conveyer lift in January 2021. The gallery is a large diameter, steel structure used to enclose the conveyor belt as part of a ship loader system.

Installation of the gallery was a challenging task, requiring a tandem lift over water with the gallery needing to be placed on elevated structures using major equipment with the added time pressure of a ship waiting nearby. Detailed planning and coordination between the Sedgman team, the subcontractor, the crane company, client and the port operations team were critical in executing the lift safely. The tandem lift, using two cranes, meant that two operators had to work closely together to effectively synchronise moving the gallery, and required effective communication between all of the team members involved. Another key challenge was managing the weight distribution of the load between the two cranes to manage the lift capacities of the cranes and avoid the risk of a crane potentially toppling into the ocean.

Complex lifting operations such as Barquito involve the selection of the appropriate crane or cranes; lifting equipment to attach from the crane to the load; location and assessment of ground conditions; understanding the load that is being lifted and weather conditions; and communication between crane operators and team members involved with the activity. The project team completed the difficult lift with precision due to meticulous planning and excellent communication employed by all stakeholders during the process.

As part of a safety simplification project, Sedgman has been reviewing and redefining its procedures and tools, to make them clear and simple for its people to use and one of these tools is a revised lift study template which forms part of a Lifting Operations Standard. The new template clearly provides more detail to be completed for the lift, and guidance within the tool itself on how to use it, and a supporting guideline. The Barquito Port Project was the first project to trial this revised tool and the project team has delivered an excellent outcome on this project.

As with the other segments of the Group's business, the Sedgman business has actively pursued a range of COVID-19 related measures to ensure the safety of people.

Occupational illnesses

CIMIC's health and safety commitment includes identifying and controlling potential sources of exposure to hazardous substances, dust, vapours, noise, vibration and other hazards that may result in occupational illnesses[35]. The most prevalent occupational hygiene risks experienced across the Group include hearing loss, dermatitis or other skin irritations, musculoskeletal disorders - such as long-term back or neck conditions - and dust-related diseases. Sedgman employees are required - in certain circumstances - to manage the risk of exposure to heavy metals such as lead.

CIMIC has developed, with the support of each of the Operating Companies, an Occupational Hygiene Standard which describes the CIMIC Group's expectations for the control of hazardous substances and occupational exposures in the workplace. The Standard prescribes the systems and processes to be used, the communication approach to be adopted, and defines acceptable exposure standards to be achieved. Comprehensive occupational health programs are in place in each Operating Company to ensure adequate monitoring, assessment and control of any of the health hazards associated with their respective working environments.

[35] An occupational illness is a work-related condition or disorder caused predominantly by repeated or long-term exposure to an agent(s) or event(s).

Each project and/or workplace is required to maintain a record of all new cases of work-related injury or occupational illnesses. In 2021, Group Operating Companies reported 22 instances of occupational illnesses which related to issues including musculoskeletal disorders, dermatitis, hearing impairment, respiratory conditions and allergies. This generated an occupational illness frequency rate (OIFR)[36] of 0.28 for CIMIC Group employees and contractors.

	2021	2020 (ex-Thiess)	2020	2019
Group Occupational illnesses or injuries (#)[37]	22	21	28	79
Group OIFR (# / MhW)	0.28	0.26	0.23	0.53

Skin cancer is a potential risk for many employees due to the outdoor nature of many of the Group's construction, mining and services activities. Personal protective equipment (PPE), aimed at reducing the risk, is provided to employees based on their risk profile. PPE may include long sleeve shirts, broad-brimmed hats or helmet brims, UV-rated safety glasses and sunscreen. CIMIC has also worked with, and supported, the Cancer Council of Australia to promote sun awareness and maintaining a healthy lifestyle and has provided access to free skin checks as part of the AIA Vitality program in Australia.

Rehabilitation

It is widely acknowledged that "returning to or recovering at work after a work-related injury or illness can have many benefits for your health and wellbeing and help with your recovery".[38] Being at work helps employees to: maintain connections with their workplace and feel supported; return to pre-injury activities and lifestyle and encourage their recovery by staying active; increase their confidence in managing an injury and give a focus on ability rather than disability; minimise the risk of long-term disability; and support participation, independence and social inclusion.

Each of the Group's Operating Companies provides a comprehensive 'Return to Work' program which seeks to identify and provide opportunities for rehabilitation for injured employees so they can be reintegrated into the workforce where possible. The programs work to assist injured workers to either remain at work, or to return to work safely and as soon as possible, following a workplace injury or illness. Returning to work may mean going back to their former job, undertaking alternate duties, working reduced hours or moving into another role. All of these options will be considered as part of a comprehensive injury management strategy.

PROMOTE PHYSICAL AND MENTAL HEALTH

We support initiatives that help our employees to achieve or maintain physical and mental health. This includes providing employees and their families with free, voluntary and confidential access to an employee assistance program to assist with the resolution of personal and work-related issues. We also promote healthy activities and encourage people to undertake regular health assessments.

Our 'Fit for work + Fit for life' program provides resources and benefits that help our people to look after themselves and their family, and to look out for their work mates, as they build a rewarding career with us. The resources provided promote the steps every employee can take to:

- achieve or maintain physical and mental health;
- avoid or better manage both physical and mental health conditions such as fatigue, depression and anxiety; and
- provide care and support for ourselves and others.

The resources aim to increase awareness and introduce employees to information made available on health and mental health specialist websites.

We promote and provide access to an Employee Assistance Program[39] (EAP), a free, voluntary and confidential healthy promotion program available 24/7 to all CIMIC Group employees and their immediate families. The EAP aims to foster a shared understanding of mental health care in our workplace and provides employees with easy access to professional assistance for resolving personal and work-related issues which may affect their work or quality of life.

CIMIC has partnered for a number of years with Gryphon Psychology, an external counselling service (or their global affiliate in overseas markets), which provides short-term personal counselling. The counsellors from Gryphon Psychology are recognised for their professional qualifications and experience in the provision of employee assistance programs.

Our intranet provides information on a range of physical and mental health topics and how to get support. It includes links to the Group's health related policies, our EAP, health and income protection benefits, and information about - and links to - specialists including Beyond Blue, Lifeline, Mates in Construction, Black Dog Institute, Carers Australia, Headspace, MensLine Australia, Relationships Australia, Support after suicide, and R U OK? Day.

[36] Occupational Illness Frequency Rate: the number of occupational illnesses reported per million hours worked.
[37] The requirement to disclose the number of occupational illnesses is leading to greater accuracy in reporting. Some occupational illnesses were likely classified as injuries in 2019.
[38] Australian Government, Comcare, 'Benefits of returning to work', www.comcare.gov.au.
[39] Provided to all Australian employees and all international employees of Thiess, Sedgman, CPB Contractors and Leighton Asia.

RU Ok Day
In recognition of R U OK? Day in September, a range of in-person and online events were held throughout the week. A CIMIC graduate hosted webinar was conducted exploring important questions such as: Do you know how the people in your world are really going? Do you feel confident to check in with people and provide support?

UGL facilitated a Zoom session, hosted by AP Psychology in partnership with Medibank, to help employees prepare for an effective R U OK conversation, understand how to listen without judgement, and how to encourage action. UGL also provided access to a clinical psychologist through Gryphon Psychology to share information and advice about what you can do when someone is not OK.

Sedgman encouraged a check-in with a colleague in person or virtually, and for projects to hold a small barbeque or morning tea where possible, and in line with the current COVID-19 restrictions in that region, to ensure that people know where to get support when they need it.

In Australia and New Zealand, we provide salary continuance insurance (SCI or income protection insurance) automatically, at no cost and without a medical for eligible employees[40]. In Australia, our employees who are eligible for SCI can also become a member of the AIA Vitality health and wellbeing program. Membership is optional and is provided at no cost to employees.

AIA Vitality is a personalised, scientifically backed health and wellbeing program that supports people every day to make healthier lifestyle choices. AIA Vitality rewards eligible employees with points for making healthy choices like completing a health check or nutrition assessment or setting and following through on a physical activity target. The more points employees earn, the higher their status and the bigger the rewards, which include shopping vouchers and discounts on movie tickets, weekly shopping, fitness activities and travel. AIA Vitality helps employees to understand the current state of their health, provides tools to improve it and offers great incentives to keep them motivated on the journey.

As of 30 September 2021, the AIA Vitality Program[41] had an overall activation rate[42] of 52% (versus 50% at September 2020) and an overall engagement rate[43] of 44% (versus 45% at 30 September 2020). Employees have continued to make savings or earn benefits in 2021 which recognise the healthy lifestyle choices they are making.

No stopping our AIA Vitality members
Despite COVID, employees from across the Group continued to join our AIA Vitality program in 2021. Today, more than half of eligible employees are members, 39.5% of these are active, making healthy choices, earning points and enjoying great rewards. Impressively, 8.8% of all active members have reached gold or platinum membership status. The program encourages members to understand their health and offers rewards for more than 20 different online and offline health assessments. In 2021, our members completed more than:

- 146 eye checks
- 362 Vitality health assessments
- 59 dental check-ups.

Employees in other countries also benefit from a range of health and wellbeing benefits. For example, in many of our overseas locations the Group provides medical, dental and hospital insurance in line with what is customary for the market in those countries.

Creating collaborative and supportive working environments
Leighton Asia's Hong Kong business has been commended as a 'Mental Health Friendly Organisation' and is a signatory of the 'Mental Health Workplace Charter', which has been jointly implemented by the Department of Health, the Labour Department and the Occupational Safety and Health Council.

The health and well-being of our people is of paramount importance, and we are fully committed to building collaborative and supportive working environments through the promotion of mental health awareness and well-being in the workplace. Measures implemented include raising mental health awareness, actively listening and communicating, encouraging people to seek help if they are experiencing mental health issues and facilitating early identification of mental distress.

Some of the key mental health initiatives implemented in Leighton Asia include:

- The rollout of Mental Health Awareness Training to raise people's awareness and understanding of mental health issues;
- Arranging regular talks, training, and activities in Hong Kong workplaces to provide tips and advice on mental health, general healthy lifestyle tips, stress management and workplace relationships; and
- The establishment of dedicated workplace hotlines and active follow-up processes for people who are in need of help.

Across the Group in 2021, a range of physical and mental health initiatives continue to have been promoted.

[40] Eligible employees are permanent salaried employees and maximum term employees with expected tenure greater than 12 months, who are working more than 15 hours per week.
[41] Figures are to 30 Sept 2021 as Dec 2021 figures are not available until after the Sustainability Report is finalised.
[42] Measured as those eligible employees who have registered for the Program.
[43] Measures by the percentage of activated employees who have accumulated points to achieve a status above the entry level of Bronze.

Accessing Employee Assistance Program on a mobile device
CIMIC employees and their family members can access our Employee Assistance Program (EAP) on their mobile device. The EAP, provided by Gryphon Psychology, is a free, confidential and voluntary program available to employees and their immediate family members. Employees and their family can access professional counselling services and information, resources and materials supporting mental health and wellbeing, including a free monthly webinar series covering a range of topics dealing with day-to-day challenges.

PROTECT THE PUBLIC

CIMIC is committed to ensuring the health and safety of anyone who may be exposed to the Group's activities. This commitment and care extends to clients, suppliers, surrounding communities and the public, and can include passing motorists, passengers of public transport and pedestrians.

Pedestrians and cyclists to be kept safe on Parramatta Light Rail
A CPB Contractors joint venture is delivering Stage 1 of the Parramatta Light Rail project, constructing a 12-kilometre, two-way track connecting Westmead to Carlingford via the Parramatta CBD and Camellia in Sydney's western suburbs. The project includes construction of:

- light rail track, roadworks and stop platforms;
- transport interchanges at Westmead, Parramatta CBD and Carlingford; and
- new light rail and pedestrian zones along Church and Macquarie Streets in the Parramatta CBD, and urban design.

As part of the planning approval for the project, the joint venture was required to prepare a comprehensive Pedestrian and Cyclist Network and Facilities Strategy (the Strategy) in consultation with Relevant Council(s), Roads and Maritime Services, Pedestrian Council of Australia and Bicycle NSW. The Strategy was prepared to improve walking and cycling access to and from light rail stops, to enhance walking and cycling safety in the vicinity of the light rail and to facilitate the provision of an active transport link along or near the Parramatta Light Rail corridor. The Strategy focuses on delivering seamless, coherent, visible and safe pedestrian and cycle connections along and adjacent to the corridor.

The Group is not aware of any significant incident or event during 2021 that has, or was likely to have, caused any harm to a member of the public or other stakeholder.

An important consideration in protecting the public is the preparation and maintenance of detailed 'Emergency Response Plans' to ensure that arrangements are in place to effectively respond to any foreseeable emergencies. Detailed plans must be developed and put in place to: minimise injury and damage; minimise harm to the environment; and preserve each businesses' operability and reputation.

These plans underpin more externally focused 'Crisis Management Procedures' which provide guidelines for the management, communication of and recovery from significant events that are declared a crisis or potential crisis. Regular training and testing is undertaken to ensure CIMIC is able to respond to a crisis if necessary.

In terms of protecting the public from COVID-19, the most likely risk factor for the public relates to travel and visitors to our premises. For the public, many of the measures put in place to protect our employees, sub-contractors and suppliers are the same measures applied to members of the public or other stakeholders.

In response to COVID-19, the Group deferred all non-essential air travel and put in place specific protocols for all forms of transport including charter flights, buses and transit vehicles. These controls included: modified seating arrangements to support practical social distancing; cleaning and disinfection regimes before loading passengers; hand wash stations or hand sanitiser for passengers' use immediately before boarding; and resources to enable cleaning of door handles, seats, arm rests and other high touch areas made available to passengers if required.

We have sought to defer non-essential visitors from attending sites and offices as far as possible and encouraged the use of video and telephone conference facilities. Where it was unavoidable for visitors to attend sites or offices, they have been required to observe good personal hygiene practices, apply social distancing, complete a temperature test and visitor's induction which addressed any site-specific health and safety control measures, including any site-specific controls for COVID-19.

The Group is not aware of any cases of COVID-19 impacting the public that were caused by or were related to the Group's projects.

OUTLOOK AND FUTURE PLANS

We are committed to the health, safety and wellbeing of all our employees and contractors, and ensuring they return home safely at the end of each day's work. In 2022, we will focus on embedding existing initiatives from 2021. This will ensure that the disruption of managing the effects of COVID-19 has not impacted the effectiveness of our strategic initiatives.

In 2022, we plan to:

- conduct a full review of our response to COVID-19 to ensure learnings are embedded into our existing response procedures;
- further develop our One HSE Culture Framework and supporting business tools;
- complete a trial of new Lead Indicators focused on Critical Risk Verifications conducted across our projects; and
- complete the upgrade of the Synergy Health and Safety database, with a focus on enhanced mobility functionality.

INTEGRITY

OUR APPROACH

Integrity is one of our Principles and our commitment includes zero tolerance for bribery and corruption, operating honestly and transparently, supporting sustainable procurement and leaving a positive legacy. Our commitments are enshrined in the Group Code of Conduct (the Code) which sets out the requirements and standards of behaviour we require across CIMIC Group Limited and entities it controls (the Group). This Code applies to all employees of the Group, the Directors, third parties engaged by the Group, and all alliances and joint ventures in all jurisdictions.

We expect all of our people to comply with all relevant laws and regulations, wherever we operate, and they must not participate in any arrangement which gives any person an improper benefit in return for an unfair advantage to any party, directly or through an intermediary.

OUR COMMITMENTS, MEASURES IN PLACE, ACTIONS TAKEN AND PERFORMANCE

Zero tolerance for bribery and corruption	
Measures in place	▪ Code available to all employees supported by Group Code of Conduct - Management, Monitoring and Reporting Policy; Anti-Bribery and Corruption Policy; Gifts and Hospitality Policy; Dealing with Third Parties Policy; Whistleblower Policy; Approval to Operate Internationally Policy ▪ Group-wide, independently operated, confidential Ethics Line available for reporting concerns ▪ STOPLine app available for reporting of concerns ▪ Third-party due diligence solution to screen third parties
Actions taken during 2021	▪ 12,659 employees completed some form of training on the Code as part of a requirement to be trained within 3 months of joining and, thereafter, every 2 years
Performance	▪ No instances of significant fines or sanctions for non-compliance with Australian and international laws and regulations during the year ▪ No significant breaches of the Code ▪ 57 potential ethical issues reported to the CIMIC Board's Ethics, Compliance & Sustainability Committee (ECSC), all matters were dealt with internally under the supervision of the Reportable Conduct Group and the ECSC
Operate honestly and transparently	
Measures in place	▪ Market Disclosure and Communications Framework; Privacy Policy; Record Retention Policy; Securities Trading Policy
Actions taken during 2021	▪ Made 99 announcements and disclosures via ASX
Performance	▪ No breaches of continuous disclosure ▪ Group is unaware of any substantial complaints regarding breaches of privacy or other matters by clients or other stakeholders
Support sustainable procurement	
Measures in place	▪ Procurement Policy which integrates the Group's commitment to sustainability; Dealing with Third Parties Procedure ▪ Sustainability Policy commits the Group to integrating environmentally and socially responsible sourcing into procurement
Actions taken during 2021	▪ 18,249 vendors and suppliers screened using due diligence solution ▪ Implemented a Small Business Payment Policy recognising the importance of prompt payment for all businesses
Performance	▪ 100% of suppliers and vendors assessed by due diligence solution
Leave a positive legacy	
Measures in place	▪ Diversity & Social Inclusion Policy which promotes Indigenous employment and Indigenous suppliers in the supply chain, national inclusion in the workforce and gender equity ▪ Sustainability Policy which commits Group to leaving positive legacies ▪ CPB Contractors, UGL and Sedgman all have a Reconciliation Action Plan (RAP) in place ▪ CPB Contractors partners with CareerSeekers, a humanitarian employment program
Actions taken during 2021	▪ Numerous, project-by-project initiatives tailored to meet the needs of local communities
Performance	▪ Operating Companies invested $812k to support a range of corporate community programs

ZERO TOLERANCE FOR BRIBERY AND CORRUPTION

CIMIC prohibits, and has zero tolerance for, all forms of bribery and corruption, including facilitation payments[44]. We are committed to the prevention and detection of, and initiatives to eliminate, bribery and corruption. CIMIC is committed to abiding by Principle 10 of the United Nations Global Compact which states that "Businesses should work against corruption in all its forms, including extortion and bribery".[45]

CIMIC's commitment to acting with integrity is supported by additional governance documents including the Group Code of Conduct - Management, Monitoring and Reporting Policy; an explicit Anti-Bribery and Corruption Policy; a Whistleblower Policy; a Dealing with Third Parties Policy; and a Third Party Anti-Bribery, Corruption and Business Integrity Declaration. These documents provide a framework that:

- identifies roles, responsibilities and obligations of leadership and employees;
- prescribes training requirements of various roles in the Group; and
- details related processes, including:
  - the obligations of employees and managers in reporting a concern about a suspected breach of the Code;
  - confirming protections available to whistleblowers;
  - outlining investigation processes for an alleged breach of the Code and ensuring it is confidential, objective, independent and fair; and
  - setting out key contacts and details.

Our commitment starts with the Board which is responsible for the overall strategy, governance and performance of CIMIC. The Board is responsible for, amongst other things, approving the Group's key governance policies and the Group's Code of Conduct.

The ECSC assists the Board in fulfilling its corporate governance and oversight responsibilities by monitoring and reviewing the ethical standards and practices generally within the Group and compliance with the relevant policies, as well as applicable legal and regulatory requirements. The ECSC Charter – available on the CIMIC website – sets out the specific roles and responsibilities of the Committee with respect to ethical standards and practices. This includes:

- receiving reports or referrals from the Reportable Conduct Group (RCG) of any Group Operating Company; the Managing Director of any Group Operating Company; the CIMIC Ethics Line; or the Chief Legal and Risk Officer, involving any material breach (or potential material breach) of the CIMIC Group Code of Conduct and Anti-Bribery and Corruption Policy or any other significant ethical matter and report to the Board as necessary;
- overseeing investigations of material breaches (or potential material breaches) of the Code of Conduct and Anti-Bribery and Corruption Policy;
- providing governance and oversight to the RCG in relation to the Group's ethics and compliance framework;
- identifies enhancements or modifications to the Group's ethics and compliance framework, as appropriate, and approve changes which do not require Board approval; and
- considering any proposed enhancements or modifications to the Group's standards, practices, codes, polices, procedures and compliance activities (including the CIMIC Group Code of Conduct and its associated policies), and make recommendations to the Board regarding any amendments as required.

Each Operating Company is required to maintain a RCG, comprised of appropriate senior leaders. The RCG's responsibilities include monitoring and responding appropriately to matters investigated and brought before it; reporting to the ECSC on a regular basis about matters reported, actions taken, and the success or otherwise of systems in place to support compliance with the Code; and nominating a senior person to act as the Business Conduct Representative (BCR).

Each BCR is a lawyer whose accountabilities include to: provide advice and guidance to the Company and to individuals on the application of the Code and related policies and procedures; assist individuals with business conduct concerns; deal with any allegations of victimisation following a concern being raised; report serious business conduct concerns to the RCG where appropriate; assist the RCG to implement, monitor and maintain anti-bribery and corruption controls; maintain a register of all alleged and proven breaches of the Code; and to ensure all employees attend Code training as required and that records of attendance are kept.

All managers have a responsibility, in their respective teams, to:

- promote positive and appropriate attitudes towards compliance with the Code;
- identify and implement mitigation strategies to prevent breaches of the Code;
- ensure alleged breaches of the Code are reported in accordance with the Policy; and
- cooperate with any investigations, including facilitating access to employees and documentation.

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[44] Payments of cash or in kind made to secure or expedite a routine service, or to 'facilitate' a routine Government action which are often are allowed under local laws or customs.

[45] The Ten Principles of the UN Global Compact.

In 2021, the nature of the matters considered by Operating Company RCGs and reported to the ECSC have been as follows:

Issues reported to the ECSC (#)	2021	2020 (ex-Thiess)	2020
Conflicts	5	7	12
Breaches of Code/procedures	14	8	15
Misappropriation/theft	3	5	8
Fraud	1	3	5
Human resources related	22	30	47
Other	12	10	11
Total	**57**	**63**	**98**

Of the matters reported in 2021, all were investigated by the respective Operating Company's RCG and the ECSC apprised of the material details.

Code of Conduct communication and training

The Code is accessible in each office and project site and is published on the intranets of CIMIC and each of the Operating Companies. Any updates to the Code are promptly communicated to all employees.

All Group employees - both staff and wages - are provided with a copy of the Code and supporting documents during their induction and all employees are given training in the Code. Delivery of the training is dependent on where employees are located and their role in the organisation. Staff complete an online training module and wages employees complete a face-to-face module as part of their induction. Where online training is not available, training is provided by alternative delivery methods (such as via video or paper). Code of Conduct related training also includes the following e-learning modules:

- Group Code of Conduct Procedure
- Diversity Policy
- Workplace Behaviour Procedure
- Privacy Policy
- Group Delegations of Authority
- Anti-Bribery and Corruption Policy
- Gifts and Hospitality Procedure
- Dealing with Third Parties Procedure
- Information Management Policy
- Securities Trading Policy
- Market Disclosure and Communications Framework

All Code training must be completed within three months of commencement in the role (either as a new hire or by promotion to a relevant role) and then at least once every two years thereafter. Training records must be maintained. Across the Group, 12,659 employees completed some form of training on the Code in 2021 versus 18,112 in 2020.

Employees completing Code training (#)	2021	2020 (ex-Thiess)	2020
Total	12,659	13,830	18,112

The reduction reflects the removal of Thiess from the reporting data, with Thiess historically having a large direct hire workforce who undertook Code training. Additionally, the requirement to receive training every two years results in proportionally more employees being trained in some years than others.

All decision-makers in senior management, as well as 'high risk'[46] roles, are required to undertake a two-hour standardised face-to-face training session delivered by a CIMIC or Operating Company General Counsel or delegate, in addition to the online module. This training outlines the importance of the Code, and bribery and corruption prevention and control. In 2021, 320 employees undertook this face-to-face training.

Dealing with third parties

The Group enters into business relationships with a wide range of third-party entities and individuals - reflecting the diversity of the business - which may include clients, joint venture partners, subcontractors, consultants and suppliers, agents or intermediaries (as defined by our Dealing with Third Parties Policy). We will only do business with any of these third parties for legitimate purposes, in accordance with the Code, relevant laws and where that business relationship will benefit the Group.

In all circumstances we seek to have our business partners adopt the Code or, if they have a commensurate code, to observe that. When the Group has a controlling position in a joint venture or similar arrangement, the Code (or another code containing equivalent standards of behaviour) must be adopted for the joint venture or other arrangement.

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[46] High Risk Employees will be determined by the Reportable Conduct Group and may include the following roles: Senior corporate management (all executives, General Managers and Group Managers); Senior project management (all Project Directors / Managers and Superintendents); Finance and Administration (including accounting, legal, finance, insurance, treasury and HR); Procurement and contract administration / management; Business development; Government relations; and Plant Managers.

Before entering into a commercial relationship with a third party on behalf of the Group, appropriate due diligence must be conducted in accordance with the Dealing with Third Parties Policy. All contracts with third parties must be in writing and are obliged to:

- reflect the entire agreement between the Group and the third party;
- describe in a transparent manner and with an appropriate amount of detail the services and/or goods to be provided; and
- contain terms that provide a clear link between, and are commensurate with, the provision of goods or services and the payment of a fee or charge.

All contracts entered into must be signed before works, supply or services commence, and be approved in accordance with the Group Delegations of Authority.

In 2019, CIMIC implemented an internationally recognised due diligence solution to screen third parties for a range of risk factors. This solution has continued to be used in 2021 to screen third parties (including vendors, suppliers and business partners) against a range of factors which include:

- sanctions, watch-lists, adverse litigation and Politically-Exposed-People lists;
- adverse media (print media and social media) screening for all jurisdictions in which CIMIC operates;
- financial information including company ownership, structure, credit rating and financial strength; and
- searches that address modern slavery, bribery and corruption due diligence requirements.

In 2021, the screening found that, across 18,249 vendors and suppliers, ~5.5% of suppliers were deemed high-risk and required further investigation and assessment related to their identified risk rating and justification for continued use by CIMIC Group.

A rating system is used for the assessment of all third parties before the Group will enter into a formal business relationship. This system rates third parties as low, medium or high risk [47] to ensure that risks are appropriately assessed and then managed.

Approving managers are free to engage with low risk third parties subject to appropriate procurement/ tendering standards being followed. Medium and high risk third parties are subject to higher standards of due diligence which require managers to undertake integrity check, make enquiries of the third party about any specific concerns and to potentially undertake detailed due diligence via an approved specialist due diligence provider. Only when this due diligence is satisfactorily undertaken, and the third party has completed and executed a Third Party Anti-Bribery and Corruption Declaration[48], can a business relationship with the third party be entered into.

The Group does not enter into any agreements in relation to services such as lobbying, facilitating client relationships, relationship management, strategic advice, or other stakeholder management services which may directly or indirectly influence decision makers considering any bid for work.

Working in other countries

The Approval to Operate Internationally Policy seeks to ensure that the Group does not operate in countries that could pose significant integrity, legal, financial, operational, reputational, security and other business risks to the Group. This Policy applies to all employees of the Group, third parties engaged by the Group, and all alliances and joint ventures in all jurisdictions.

The Policy mandates the use of a traffic light system - to rate a country's approval status or its prospective risk - as follows:

- Green-light country - one that has been approved for Group entity operations; typically defined as retaining a low level of business risk and having either existing or potential opportunities to create a sustainable business with consistent and acceptable after tax returns;
- Amber-light country - one that has been approved for Group entities to pursue specific opportunities on a case-by-case basis; typically defined as retaining a medium level of political, security, corruption or other business risk; and
- Red-light country - one that is not currently approved for operation; a Group entity may not operate in or pursue prospects in a red-light country; Group entities are to follow a defined process to seek approval to change the status of a red-light country to amber or green; and
- Black-light country - one where Group entities are banned from pursuing opportunities. These countries include prohibited activities in countries sanctioned by the United Nations Security Council and/or Australia.[49]

CIMIC maintains a register of approved countries which is integrated with the Group Delegations of Authority and Group Tendering Policy.

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[47] The Dealing with Third Parties Policy has a detailed definition for 'High Risk' third parties.

[48] With the exception of third parties designated as Low Risk, such as a government or state-owned enterprise ranked lower than 40 in the Corruptions Perceptions, a client who has been rated in Band A or Band B of the Defence Companies Anti-Corruption Index published by Transparency International UK (or any subsequent index published by Transparency International relating to companies), or an existing client designated as Low Risk by the CEO.

[49] Refer to https://www.dfat.gov.au/international-relations/security/sanctions/sanctions-regimes.

Political donations

CIMIC does not make donations, either in kind or directly, to political organisations, political parties, politicians, or trade unions, and will not make or solicit payments to organisations which predominantly act as conduits to fund political parties or individuals holding or standing for elective office. Prohibited political activities or contributions include free or discounted use of the Group's premises or equipment as a donation to a political party. Our approach is described in the Code and reinforced in the Corporate Affairs Policy.

Employees are not allowed to attend political fundraisers. This includes fundraising events where employees do not pay for attendance. We retain the flexibility to engage in public policy debate regarding issues that impact our business by paying, at a reasonable value, for our employees to attend lunches, dinners, conferences or other events in a transparent manner, consistent with the Group's Principles and the paragraphs above.

In keeping with this approach, no donations, either directly or in-kind, have been made to political organisations, political parties, politicians, or trade unions since 2014.

Supporting and protecting whistleblowers

We will support people who speak up in good faith. We are committed to providing support for whistleblowers to confidentially raise concerns and protection against any reprisal for reporting a breach or potential breach of the Code. Employees and their family members, suppliers, subcontractors and business partners are all encouraged to voice their concerns should they identify potentially unethical practices.

In 2019, a standalone Whistleblower Policy was created in line with changes to the *Corporations Act* concerning laws protecting whistleblowers. The Policy manages whistleblower disclosures and provides clarity around how the Group supports and protects whistleblowers when a disclosure is made. As per the Policy, the identity of the Whistleblower (or information disclosed that could lead to their identification), will be treated strictly confidentially and will not be shared unless:

- the Whistleblower has provided prior consent (in writing wherever possible or required); or
- we are compelled by law to do so; or
- we consider it appropriate to make a disclosure to a regulator under legislation.

This Policy builds on the Group's long-standing commitment to support whistleblowers which was enshrined in the Company's Code and the Code of Conduct – Management, Monitoring and Reporting Policy. An employee training program is in place to ensure that our employee's obligations are well understood. In 2021, 3,165 employees received whistle-blower training.

Employees completing Whistleblower training (#)	2021	2020 (ex-Thiess)	2020
Total	3,165	5,097	5,548

CIMIC provides a range of mechanisms for employees to contact someone other than their manager about their ethical questions or concerns. These mechanisms provide employees, contractors or other concerned stakeholders an opportunity to report misconduct and other serious workplace issues - anonymously if they wish - which could include suspected theft, fraud, dishonesty, bullying and harassment, policy breaches, unethical behaviour or workplace safety hazards.

One of these mechanisms is the Ethics Line, an independent service operated by STOPline Pty Ltd, an Australian company which specialises in providing integrity/whistleblowing services. STOPline has been operating for over a decade and assists listed and private companies; local, state and Commonwealth public sector bodies; and not-for-profit organisations.

CIMIC's Ethics Line is contactable 24 hours-a-day, seven days-a-week, and the service is staffed by highly trained consultants who are able to access a comprehensive interpreter service covering all the regions in which we operate and the languages our people speak. All reports made to the Ethics Line are treated confidentially.

Matters can be reported to the Ethics Line via phone, fax, online, email or post. Additionally, a free App was made available in 2020 – via the iTunes App Store or Google Play – to facilitate the reporting of an issue to STOPLine.

OPERATE HONESTLY AND TRANSPARENTLY

We expect our people to operate and communicate honestly and transparently so as to maintain the confidence and trust of shareholders and other stakeholders. We aim to meet all continuous disclosure obligations to enable investors to make informed and orderly market decisions.

CIMIC is committed to building open and transparent relationships and working collaboratively with the communities in which we work. Our commitment includes complying with all applicable laws, wherever we operate, and where a Code or a Policy sets higher standards of behaviour than local laws, rules, customs or norms, the higher standards will apply.

Continuous disclosure and insider trading

As an Australian public company, with its shares listed on ASX, CIMIC is committed to complying with the Australian *Corporations Act* and the ASX Listing Rules, including meeting all continuous disclosure obligations. CIMIC publishes a comprehensive Market Disclosure and Communications Framework – on its website - which sets out the principles, policy and procedures which have been adopted.

A comprehensive Securities Trading Policy is also in place which sets out the requirements and responsibilities of officers, executives, certain contractors of, and people connected to, CIMIC Group regarding any dealings in CIMIC securities. The purpose of the Policy is to ensure that CIMIC Group officers and executives comply with the law, including the law prohibiting insider trading. This Policy also contains obligations to keep CIMIC Group information confidential.

Under the Policy, CIMIC people may only deal in the Company's securities within designated trading windows (and providing they are not in possession of inside information) which are six-week periods commencing on the next trading day after the release of the Group's quarterly/half year/full year results. Even within these windows, certain officers and executives identified by the Policy must obtain prior approval from the CIMIC Company Secretary before trading and a record of these approvals is maintained.

The Securities Trading Policy also prohibits short-term dealing (i.e. buying and selling within a three-month period), entering into other short-term dealings (i.e. forward contracts), margin lending arrangements and the hedging of CIMIC securities.

During 2021, there were no reported breaches of the Group's continuous disclosure obligations.

Privacy and record retention

As per the Code, CIMIC regards the fair and lawful treatment of personal information with utmost importance and our commitment is enshrined in our Privacy Policy which is available on the Group's website. The Policy requires us to treat personal information in accordance with the *Privacy Act 1988 (Cth)* and the Australian Privacy Principles. Any personal information gathered outside Australia will be treated in accordance with the applicable law.

Where CIMIC holds or transfers personal information outside Australia, it will meet the safeguards set out in the *Privacy Act*. Where personal information is held or disclosed overseas, all reasonable steps will be taken to ensure that the recipient will handle the information in a manner consistent with the *Privacy Act* and, in the case of the European Union, the GDPR[50].

Personal information will only be collected, held, used or disclosed by CIMIC where it is reasonably necessary to:

- enable CIMIC to deliver services or information to individuals or to an organisation;
- maintain or establish a business relationship, including as a customer, supplier, contractor, or employee;
- enable CIMIC to assist to provide services; or to improve, and better understand preferences in respect of CIMIC services; and/or
- fulfil legal or regulatory obligations.

Supplementing the Privacy Policy is a Record Retention Policy which integrates with an Information Management Policy. These policies set the requirements for the identification, retention or destruction of all records containing Group Information. The Record Retention Policy specifies the required retention periods for a range of different types of company, project, financial, employment, health and safety, and environmental documents.

The Group is unaware of any substantiated complaints regarding breaches of privacy by employees, clients or other stakeholders during 2021.

Tax payment and disclosure

We are committed to the management and payment of taxes in a sustainable manner which considers the commercial and social imperatives of governments, our business and our stakeholders. This commitment is supported by strong corporate governance policies.

We will comply with all applicable rules, laws and regulations governing business reporting. All information created and maintained as a result of the Group's business activities must accurately reflect the underlying transactions and events, and follow Group reporting policies and procedures. Financial officers, and others responsible for the accuracy of financial reporting, have an additional responsibility to ensure that adequate internal controls exist to achieve truthful, accurate, complete, consistent, timely and understandable financial and management reports that are prepared in accordance with relevant laws, accounting standards, policies and procedures.

CIMIC's approach to tax is set out in its Tax Governance and Risk Policy which has the following objectives:

- ensure the Group complies with applicable tax laws, regulations and external reporting requirements by their due dates and in line with local taxation requirements;
- maximise shareholder returns to the extent that positions taken are robustly supportable and protect the Group's reputation with the revenue authorities and the public; and
- ensure financial accounts are true and fair and within materiality limits in respect of all taxes at all times.

The Group has a low tolerance for tax risk and does not enter into any transaction for the purpose of tax avoidance, undertake innovative or aggressive tax planning transactions, nor enter into transactions that do not have a legitimate business purpose.

[50] The General Data Protection Regulation 2016/679 is a regulation in EU law on data protection and privacy in the European Union and the European Economic Area.

CIMIC seeks to maintain open and transparent relationships with relevant tax authorities. In Australia, CIMIC is regarded as a key taxpayer and participates in the Australian Taxation Office's annual review programs and the justified trust assurance review programs. These programs are based on transparent and cooperative disclosure and enable CIMIC to provide increased confidence in relation to the amount and timing of tax paid.

CIMIC applies the appropriate corporate tax rate to the profits it earns, be they in joint ventures and associates, or in its wholly owned subsidiary businesses. The Group reports an aggregated tax expense in the Financial Report section of the Annual Report. In 2021, the Group's effective tax rate was 18.9% (versus 15.3%[51] in 2020), compared to the Australian corporate tax rate of 30%.

The Group has maintained an average effective tax rate of approximately 30% over the past five years which can be seen in the previous year's Financial Reports. The items affecting the Group's effective tax rate are reconciled in the Financial Report[52] and are primarily related to the blend of different tax rates on profits and losses from the various jurisdictions in which the Group operates.

The fundamental reason for the variation to the corporate tax rate is that the tax incurred on the profits earned by joint ventures (i.e. Thiess and Ventia) is paid by those joint venture entities. CIMIC receives an after-tax share of profits (or losses) from those joint venture entities, and this dilutes the notional tax rate reported by CIMIC. It should be noted that the tax rate applied to CIMIC's profit excluding joint ventures and associates approximates the Australian corporate tax rate of 30%.

In addition to the corporate tax expense incurred, the Group is a substantial generator of payroll taxes, and other taxes and duties, which contribute substantially to the revenue of various national and state governments. For example, in the 2020/21 year CIMIC paid more than $110m[53] of state payroll tax in Australia (versus $128m in 2019/20).

CIMIC does not receive significant financial aid from governments, apart from standard tax relief measures that are available to similar businesses in the jurisdictions where CIMIC operates such as the Australian Government's research and development tax incentives or accelerated depreciation allowances.[54] The value of any standard tax relief measures is disclosed in the Financial Report.

During 2020, some of the Group's subsidiary entities impacted by COVID-19 received JobKeeper wage subsidies as per the Australian Federal Government's eligibility requirements. These payments were used, as intended, to support the employment of 1,811 employees across affected entities during the COVID-19 outbreak. Demonstrating our corporate responsibility, CIMIC voluntarily returned all of the JobKeeper subsidies it received, amounting to $20.532m, and this was reported in Nov 2021 as per the Government's JobKeeper Payments Notification[55]. The decision illustrates that, as the largest contractor in Australia, CIMIC is willing to play its role in the economic recovery agenda.

Open and transparent relationships

We are committed to the principles of free and fair competition and avoiding any anti-competitive conduct as articulated in the Code. We encourage our people to compete vigorously but fairly, whilst always complying with all applicable competition laws.

The Group is committed to abiding by all applicable national and international laws, regulations and restrictions relating to the movement of materials, goods and services. There were no instances of significant fines or sanctions for non-compliance with Australian and international laws and regulations in 2021.

During 2021, no legal actions were commenced or are outstanding with respect to anti-competitive, anti-trust or monopoly behaviour, and there were no significant fines or non-monetary sanctions for breaches of any laws or regulations related to anti-competitive conduct, marketing communications, or other matters of non-compliance.[56,]

The Group does not sell banned or disputed products or services.

[51] For the Underlying Business as set out in the Operating and Financial Review section.
[52] The amounts of which are disclosed in Note 6: Income tax expense – Reconciliation of prima facie tax to income tax expense, in the Financial Report within the Annual Report.
[53] This figure includes payroll tax paid by Thiess until 31 Dec 2020.
[54] Governments at local, State and National levels are important clients. The Group does receive income from Governments in the form of fees, reimbursement of costs or contractual entitlements for infrastructure construction and operations and maintenance work performed on a competitively tendered basis.
[55] Disclosed to ASX in accordance with section 323DB of the Corporations Act 2001 (Cth).
[56] On 13 February 2012, CIMIC announced that it had reported to the Australian Federal Police ("AFP") a possible breach by the Leighton International business of its Code of Ethics that, if substantiated, may have contravened Australian laws. The matter, has been, and in some cases continues to be, subject to investigations. On 18 November 2020 the AFP advised CIMIC that it had charged an ex-employee with alleged offences relating to foreign bribery and related matters and on 23 February 2021 the AFP announced it had brought an additional charge in relation to foreign bribery. On 11 January 2021, the AFP informed CIMIC that it had charged a second ex-employee with related offences. The AFP has also indicated it may charge a further ex-employee and that its investigations continue. CIMIC does not know when the charges will be heard or the final outcome of any investigation. No CIMIC Group company has been charged. CIMIC continues to cooperate with all official investigations.

SUPPORT SUSTAINABLE PROCUREMENT

CIMIC's Procurement Policy aims to ensure that Group employees procure goods and services in a transparent, competitive, compliant and sustainable manner, and to maximise value by encouraging effective competition and employee accountability. We promote the fair treatment of suppliers and payment within negotiated and contractually agreed terms. The Group also encourages support for local suppliers where this makes commercial sense, and they are able to meet all expectations.

Beyond value for money - unlocking the true value of social procurement

CPB Contractors recognises that it can play a pivotal role in stimulating economic growth in Indigenous communities by establishing a strong social procurement strategy that leverages its buying power. While procurement policies across corporate Australia have historically focused on 'value for money', CPB Contractors' social procurement policy, which includes a new procurement database, is making it easier for projects to support local Indigenous communities.

The centralised procurement database includes details for as many as 550 Indigenous businesses across Australia. Users can search the database for certified Indigenous businesses operating in the building, civil and mining sectors, as well as policies and guidelines required to inform and guide projects and pre-contracts.

Reconciliation Australia has urged the reconciliation movement towards more robust and impactful action as part of the 2021 National Reconciliation Week theme, "More than a word. Reconciliation takes action". CPB Contractors has been recognised as a leader in this space, thinking more strategically about the social value created via procurement processes, whether sourcing directly from social enterprises and Indigenous businesses or indirectly in contracts.

In 2021, CPB Contractors' spend with Indigenous suppliers exceeded $71m with an additional $4.7m spent with social enterprise suppliers.

CPB Contractors is committed to its ongoing partnerships with social enterprises such as Supply Nation and Social Traders to foster change within the community. Supply Nation research shows that its partners are also more likely to employ Indigenous people, providing further role models for other members of the community. One such example is an Aboriginal-owned business, Waddi Water, which was awarded a two-year contract to supply spring water and dispensers to all three North East Link Project – Early Works sites. The new corporate partnership will help further support the Indigenous people of Australia, by ensuring the immediate upskilling, training, and employment of large numbers of Indigenous people.

The Group's Dealing with Third Parties Policy applies to entities and individuals outside the Group and includes suppliers and subcontractors covered by the Procurement Policy. The Group will not do business with a third party that does not share a similar approach to the Group in relation to ethical matters, and any third party covered by the Procurement Policy must comply with the Code.

CIMIC's Procurement Policy mandates the undertaking of supplier assessments which include the following criteria: compliance with health, safety and labour standards; compliance with sustainability/environmental regulations; quality; schedule compliance; technical assistance; responsiveness; contract terms and conditions; claims by the supplier; quality certificates; and withholdings and warranties.

Completed supplier assessments are to be sent to the Operating Company Procurement Manager for review. Reviewed assessment results are to be incorporated into the approved supplier list as soon as available.

Regular and timely progress and commercial meetings will be held on site with the suppliers/subcontractors that are assessed to be high risk or material by the Project Manager. These meetings are to be held to discuss performance issues according to the contract, including (but not limited to): progress, safety, quality, environment, variations and claims.

Rozelle Interchange meeting targets for Indigenous participation

In Sydney, a joint venture including CPB Contractors is delivering the WestConnex M4-M5 Link Rozelle Interchange. This is a new underground motorway interchange which provides connectivity to the M4-M5 Link Tunnels and the City West Link, and an underground bypass of Victoria Road between Iron Cove Bridge and Anzac Bridge. The Rozelle Interchange also provides a connection to the future Western Harbour Tunnel.

The team building the Rozelle Interchange is increasing opportunities for Indigenous participation in construction. The project has targets for social procurement that include: a $34 million spend with Aboriginal Certified Business; prioritising local suppliers from Greater Western Sydney and New South Wales; and achieving 5% local procurement.

As of March 2021[57], the joint venture had executed 663 contracts in total, 656 with Australian companies, 503 with New South Wales based companies, 232 with companies from Greater Western Sydney and 34 with local companies (from the Inner West Council and City of Sydney). The project also reached 66% of the targeted spend with Aboriginal business and met the 5% local procurement target. The joint venture expected to meet the Aboriginal Participation in Construction Policy target by Q4 2021.

[57] As per the Rozelle Interchange Annual Sustainability Performance Report, April 2020 – March 2021.

In applying the due diligence solution screening process to third parties (see page 90), CIMIC has captured or estimated detailed supplier information as follows.

Types of suppliers	**Absolute number of suppliers (#)**	**Share of total procurement spend (%)**
Tier 1 suppliers[58]	18,249	100
Critical Tier 1 suppliers[59]	1,296	82
Non-Tier 1 suppliers[60]	72,996	100
Critical Non-Tier supplier	36,498[61]	N/A
New suppliers	4,081	N/A
Local suppliers[62]	N/A	95

The due diligence solution leverages information from the Global Slavery Index prepared by the Walk Free Foundation, and records of adverse media concerning modern slavery allegations and breaches which are collected from various sources including LexisNexis. Based on the above multi-factor assessment, each supplier is allocated a risk-rating which may trigger preparation of corrective action plans, or in some cases, exclusion from working with CIMIC Group entities.

Supplier risk assessments	**Absolute number of suppliers (#)**	**Percentage of category (%)**
Critical non-Tier 1 suppliers assessed in the last year	912	N/A
Suppliers assessed on human rights in the last 3 years	N/A	100
Assessed suppliers where human rights issues identified	4	<0.5
New suppliers assessed for impacts on society	4,081	100
New suppliers assessed for impacts on environment	4,081	100

While the due diligence solution has been used for a number of years, 2021 was the first year that the full monitoring service came online, and robust statistics were available.

Identification of high-risk suppliers[63]	**Suppliers classified as high risk in the last year**	**Suppliers classified as high risk in the 3 years**
Tier 1 suppliers	1,013	4,603
Critical Tier-1 suppliers	759	3,452

The Group processed approximately 4,080 new suppliers through the screening tool in 2021. Where identified risk ratings required further investigation and assessment, remedial plans were actioned.

[58] Refers to suppliers that directly supply goods, materials or services (including intellectual property (IP) / patents) to the company.
[59] Critical suppliers are those suppliers where the annual spend to CIMIC is >A$3m (in total across all Operating Companies) or where the spend is >A$1m per individual Operating Company and the supplier provides services or commodities which cannot be easily replaced due to the unique scope of supply. The listing of critical suppliers is reviewed annually.
[60] Assumes that, on average, each Tier 1 supplier would have 4 of their own suppliers which become our non-Tier 1 suppliers.
[61] Assumes that, on average, each Tier 1 supplier would have 4 non-Tier 1 suppliers of which 50% would be deemed critical. CIMIC will work with a select number of suppliers in 2022 to confirm these assumptions.
[62] Local suppliers: Suppliers located within the country or region of the entity's operations, assumes 90% of suppliers are local.
[63] The 4,603 Tier -1 suppliers classified as high-risk is, if anything, likely overstated as all suppliers were evaluated by the due diligence tool regardless of whether we had used the supplier in the last three years or not. The number for the current year is estimated as being 25% of the total. The Critical Tier-1 suppliers are estimated as being 75% of the Tier 1 suppliers.

UGL receives global supplier recognition award from client
UGL provides downstream maintenance, shutdown and modification project services to ConocoPhillips on behalf of Australia Pacific Liquefied Natural Gas (APLNG) at the Gladstone Liquefied Natural Gas (LNG) facility on Curtis Island, in Central Queensland. The LNG facility on Curtis Island receives and processes natural gas to LNG for export. These facilities have multiple gas fired turbines that require corrective and preventative maintenance tasks to maintain their life and reliability.

During the COVID-19 lockdowns across Australia, UGL's site team at APLNG were unable to bring in the traditional non-local external labour to assist in a rate reduction event. A rate reduction occurs where a series of turbines are taken out of service so an overhaul can be performed offline. It's called a rate reduction because, when turbines are taken offline, the plant is limited in its total capable production output. These events are typically planned in sequence to allow the remainder of the facility to continue production.

During the 2020 rate reduction event a turbine replacement was performed. This involves heightened complexity, simultaneous operations and risks, and was successful because the ConocoPhillips Australia and UGL workforce worked as one team across days and nights. UGL's workforce already on location were 100% local, so the team paused all other work on the site to pool sufficient resources to perform the rate reduction activities around the clock. This turned out to be the best rate reduction ever done at the site when it came to time, costs and quality.

In 2021, UGL was recognised by ConocoPhillips with their 2020 Supplier Recognition Award: Focus on Execution, for UGL's exceptional commitment shown throughout the COVID pandemic. As part of UGL's commitment as a key maintenance and operations partner for ConocoPhillips Australia, UGL continuously drove operational excellence, safety performance and cost efficiencies despite the numerous challenges faced by the team.

Locally sourced goods and services provide valuable support for local employment, help to boost regional economic growth and create upskilling opportunities for the workforce. We actively encourage support for local suppliers where this makes commercial sense, and these suppliers can meet the requirements of the project. In some cases, purchasing local products and services can help to minimise transport costs and to reduce fuel consumption as well as the associated greenhouse gas emissions.

Australian manufactured, Australian made
UGL has been manufacturing locomotives in Newcastle for over 120 years. In the last 20 years, UGL has manufactured and supplied over 300 locomotives, all built in Australia, and is proudly the only manufacturer and maintainer of diesel locomotives here in Australia.

In February 2020, UGL signed an initial contract with QUBE to deliver 12 C44 diesel-electric locomotives by October 2021. UGL has subsequently received orders for more C44 locomotive from other Australian rail operators to bring the total production run to 31 locomotives, all to be manufactured throughout 2021 and 2022.

The C44 locomotives proudly display the Australian Made logo, with UGL securing this accreditation in 2021. This certification reinforces UGL's strong history of Australian manufacturing, with key locomotive components designed and assembled in Australia. The iconic symbol is a registered certification trademark and can only be used on products that meet Australian Consumer Law and the Australian Made logo Code of Practice.

These in-house manufactured locomotives and those built previously, set the benchmark in performance, reliability and operational flexibility. They are fully manufactured and assembled in Australia at UGL sites along the east coast which include:
- A facility in Townsville, Queensland which manufactures the platform; and
- The Newcastle Operations in New South Wales which complete the locomotive main assembly, paint, commissioning and delivery activities, as well as manufactures the cabs and bogie frames.

UGL's Newcastle Operations takes pride in employing over 100 local workers on the 'loco-line', and many more employees in functions such as engineering, procurement and administration. The 'loco-line' clocks in around 3,500 hours per week, which also benefits local industry and supports domestic suppliers.

Our Operating Companies aim to build sustainable supply chains that are relevant to their market focused businesses. In construction projects, for example, the major elements of the supply chain are materials (concrete, steel, and asphalt), plant, equipment and fuel, and subcontractors (such as electricians, plumbers, glaziers, steel fixers and other tradespeople).

Felix - the new procurement application

CIMIC has introduced a new procurement application, 'Felix', to be rolled out across the Group. The system replaces the paper-based vendor questionnaire for supplier onboarding and provides web-based visibility of:

- the services delivered by our vendors
- the regions in which they operate, and
- our performance ranking and interactions with them.

Felix also allows for projects to be established and Requests for Tender (also known as RFQs) to be sent to suppliers via the system. Felix operates in parallel with SAP and JDE, which will continue as our system for generating Purchase Orders.

CPB Contractors, as part of the construction joint venture, has used Felix on the West Gate Tunnel Project, a Victorian Government project that will deliver a vital alternative to Melbourne's West Gate Bridge. Felix was the chosen procurement platform for the project, and is purpose-built for large, complex projects and organisations to gain efficiencies and mitigate risk across their supply chains.

The rollout of the Felix platform was staged across a number of phases, with the first being released in Mar 2018, and focusing on timesaving supplier registration and compliance. Phase 2, released in Aug 2018, involved additional sourcing functionality that took the issuing of RFQs, supplier-response evaluation, contracts and awards to the next level. In a mere few months, the joint venture's procurement team reduced their vendor onboarding time from 13 to 1.5 days and realised many other efficiencies across their procurement activities.

Each Operating Company works with its suppliers to identify measures to improve the efficient use of resources and seeks to minimise the impact of materials such as steel, timber and concrete. Some of the measures utilised to minimise the impact of construction materials include:

- providing incentives for subcontractors to reduce wastage of steel, cabling and pipes;
- reusing inert waste and secondary aggregate as backfill on projects; and
- redeployment of concrete waste to build temporary road structures, hard-stands and precast concrete road barriers, amongst other things.

Sustainability innovations adding value on M80 Ring Road Upgrade

At the M80 Ring Road Upgrade in Melbourne, CPB Contractors has implemented more than 20 initiatives as part of a wider drive to build a 'sustainability culture' across the project. The project has utilised recycled stabilised glass sand for services bedding and as barrier backfill, and low carbon concrete and plastic fibres for medians, services pits and shared user paths. The project is also using a sustainable asphalt product in an Australian first on high trafficked freeway in multiple pavement layers.

In addition to sustainable materials, the M80 Upgrade has adopted innovative technologies including a solar powered tower combining wireless networking, lighting, environmental monitoring and security functions. The M80 Upgrade is also the first road project to utilise a fully electric excavator.

The project is located on the M80 Ring Road between Sydney Road and Edgars Road, approximately 14 kilometres north of the Melbourne CBD. The upgrade will increase capacity, reduce congestion and enhance safety for drivers. Works include the widening and realignment of ramps, the construction of additional lanes, structural works, installation of a smart freeway management system, street lighting, traffic barriers, noise walls and landscaping.

Payment of suppliers

Suppliers and subcontractors play an important role in the Group's ability to deliver projects and we promote their fair treatment and payment within negotiated and contractually agreed terms. We will continue to comply with all payment terms prescribed by the Federal and state Governments.

In March 2021, CIMIC issued a 'Small Business Payment Policy' which applies to suppliers and subcontractors[64] and recognises the importance of prompt payment to all businesses. For the suppliers and subcontractors to which this Policy is being progressively applied, the Group's standard payment terms are 30 days from receipt of the invoice. If a small business supplier or subcontractor has payment terms with the Group that are already shorter than 30 days (because of contract terms or applicable legislation), the shorter payment terms apply.

The Australian Government has established the Payment Times Reporting Scheme (PTRS), which aims to improve payment times for Australian small businesses. The scheme commenced on 1 January 2021. Under the scheme, large businesses and large government enterprises need to report their small business payment terms and times. The reported payment terms and times for small businesses of CIMIC's Australian subsidiary entities can be accessed at the Payment Times Reports Register.

[64] The Policy defines a small business as an entity with an Australian ABN and which is identified as a small business by the Australian Government Department of Industry, Science, Energy and Resources (the Department) through the Small Business Identification Tool (SBI Tool).

Local procurement at Cross River Rail

In Brisbane, a consortium including CPB Contractors, UGL and Pacific Partnerships is delivering the tunnel, stations and development (TSD) public-private partnership for the underground section of the new Cross River Rail project. This project includes a new 10.2km rail line from Dutton Park to Bowen Hills, which includes 5.9km of twin tunnels under the Brisbane River and the CBD. A separate consortium including CPB Contractors and UGL is delivering the design, supply and installation of supporting rail systems and will integrate Cross River Rail into Queensland Rail's metropolitan train network.

Cross River Rail is one of Queensland's most important local job generating projects and will support economic growth and employment for years to come. During construction, the project is expected to provide an average of 1,500 jobs per year, as well as creating the equivalent of 450 apprenticeships and traineeships over the life of the project.

As part of the TSD package for the project, the construction consortium hosted a 'Meet the Buyer' event in Toowoomba during the year. This was an opportunity for local suppliers to hear directly from the consortium about how to become involved in the project and how to register interest for future works packages and sub-contracting opportunities. The consortium is working hard to ensure that these tender opportunities conform with the Queensland Government's Procurement Policy which includes an emphasis on putting Queensland companies first and ensuring ethical work practices are maintained at all times.

LEAVE A POSITIVE LEGACY

The nature of the Group's activity-focused businesses means that the work on our projects has the potential to impact on a range of stakeholders who can include nearby residents, communities, commuters and visitors, or related workers and businesses. We work to identify the potential impacts of the projects we are delivering and seek ways to minimise harm and to leave positive legacies for those potentially - or actually - impacted.

Creating value

CIMIC's mission is to generate sustainable returns for shareholders by delivering projects for our clients while providing safe, rewarding and fulfilling careers for our people. Creating value is more than just generating sustainable returns for shareholders; it includes the solutions we provide for clients, the careers we create for employees, the business activity we create for suppliers and subcontractors, the taxes we generate for governments, the improvement to the quality of life that our projects bring to communities, and our support for charities.

Some of the ways that we create value for our stakeholders are set out in the following table.

Stakeholder	How CIMIC creates value	Examples of the value created in 2021[65]
Clients	▪ Provide high quality, safe, value-adding solutions ▪ Invest capital on behalf of clients to efficiently and effectively deliver projects	▪ Delivered $6.9bn worth of construction activity and provided $2.8bn worth of O&M services for infrastructure, building and resources projects ▪ Invested $63m worth of capital in property, plant and equipment
Employees	▪ Provide safe, well-paid, stimulating career opportunities	▪ $2.6bn of wages, salaries and benefits paid to employees[66], a significant portion of which was paid to employees based in rural and regional areas ▪ Invested in 187,593 hours of staff training and development
Suppliers / subcontractors	▪ Stimulate economic activity by procuring materials and services from subcontractor and other business inputs	▪ Procured $1.9bn worth of materials and spent $3.6bn employing subcontractors, most of them local ▪ Procured $96.9m worth of goods and services from Indigenous businesses
Governments	▪ Generate and pay taxes which provide revenue for various National and State governments ▪ Contribute to trade through the export of services ▪ Invest capital to boost productivity and support economic growth	▪ $93.7m of corporate tax expenses incurred ▪ $110m of state payroll taxes paid in Australia (in 2020/21) ▪ CIMIC employees paid substantial personal income taxes to the Australian and other international governments ▪ Contributed over $1bn to the Australian economy through the export of construction and O&M services ▪ Invested $63m in property, plant and equipment which fosters productivity
Communities	▪ Design, financing, construct, and operate and maintain infrastructure and property which improve the productivity of economies and the quality of people's lives	▪ Delivered $6.9bn worth of construction work and provided $2.8bn worth of operations and maintenance services ▪ CPB Contractors' delivered $3.8bn worth of sustainably rated or 'green' projects ▪ 15,213 of CIMIC's direct and indirect employees are from local communities and regional and remote communities

[65] The figures quoted are estimates based on CIMIC's internal calculations
[66] Based on personnel costs as per Note 3. Expenses in the Financial Report.

	▪ Deliver sustainable infrastructure ▪ Provide local employment opportunities for people ▪ Support local communities through charitable giving and participation programs	▪ Directly invested $812k into community investments, charitable donations and other commercial initiatives
Shareholders	▪ Compensate shareholders via dividends and/or buyback program	▪ Returned $317.5m to shareholders in the form of dividends
Debt and facility providers	▪ Generate secure and reliable returns for providers of debt and other financial facilities	▪ Paid $140.5m in interest and other finance costs to providers of interest-bearing liabilities and other financial instruments
Industry	▪ Encourage industry innovation which can drive to safer, more efficient solutions	▪ $3.5m specifically invested in innovation projects by CIMCI's EIC Activities

CIMIC's activities bring significant and sustainable benefits to communities and society.

Community consultation for ASMTI project
CPB Contractors is working closely with communities in North Queensland to ensure economic benefits for locals are maximised during delivery of the Australia-Singapore Military Training Initiative (ASMTI) facilities project. The ASMTI project in North Queensland will see the development of an estimated 310,000 hectare training area near Greenvale, 220km north-west of Townsville for use by the Australian Defence Force (ADF) and the Singapore Armed Forces (SAF). The site will see the conversion of grazing properties into a new training area at Greenvale, suitable for both ADF and SAF training requirements, including battlegroup manoeuvre and live fire activities across a mix of environments and terrain.

Since the November 2020 announcement of CPB Contractors as the managing contractor for the Greenvale project, the team has held industry forums and community briefings in towns including Townsville, Charters Towers, Ingham, Ayr, Greenvale, Georgetown and Hughenden. Localities including Mackay, Innisfail, Cairns and Atherton have also been targeted for engagement activities to be delivered virtually as required. CPB Contractors is anticipating a peak workforce of 350 people on the project, with more than 90% from North Queensland. It is just another example of our commitment to driving economic opportunities in communities across Australia.

The direct economic value, as defined by the GRI[67], generated and distributed by CIMIC over the past two years is set out in the table below.

Economic value created (A$m)	**2021**	**2020**
Economic value generated: Revenue	9,687	9,686
Economic value distributed	(9,748)	(9,519)
Of which: Operating costs	(6,443)	(6,552)
Employee wages and benefits	(2,619)	(2,577)
Payments to providers of capital	(458)	(162)
Payments to governments	(227)	(227)
Community investments	(1)	(1)
Economic value retained	(62)	167

Other shareholder return metrics relating to the creation of value can be found in the Operating and Financial Review and Remuneration Report sections of this Annual Report.

Minimise community disruption

We aim to minimise disruption when delivering projects, as much as practicably possible, for those communities impacted by the Group's activities. Our Operating Companies try to minimise the effects by engaging proactively, being approachable and developing positive relationships with potentially impacted community members.

Each of the Group's Operating Companies develops its own community engagement policy and framework, relevant to its individual business and projects. Stakeholder engagement plans are incorporated in the planning process for many projects, which include the recording and tracking of community concerns.

[67] As set out in GRI 201: Economic Performance, where the creation and distribution of economic value provides a basic indication of how an organisation has created wealth for stakeholders. FY19 was calculated based on the financial figures reported in the 2019 Annual Report. FY20 is reported on the basis of 'Continuing Operations' using Revenue from Continuing Operations from 'Note 2: Revenue' plus CIMIC's share of Profit from the year from discontinued operations, Operating Costs for 'Note 3: Expense's, Payments to providers of capital from 'Note 5: Net Finance Income (Costs) which excludes finance charges for lease liabilities, and Payments to governments from the Operating and Financial Review – Income Tax.

Leighton Asia awarded Caring Company recognition in Hong Kong
Leighton Asia has been recognised as a 'Caring Company' by the Hong Kong Council of Social Service in recognition of their effort in spreading care to our employees, the community and environment over the past years.

Leighton Asia has been actively mentoring local youths in a bid to pass on international experience and a wealth of expertise, and to attract local talent to join the construction industry. In 2020, mentors from Leighton Asia supported one of the student teams in the SciTech Challenge, organised by the Construction Industry Council and the Hong Kong Applied Science and Technology Research Institute, to develop an innovative sensor product that can improve safety on construction sites.

The Leighton Asia team, being mindful of the communities in which they operate, has also liaised with local charities to spread care to those in need during the challenging times presented by the COVID pandemic. These and other initiatives have contributed to the recognition acknowledged by the 'Caring Company' award.

Community engagement is managed through a range of tools that can include: hosting community meetings and forums; presenting to schools; establishing information centres; providing community notice boards; mailing or emailing progress updates; offering community information lines; and sending text message updates.

Ground-breaking archaeological discovery on Parramatta's Light Rail
A CPB Contractors joint venture is delivering Stage 1 of the Parramatta Light Rail project, constructing a 12-kilometre, two-way track connecting Westmead to Carlingford via the Parramatta CBD and Camellia in Sydney's western suburbs. The project includes construction of:

- light rail track, roadworks and stop platforms;
- transport interchanges at Westmead, Parramatta CBD and Carlingford; and
- new light rail and pedestrian zones along Church and Macquarie Streets in the Parramatta CBD, and urban design.

Preserving archaeological, environmental and Aboriginal heritage across the Parramatta Light Rail route is a key priority for this major transport infrastructure project. Where artefacts or heritage items are identified during investigation works, these are labelled and documented in an archaeological excavation report by expert archaeologists to ensure that any cultural materials unearthed are recorded and reported.

Under the future Parramatta Light Rail alignment, the joint venture unearthed evidence of Aboriginal settlement dating back over 30,000 years ago. An online Aboriginal Heritage seminar was held to showcase the extensive Aboriginal history and the evidence of Aboriginal settlement that had been found.

Project lifecycle

Our Operating Companies work with their clients to evaluate the lifecycle consequences of their projects and, where possible, to deliver solutions that are value adding in the long-term. Clients are increasingly seeking to undertake lifecycle evaluations of projects - such as climate risk assessments, under a range of scenarios - to determine the best outcome over the life of that project.

A key strategic focus for CIMIC is to be the industry leader in offering clients the opportunity to integrate more sustainable solutions through the lifecycle of their projects. This may include exploring and understanding the potential value proposition that can be offered to clients by offering alternate construction materials (i.e. geopolymer concrete or green steel). We are also investing in research and development to innovate in the ability to offer alternate materials that may offer more sustainable solutions

We seek to integrate sustainable design alternatives into the value proposition for clients and utilise BIM to evaluate potential design and operational improvements and efficiencies. We have developed a leadership position in the delivery of 'green rated' and sustainable technology projects and encourage clients to mandate the use of green rated projects (see the section on Green rated projects in the Innovation chapter).

Additionally, our Operating Companies often provide value adding engineering solutions which may well deliver a more cost-effective project for clients in the long run, when operations and maintenance cost are considered.

Innovative design in practice
Sydney's Rozelle Interchange project is the final stage of a major roads tunnelling program, WestConnex. An innovative ventilation system design improved urban design outcomes by generating extra green space and saved time and money on the project.

Working collaboratively, EIC Activities and CPB Contractors were able to overcome significant design challenges to ensure the tunnel's ventilation system would have a minimal impact on residents in one of Sydney's most densely populated areas. Following a risk assessment and value engineering exercise, an innovative solution was developed to allow ventilation equipment and electrical substations to be spread out underground, reducing the tunnel's above-ground building footprint.

The revised design took the ventilation functions from the main building and dispersed them into individual facilities located in underground cavern widenings within the exhaust tunnels. This minimised the size of the structures above ground, increasing the available green space for the community. The solution also mitigated tunnel construction risk as it reduced the quantity of diaphragm wall construction within the site. These are reinforced concrete walls built within a deep trench. Some in the reference design were 25m deep, and they can be time-consuming and costly to build.

With the decentralised design the project timeline was improved as it is not as reliant on one single ventilation building being constructed. It also had the advantage of applying lessons learned in real-time as the team built each decentralised section. The design also keeps safety and future operations in mind with the tunnels configured to allow heavy vehicles to remove and replace large equipment such as the 10 tonne, 3m in diameter axial ventilation fans.

Community investment

The Group supports a range of initiatives that aim to make a tangible, genuine and lasting improvement to the quality of people's lives. This support is largely delegated to each Operating Company which provide assistance to a range of local charities and community organisations which might be impacted by our projects and services. We also facilitate employee volunteering and select matched giving initiatives.

From strength to strength: Clontarf Foundation partnership
The Group's community partnership with the Clontarf Foundation is going from strength to strength, empowering young Aboriginal and Torres Strait Islander men across Australia to realise their potential. The Clontarf Foundation is a not-for profit organisation dedicated to equipping Aboriginal and Torres Strait Islander students with life skills to support meaningful employment and opportunities post-school.

Targeting male high school students, the Foundation achieves this through educational engagement, behaviour change and life skill programs. The Foundation partners with schools and communities to create 'Clontarf Academies' to support the delivery of their programs. The Group's Operating Companies are privileged to work with the Clontarf Foundation, enabling work experience, traineeships, mentoring and coaching opportunities for the students, providing valuable insight to available career pathways.

UGL supports Clontarf Foundation in Western Sydney, regional Victoria, Newcastle, Mackay and Townsville. Newcastle High School students and teachers visited UGL's Broadmeadow site with tours through our locomotive build and rail components and mining workshops to highlight some of the different career prospects UGL can offer. Clontarf Academy students were also hosted to undertake work experience in support of the locomotive build in UGL's Townsville workshops.

Each Operating Company develops its own program which underpins their social licence to operate and empowers our clients to achieve their community objectives.

Football match raises over $25,000 for Touched by Christopher Foundation
In Western Sydney, CPB Contractors is delivering 2 major hospital projects:

- the Campbelltown Hospital Redevelopment Stage 2 which expands key clinical and support services, and integrates and expands mental health facilities and paediatric facilities; and
- the Nepean Hospital Redevelopment Stage 1 which involves the construction of a new 14-storey clinical building.

In July 2021, the construction teams at the two hospital projects went head-to-head in a charity football match for the Touched by Christopher Foundation. The event was successful in raising more than $25,000 for the charity. Employees from the two projects were inspired to support the Foundation after the founder, Patrizia Cassaniti, delivered an emotional safety talk about the experience losing her son Christopher Cassaniti following a scaffolding accident[68].

The Foundation's mission is to be able to assist families who have lost a loved one in a workplace incident in construction in New South Wales. The Foundation seeks to assist families by providing financial assistance by way of donating three months' worth of grocery vouchers, calculated based on the number of direct members of the affected household. In addition to the assistance towards living expenses, the Foundation will also pay up to $1,500 towards current utilities that may be outstanding.

Hearing of the devastating and emotional impact Christopher's death has had on his family was a difficult but powerful reminder to team members that there is no place for complacency or cutting corners to get a job done faster.

[68] This accident occurred on a project unrelated to the CIMIC Group.

In 2021, CIMIC directly invested ~$812k in corporate community investment (CCI) programs, compared with $1.3m in 2020, $1.0m in 2019, $0.7m in 2018 and $0.5m in 2017. This figure represents CIMIC's direct spend only and does not reflect the dollar value of the many initiatives that are undertaken by individuals and teams from across the Group. CIMIC's was split across sponsorships - $460k and charitable donations - $352k.

The reduction between 2020 to 2021 reflects the removal of Thiess' CCI program from the reported figures.

March on and help out

The team at Sedgman is committed to giving back to the communities in which its employees live and work and recognises the value of volunteering in these communities. Since implementing the community volunteering program in 2019, Sedgman has proudly seen its people give their time and efforts to their local communities. In 2021, Sedgman employees volunteered nearly 200 hours of their time.

Sedgman employee are encouraged to help others by taking time out from their usual work to give back. Sedgman's volunteering policy provides up to two days of volunteering leave a year for this purpose. This is a great way to give back and make a positive impact to the community and can also provide an opportunity to build teamwork by volunteering with a group of people from across a team or office.

As an example, one Sedgman employee has used their volunteering leave to assist with instructing at the Jimboomba Cadets Recruit and Leadership Camp. There they supported the cadets as an assistant instructor and first aider and supported the development of leadership skills for the Cadets. The recruits had both practical and classroom lessons and the senior cadets learned how to prepare and present lesson plans and they received more advanced first aid and responding to injuries in the field.

Respect local cultures and peoples

CIMIC is committed to respecting local cultures and indigenous peoples - whether in Australia or overseas - and we support opportunities to aid national development in those international markets where we have a presence.

Taking action on reconciliation

The Group again celebrated NAIDOC[69] Week (4-11 July 2021), taking time to connect and share our respect for Aboriginal and Torres Strait Islander peoples' history, culture, achievements and connection to Country.

More than 90 graduates and team members across CIMIC Group celebrated NAIDOC Week with a Teams event hosted by the CIMIC Graduate Committee. Three Indigenous graduates led the event's panel discussion, sharing their insights about identity and culture, and what it means to them to celebrate NAIDOC Week.

In 2020, CPB Contractors renewed their commitment to CareerTrackers by signing a second 10-year agreement, joined by Broad and EIC Activities. CIMIC, Thiess, Sedgman, UGL and Pacific Partnerships are continuing with rolling annual sponsorship arrangements. Together we're creating multiple opportunities for university students to complete internships across the Group.

In November 2020, we introduced a new CIMIC Group Aboriginal and Torres Strait Islander Cultural Awareness E-learning module, available across all of our businesses on One Learning. Developed by SBS, Australia's multicultural broadcaster, the training has received a big thumbs-up from participants for its use of animations, short films, activities and interviews.

Noongar ceremony at METRONET station site

In Western Australia, the NEWest Alliance, which includes CPB Contractors, is delivering the Yanchep Rail Extension and Thornlie-Cockburn Link as part of Perth's METRONET project. The Thornlie-Cockburn Link connects the Mandurah and Armadale lines and involves the construction of two new stations to provide Perth's first cross line connection and improved public transport services to the city's southern suburbs.

The cultural significance of a waterhole at the Nicholson Road Station was identified early in the design process and plans to avoid its disturbance, and make it a feature of the new station, have been developed in consultation with METRONET's Noongar[70] Reference Group. In the Noongar culture the Wagyl, or Rainbow Serpent, is the creation spirit and its presence was acknowledged in a ceremony prior to work starting around the waterhole at the new station site. Noongar representatives performed a Wagyl keya wanju ritual and smoking ceremony at the waterhole. The ritual recognises that the Wagyl is a powerful spirit that protects natural water bodies, so its approval is important to ensure works around the waterhole are safe and successful. The Reference Group also provided a recommendation to preserve the waterhole's bullrushes, which are wetland grasses and represent the Wagyl's whiskers in Noongar culture.

The Group has not identified any incidents of violations involving the rights of Indigenous people during the reporting period.

[69] National Aborigines and Islanders Day Observance Committee.

[70] Noongar means 'a person of the south-west of Western Australia', or the name for the original inhabitants of the south-west of Western Australia'.

Use of local employees and businesses

CIMIC's Operating Companies are actively encouraged to seek out opportunities for the engagement of local employees and businesses - where this is possible - and to give preference to the employment of nationals over expatriates.

CPB Contractors and the Moogji Aboriginal Council

In eastern Victoria, CPB Contractors has delivered the new Avon River rail bridge in Stratford as part of the Gippsland Line Upgrade. The Upgrade delivers more frequent and reliable train services to the growing communities of Gippsland and construction of the new rail bridge now allows trains to travel at up to 90km/h, no longer needing to slow to 10km/h in this section.

While delivering the new bridge, CPB Contractors engaged the Moogji Aboriginal Council to supply 40,000 native plants to complete the landscaping. Moogji is an Aboriginal organisation providing important community services in and around Orbost, Cann River and surrounding districts.

The Avon River rail bridge has been the largest project of its type taken on by Moogji and has delivered an economic boost to the local Orbost community who grew and provided the native plants. It has created employment for the community and the money from that employment, in the main, is going back to supporting the local economy.

As part of its Reconciliation Action Plan, CPB Contractors is committed to building relationships and increasing spending with Indigenous suppliers. It has set targets of 4% employment for Aboriginal and Torres Strait Islander people and a spend of 2% of revenue with Aboriginal and Torres Strait Islander businesses.

OUTLOOK AND FUTURE PLANS

We are committed to acting with integrity and doing the right thing, regardless of where we operate. In 2022, we plan to:

- continue to reinforce the Code through senior management roadshows and presentations;
- implement legislative requirements relating to modern slavery to ensure CIMIC Group's policies and procedures meet all requirements and are fit for purpose;
- roll out training to raise awareness of the reporting channels available to whistleblowers; and
- maintain our focus on Code training for all employees.

CULTURE

OUR APPROACH

We are a people driven business and our success is largely dependent on the skills, passion and expertise of more than 28,700 direct and indirect employees, working in around 20 countries. They are delivering projects that provide clients with integrated solutions from feasibility, design, planning and investment; to manufacturing and construction; to operations, maintenance, upgrades and asset management; to rehabilitation and decommissioning.

We aspire to build a culture that supports a can-do attitude and harnesses the talents of our people to deliver solutions for our clients and results for our stakeholders. At CIMIC, we are committed to providing supportive inclusive workplaces, developing our people, encouraging diversity and rewarding performance.

OUR COMMITMENTS, MEASURES IN PLACE, ACTIONS TAKEN AND PERFORMANCE

Provide supportive workplaces	
Measures in place	▪ Workplace Behaviour Policy; Anti-Bullying, Harassment and Discrimination Policy; Diversity & Social Inclusion Policy; Flexible Working Policy; Parental Leave Policy; Family and Domestic Violence Policy ▪ Strong safety management commitment which is embedded in the Group's Principles ▪ Employee value proposition that aims to provide safe, rewarding and fulfilling careers for our people ▪ Measuring employee experience through onboarding, engagement and exit surveys ▪ Programs to support employees and their families experiencing family and domestic violence ▪ Neurodiversity program which included people on the Autism Spectrum or people with a disability ▪ Participation in the CareerTracker program which provides workplace internships for Aboriginal and Torres Strait Islander university students ▪ Group-wide membership with Supply Nation to increase supplier diversity and provide more Aboriginal and Torres Strait Islander businesses the opportunity to partner
Actions taken during 2021	▪ Delivered Indigenous cultural awareness training to build knowledge of Aboriginal and Torres Strait Islander culture ▪ Delivered training to raise awareness of modern slavery and our program response to the Modern Slavery Act ▪ Enacted a range of human resources and communication measures to maintain culture and motivation during the COVID-19 pandemic
Performance	▪ Employed 46 internships through Career Tracker Program across the Group ▪ CPB and UGL submitted 'Stretch' Reconciliation Action Plans (RAP) and Sedgman submitted an 'Innovative' RAP to Reconciliation Australia
Train and develop people	
Measures in place	▪ Comprehensive learning and development plans in place across all Operating Companies ▪ Professional Development Policy ▪ Training workshop material and e-learning module to raise awareness of risks of modern slavery in operations and supply chain
Actions taken during 2021	▪ Provided 118 intern/vacation positions which placed students into short-term programs with CPB Contractors, Sedgman, EIC Activities and UGL ▪ 1,552 employees have completed the family and domestic violence eLearning module ▪ 1,059 employees completed modern slavery eLearning; 101 senior leaders have completed face-to-face workshops ▪ Delivered Equal Employment Opportunity (EEO), Discrimination, Anti-bullying and Harassment and Unconscious Bias training to 2,880 employees ▪ Utilised GradConnection online social media platforms, via Facebook and Instagram, to promote the CIMIC Group Graduate program ▪ Graduate and intern roles advertised on 'CareerHub' pages of numerous universities ▪ Foundation training topics (for graduates) run in 2021 with 231 graduates completing client engagement and risk management and self-leadership training. Graduates also completed webinars on a variety of technical topics to support development within their chosen discipline ▪ Continued roll out of Program One leadership courses to 328 frontline employees and 158 middle managers ▪ Online whistleblower training delivered to over 3,165 employees
Performance	▪ Employed 95 graduates ▪ Ranked in the Top 10 'Most Popular Engineering and Resources Employer' category in a survey of Top 100 Graduate Employers of 2020 by GradConnection[71] / Financial Review

[71] GradConnection is a platform linking students and graduates to employment opportunities annually, in conjunction with The Australian Financial Review, GradConnection announces the Top100 most popular graduate employers.

Encourage diversity	
Measures in place	▪ Diversity and Social Inclusion Policy; Anti-Bullying, Harassment and Discrimination Policy ▪ Diversity & Social Inclusion Executive Council, chaired by Executive Chairman and CEO and with all Operating Company Managing Directors, Chief Financial Officer and Chief Human Resources Officer as members ▪ Operational self-assessment tool to assess and address the risks of modern slavery in the Group's operations and supply chain
Actions taken during 2021	▪ Acknowledged International Women's Day across Australian and overseas businesses to raise awareness of gender equality ▪ Continued to report workforce composition under the Australian Government's *Workplace Gender Equality Act 2012* ▪ Continued the roll out of unconscious bias training to 186 employees including across the Asia-Pacific region (total trained now 863)
Performance	▪ 2,694 employees undertook EEO, Discrimination, Anti-Bullying and Harassment training ▪ Sedgman supported programs such as METS STEM Career Pathways[72] program supporting women studying engineering and connecting them with work placements and experience
Reward performance	
Measures in place	▪ Remuneration Policy - promotes individual accountability and aims to fairly motivate, recognise and fairly compensate without bias ▪ Incentive schemes linked to the creation of sustainable returns for shareholders
Actions taken during 2021	▪ Our policy of 'promote from within' was emphasised and promotional increases were generated where appropriate
Performance	▪ All annual remuneration increases and bonuses have a recent performance review rating of 'meets expectations or above' as a key input ▪ 43% of staff roles filled by internal candidates ▪ Ensure gender pay equity issues are considered during any decisions made regarding appointments, remuneration increases and bonus awards

Employee details

As at 31 December 2021, the Group directly employed 17,357 people, 11,742 in Australia and 5,615 in the international operations, down marginally (ex-Thiess) from 17,477 last year.

	2021	**2020 (ex-Thiess)**	**2020**
Direct Group employees (#)	17,357	17,477	29,339
Of which: Male	14,745	14,857	25,462
Female	2,612	2,620	3,877
Total Group employees (#)	28,717[73]	31,900	37,838
Of which: Male	23,795	26,399	31,706
Female	4,921	5,501	6,132

Based on a share of the employees in our investments as follows - Ventia (32.8%) and Thiess (50% from 1 January 2021) - our total Group employees is 28,717 down from 37,838 last year. The main reasons for the change are the acquisition of the outstanding stake in Devine, the divestment of 50% of Thiess and the sell down of Ventia through an initial public offering process.

PROVIDE SUPPORTIVE WORKPLACES

We seek to provide workplaces where people are supported, free from harassment and bullying, and are encouraged to reach their potential. We encourage innovation and provide support for new initiatives because we understand that people perform best when they are challenged to do their best.

Visible leadership

We recognise that successful leadership and accountability are intrinsically linked, because leadership without action and accountability cannot produce great outcomes. At CIMIC it's about 'leading with principle' – the central concept of our leadership framework.

Across the Group, leading with principle is about leading by example because we cannot ask our people or our teams to deliver and make decisions if they are not capable. It means being consistent, fair, and resilient, owning our decisions and understanding the risks and consequences. We encourage leaders to provide open, honest, visible leadership and to demonstrate alignment with our mission and Principles.

[72] METS - Mining Equipment Technology Services, STEM - science, technology, engineering and mathematics.
[73] One employee did not gender identify.

During 2021, CIMIC continued to deliver its Group-wide leadership framework 'Program One' which has four key training modules:
- Self-leadership – provides techniques for working with our Principles, and working as part of a team and building personal resilience;
- Frontline Leadership – provides tools and techniques for developing and motivating teams;
- Leading Managers – provides tools and methods on how to lead a function or business unit; and
- Executive Leadership – supports leaders to envision and enact high-performance in our Group.

During 2021, and despite COVID-19, CIMIC again conducted 'Program One' workshops for 328 frontline leaders and 158 middle managers across certain Australian states, New Zealand, Indonesia and Hong Kong. The focus is now turning to converting to virtual delivery of training content and the roll out will recommence early in 2022.

A critical element of visible leadership is communication which underpins the development of a consistent culture across the Group. The Group's internal, digitally delivered newsletter 'Pulse', launched in 2016, has been an important communication tool. In 2020, Pulse was replaced by a new, Group-wide intranet called 'One'. This is a central hub, providing a gateway to the information our people need, Group news, events, tools, applications and systems. One was built on the Office 365 SharePoint platform, which allows Operating Companies to access each other's intranets, strengthening our Group connections through news, content and a Group contact directory. It is mobile friendly, making it more available, more efficient and easier to use – anywhere, any time on any device. One is an important tool for further developing a unified culture across the Group.

New app keeps Sydney Metro Line-wide Works project on track
A CPB Contractors and UGL joint venture is delivering the Line-wide works package in support of the Sydney Metro City & Southwest project, Australia's biggest public transport project. The joint venture will play a pivotal role in the design, construction and commissioning of:
- major rail systems in the new twin 15km Sydney Metro tunnels from Chatswood to Sydenham
- the expansion of the existing Sydney Metro Trains Facility at Rouse Hill and delivery of the new Sydney Metro Trains Facility South at Marrickville; and
- tunnel ventilation, mechanical and electrical systems for seven underground stations, and power systems for the Sydenham to Bankstown section.

The joint venture team developed a 'Stations Install Tracker App' that makes it easier for them to share project data and track activities. Construction teams have already dubbed the application game-changing due to the tracking functionality that has strengthened response times and mitigation strategies.

The application generates Power BI[74] dashboards which have enhanced communications and response times with third parties as the information needed to make decisions has become more accessible. The improved reporting has also led to increased accountability and driven better closure rates for quality and compliance.

CIMIC continued to undertake on-boarding and exit surveys to better understand the employee's experiences.

Human rights and modern slavery
CIMIC respects the human rights of all our people and those we work alongside, in our supply chain and the communities in which we operate. We reject any violation of people's rights and freedoms, including modern slavery practices such as debt bondage, child labour, forced labour and human trafficking which exploit vulnerable, marginalised and impoverished adults and children.

We support the recognition of human rights as stated in the UN Guiding Principles on Business and Human Rights. Our commitment to respecting and adhering to all of our human rights and civil liberties obligations is enshrined in the Group's policies[75] with governance oversight provided by the Board's ECSC.

Our commitment includes abiding by the principles of the Universal Declaration of Human Rights and, specifically, the 10 principles of the United Nations Global Compact which explicitly identify - in relation to Human Rights and Labour - that businesses should:
- support and respect the protection of internationally proclaimed human rights - Principle 1;
- make sure that they are not complicit in human rights abuses - Principle 2;
- uphold the freedom of association and the effective recognition of the right to collective bargaining - Principle 3;
- uphold the elimination of all forms of forced and compulsory labour - Principle 4;
- uphold the effective abolition of child labour - Principle 5; and
- uphold the elimination of discrimination in respect of employment and occupation - Principle 6.

Principles 7-10 of the UN Global Compact, relating to Environment and Anti-Corruption, are addressed in their respective sections of this Sustainability Report. CIMIC's commitment to abiding by the principles of the Global Compact is set out in the Sustainability Policy.

[74] Power BI is a business analytics service by Microsoft. It aims to provide interactive visualizations and business intelligence capabilities with an interface simple enough for end users to create their own reports and dashboards.
[75] Diversity and Inclusion Policy; Sustainability Policy; Anti-Bullying, Harassment and Discrimination Policy; Group Code of Conduct; Ethics, Compliance and Sustainability Committee Charter.

As per the Code, we are committed to complying with the International Labour Organisation with respect to under-age workers. Our Code explicitly addresses these commitments stating that, "no employee may be obliged to work by the direct or indirect use of force and/or intimidation. Only people who voluntarily make themselves available for work may be employed".

Human Rights Country Analysis

In 2021, CIMIC cooperated with its major shareholder HOCHTIEF to undertake a human rights country analysis, to assess the level of protection, promotion and respect for human rights in each country where CIMIC operates. The analysis covered three different aspects of human rights:

- Protection level by country: the HR protection level analysis provides a clear picture of the scenario of human rights protection offered by the government and the institutions of each country;
- Promotion level by country (Level of legal HR due diligence requirements for companies): assessment of the level of legal human rights due diligence requirements applicable to companies, analysing the legislation in force and the voluntary framework on business and human rights in each country of operation; and
- Respect level by country (Vulnerable HR by country): identification of the most vulnerable human rights issues in the countries of operation.

The methodology took a supra-national and national approach, covering 4 different levels of analysis, under 12 criteria gathered from the most recent studies of specialised human rights sources and the main international and national human rights frameworks including:

LEVEL I. United Nations Human Rights Framework (UN)

1. Ratification of United Nations Treaties
2. Presence in United Nations Committees
3. Reporting to the United Nations Committees

LEVEL II. International Labour Organization (ILO)

4. Ratification of ILO Fundamental Conventions

LEVEL III. Regional Human Rights Framework

5. Regional System of Human Rights

LEVEL IV. National Human Rights Indexes

6. Fragile States Index
7. Corruption Perception Index
8. Modern Slavery Index
9. Death Penalty Index
10. Average Working Hours (ILO)
11. Global Gender Gap Ranking 2020
12. Global Rights' Index 2021

An average level of human rights protection is calculated on the basis of the average performance of each country on the 12 analysis criteria (or on the basis of the available criteria in case there are criteria's that do not provide information for some of the countries assessed). A numerical value has then been assigned to the scale used to assess the country`s performance on each of the 12 criteria, assigning a 1, 0.5 or 0, depending on whether the level obtained is high, medium or low respectively.

The results provide an objective insight into the human rights landscape associated with each country's political, social, and economic context, as well as of the legal requirements laid down for companies in the field of human rights due diligence, and the main human rights risk factors that must be taken into account. This allows for identified risks to be allocated to the functions that play a key role in their management and development of the appropriate controls to prevent, mitigate or respond to each risk.

Our commitment to Human Rights is supported by the Group's Dealing with Third Parties Policy which explicitly requires, amongst other things, for specific due diligence to be undertaken regarding modern slavery. Third parties are required to sign a declaration asking whether "slavery, forced or child labour [has] been used anywhere by the third party or, to the best of the third party's knowledge, by any direct suppliers to the third party?"

CIMIC has established and implemented an internal assessment process to support its commitment to human rights. This assessment process is based on the widely used Human Rights Compliance Assessment (HRCA) Quick Check diagnostic tool developed by the Danish Institute for Human Rights.

We operate in some industries and geographies that are considered as being of a relatively high risk in terms of human rights and modern slavery. Some of the risks that we recognise include bonded labour, forced labour, child labour and human trafficking which demands that we apply a high standard of vigilance so that we can eliminate these risks.

Over the past 5 years, CIMIC has undertaken Human Rights Impact Assessments (HRIA) of its operations in the following countries:

- 2017 - construction business in India;
- 2018 - mining operations in Indonesia (Thiess);
- 2019 - construction operations in the Philippines;
- 2020 - mining operations in Mongolia (Thiess) and construction operations in Papua New Guinea reviewed via desktop (due to COVID-19 travel restrictions) which saw the piloting of an Operating Company self-assessment tool;
- 2021 - a structural steelwork, piping and platework supplier in China; and
- 2021 - construction business in Hong Kong reviewed via desktop (due to COVID-19 travel restrictions).

These countries were chosen based on risk assessments which included: the size of each country's workforce as a portion of the overall international workforce, the size of the Group's business in each country, each country's ranking in the Global Slavery Index[76] and an internal evaluation of potential risks when reviewed against the HRCA Quick Check.

Hong Kong 2021 HRIA - developing capability for managing the risk of modern slavery in our business
The Global Slavery Index (2018) estimates that Hong Kong has a prevalence of 1.4 modern slavery victims per 1,000 population[77] and takes relatively limited action on the issue despite its resources.

Delayed by COVID-19 travel restrictions in 2020, CIMIC's HRIA of Leighton Asia's Hong Kong construction operations was conducted in 2021. The assessment followed the Group's HRIA Program approach and centred on a major transport infrastructure project with a peak workforce of approximately 107 people and more than 229 suppliers.

CIMIC led the HRIA and managed ongoing COVID-19 related constraints by conducting the assessment remotely. Desktop research was enhanced with video conferencing enabled interviews and observations of site locations and facilities including rest areas, toilet and hand wash facilities.

The assessment reviewed the project's operations for risks including forced labour, child labour and young workers, non-discrimination, freedom of association, workplace health and safety, conditions of employment, security and supply chain management, and its supply chain for risks such as the procurement of labour hire. The process and technology application gave CIMIC assessors direct access to Leighton Asia's leadership, local senior management and project personnel in human resources, legal, operations and safety roles.

Leighton Asia participants' qualitative feedback reported the experience was positive and improved their ability to identify and assess indicators of modern slavery risks. The CIMIC team reported participants' positive engagement in the assessment process, constructive response to the HRIA, and contribution to risk management improvements.

The HRIAs have helped to raise awareness of the importance of human rights and modern slavery, and to identify the potential or actual risk of violations in our operations, across some 175 key indicators. These indicators included: engagement of employees; conditions of employment, including worker accommodation; relations with suppliers and contractors; workplace health and safety; and management of risks around forced labour, child labour and young workers, non-discrimination and freedom of association.

Since 2017, HRIAs have been focussed on regions which present greater modern slavery risk. HRIAs have been undertaken in India, Indonesia, the Philippines, Mongolia, China and Hong Kong. These countries included 4,739 direct employees[78] which equates to around 27.3% of the Group's direct workforce or approximately 10% of revenue (ex-Thiess) based on the Group's financial performance in 2021.[79]

The HRIAs have identified a number of areas where the Group's Operating Companies provide employment conditions at a standard which is above or beyond what is common industry practice in the respective countries and/or is required by local legislation. These include the adoption of higher safety standards, training of unskilled workers and the provision of worker medical services.

The HRIA also identified initiatives that will assist the Group's Operating Companies in the prevention of employment of workers under the age of 18, improvement in site security and worker facilities, increased accuracy of employee payments, such as facial recognition or palm print technology linked to site entry and driving the continued promotion of the Group Ethics Line.

[76] Global Slavery Index.
[77] Walk Free Global Slavery Index: Substantial gaps in data exist for the Central and East Asia subregions where, with the exception of Mongolia, surveys cannot be conducted for reasons such as (i) survey is only delivered face-to-face, (ii) survey is delivered only in the main language which many migrant workers do not speak, or (iii) national authorities would not, or were unlikely to, consent to the module on modern slavery.
[78] As of 31 Dec 2021.
[79] For the purposes of responding to DJSI, the HRIAs have covered 27.3% of direct employees over the last 5 years. Revenue is based on the Group's statutory revenue and assumes Leighton Asia's revenue as a % of revenue excluding joint ventures and associates.

CIMIC has complied with the Australian Federal Government's new modern slavery reporting framework, and published our first standalone report in June 2021. Modern slavery committees have been established across the Group to respond and we have taken action across these key focus areas:

- governance - updated related policies including Dealing with Third Parties Policy and Procurement Policy, as well as the Code and published a Modern Slavery Policy and Modern Slavery Protocol;
- risk management - implemented an internationally recognised due diligence solution to assess supplier risks including the risk of modern slavery;
- supplier procurement - updated standard contract terms for supplier and reviewed onboarding processes for new suppliers;
- assurance - continued the established process of undertaking HRIAs and, in 2020, developed a self-assessment tool and training was provided to Operating Companies - Sedgman, CPB Contractors and UGL;
- grievance process - in place through Whistleblower Policy and the Ethics Line;
- capability and training - delivered workshops for leaders and those in high risk roles involved in procurement, and developed an online, 10 minute awareness module which has been supplemented with focused supplier education and utilisation of the resources accessible through the Group's membership of the Supply Chain Sustainability School;
- communication - delivered a program to build employee awareness using intranet resources and One News articles; and
- leadership - actively driving communication program.

Modern Slavery Policy and Protocol, and inaugural Modern Slavery Statement[80]
In 2021, CIMIC published a Modern Slavery Policy which describes what the concept is, commits the Group to assessing and addressing risks associated with modern slavery, sets out accountabilities, and describes the internal control systems and reporting processes that are to apply.

We have also implemented a Modern Slavery Protocol which outlines the requirements that the CIMIC Group expects in order for an Operating Company to assess and address the risks of modern slavery. It currently outlines items such as:

- the implementation and use of a third-party screening tool, to assist in screening their suppliers and third parties;
- implementation of template contracts and conditions for goods or services procured, and all contracts must contain a standard clause with respect to modern slavery;
- adopt any additional appropriate processes and procedures to assess and address the risk of modern slavery within the Operating Company, such as questionnaires and training;
- apply employee recruitment and selection practices, in accordance with relevant CIMIC Policies and Procedures; and
- modern slavery training for relevant roles.

Further detail can be found in CIMIC's Modern Slavery Statement which describes how we identify, mitigate and prevent the risk of modern slavery, and remedy any impacts which may occur. It also details the actions we've undertaken in the past year, inclusive of Human Rights Impact Assessments, compliance audits and supplier screening; and our continuous improvement priorities for the current year.

The CIMIC Board is responsible for the review and approval of the annual modern slavery statement to be submitted by CIMIC Group in accordance with the *Modern Slavery Act* 2018 (Cth). Whilst ultimate accountability rests with the Board, our governance framework delegates the management thereof to Board Committees and senior management, under the leadership of the Chief Executive Officer. CIMIC's Chief People and Culture Officer manages the modern slavery internal control systems and reporting process that are to apply.

CIMIC also has an established process for the reporting of any human rights grievances or concerns via the Group's Ethics Line as outlined on page 91.

We note that, while the Group undertakes the design and construction of correctional facilities on behalf of state and/or federal governments in Australia and New Zealand, the Group does not operate or provide custodial or corrective services for those facilities, nor for immigration detention centres.

Freedom from harassment

CIMIC does not tolerate any harassment, discrimination, bullying, vilification, occupational violence or victimisation on any grounds, either by race, gender, sexual preference, marital status, age, religion, colour, national extraction, social origin, political opinion, disability, family or carer's responsibilities, or pregnancy. Our Code enshrines our commitment which is supported by our Diversity and Social Inclusion Policy, the Anti-Bullying, Harassment and Discrimination Policy, a Workplace Behaviour Policy and a Family and Domestic Violence Policy.

[80] The Policy and Statement can be accessed on CIMIC website at https://www.cimic.com.au/en/our-group/governance/rejecting-modern-slavery

Domestic Violence Policy supports our people and their families
CIMIC's Family and Domestic Violence (FDV) Policy sets out the requirements of support provided to all eligible employees who may be experiencing family and domestic violence. This Policy applies to staff, workforce, part time and casual employees (employees) of the Group. All employees are entitled up to ten days' paid family and domestic violence leave each year and, in certain circumstances, more days may be approved.

The Policy also provides employees experiencing FDV with access to flexible working arrangements when possible and appropriate, and outlines how employees may also access other leave, including annual leave, personal leave (sick & carers), long service leave or unpaid leave to attend to matters arising from FDV, in accordance with the Group policies.

A range of other tools are also provided including access to an external counselling service, Gryphon Psychology, who provides up to 10 confidential counselling sessions for employees and/or their immediate family and access to relevant support services.

CIMIC continues to support the White Ribbon movement and the United Nations International Day for the Elimination of Violence against Women, both of which encourage our people to gain a greater understanding of the impact of violence against women.

Perth staff support domestic violence charity
Friends with Dignity is a registered charity that provides support to survivors of domestic violence. Their Back-to-School Drive, now in its sixth year, supplies items to school-aged children facing hardship as a result of domestic violence. Senior staff in the Perth office of CPB Contractors championed the charity by promoting it to employees and encouraging co-workers to get involved.

Starting a new school to escape the trauma of domestic violence has a drastic impact on children and the Back-to-School Drive aims to take some of the burden away. In total, 17 backpacks filled with books, stationery, lunch packs and water bottles were donated by employees for local families in need. The backpacks were distributed to crisis agencies and provided to families in need before the new school year got underway.

Freedom of association and collective bargaining

We recognise the right of employees to freely associate and collectively bargain, and aim to fairly, consultatively and constructively engage with workers, union representatives and regulators. This commitment is aligned with Principle 3 of the UN Global Compact, as outlined on page 106 in the Human Rights sub-chapter where we record our support for upholding freedom of association and the effective recognition of the right to collective bargaining. We also undertake to fairly, consultatively and constructively engage with workers, union representatives and regulators across the various markets and geographies in which we operate.

Reflecting the diverse nature of their market focused businesses, management of workplace relations is delegated to our Operating Companies. This approach helps to ensure that any industrial relations matters that arise on a project - be they construction, mining or operations and maintenance - can be quickly identified and resolved in the field by our dedicated teams in a way that is appropriate for those projects and industries.

Under Australian law, employers are not permitted to ask employees directly if they are a member of a trade union. However, all workers across the CIMIC Group are entitled to be members of a union and membership is open to both staff and wages employees. In our international operations, as with Australia, we do not track trade union membership.

Of the Group's Australian employees, approximately 41.5% are covered by collective bargaining agreements; 21.5% at CPB Contractors, 54.9% at UGL and 33.7% at Sedgman.

CIMIC complies with all of the industrial relations laws and obligations of the jurisdictions in which our Operating Companies work. The Group is not aware of any instances where its operations, or those of its suppliers, have seen workers' rights to exercise freedom of association or collective bargaining violated or at significant risk.

TRAIN AND DEVELOP PEOPLE

We invest in the training and development of people so as to equip our workforce for the future. Skills-based, vocational and technical training is provided that supports our business requirements and the development of our employees.

Investing in training

We value our employees and seek to support their ongoing learning and development. Investments are made in a range of different types of training to support their personal development and our ability to deliver our projects. We identify skill gaps, train and develop our people, and share knowledge across the Company. By doing so, we aim to improve employee attraction, retention and engagement, all of which helps to ensure that we have the skills to deliver our projects and execute on our strategies.

Cross River Rail JV named 2021 Queensland's Large Employer of the Year
The Cross River Rail tunnel, stations and development (TSD) public-private partnership JV (including CPB Contractors, UGL and Pacific partnerships) has been named Large Employer of the Year at the 2021 Queensland Training Awards (Metropolitan Region). More than 702,000 training hours have been completed on the project to date with 348,000 of those completed by 140 new entrant apprentices and trainees.

In 2021, we delivered 187,593 hours of training across the Group, which equates to more than 10.8 hours per annum for each direct employee. The average amount spent per FTE[81] on training and development was $301. Some of the training courses delivered included:

- Program One leadership training;
- equal opportunity, anti-bullying, harassment and discrimination;
- recognising and responding to family and domestic violence;
- unconscious bias;
- modern slavery awareness;
- whistleblower;
- technical training;
- foundation topics (for Graduates) which included applied technical and engineering training across a range of disciplines;
- contract management; and
- online financial management (EIS[82]) training modules.

WestConnex Training Academy continues to address construction skills shortages

The Group's WestConnex Training Academy at Homebush in Sydney was established in 2016 to meet the unprecedented demand for skilled workers associated with the construction industry boom in New South Wales. The Training Academy offers a pathway into the construction industry by facilitating highly successful pre-employment training targeting participants with diverse backgrounds and experience.

Many of the participants in these programs ultimately secure full-time employment with CPB Contactors, contributing to our projects' commitment to diversity and inclusion in construction. Since opening, the Training Academy has onboarded and inducted over 42,000 people, including 989 trainees and apprentices with over 50,000 days of accredited training delivered.

A Group-wide Capability Framework is in place which is based on the core capabilities that are a priority for our business. This Framework is designed to deliver consistent training across the Group. Our Operating Companies conduct regular skills-based training and programs, designed to support each business' market specific requirements, and these include technical and vocational training, as well as dedicated health and safety programs.

Build your professional skills with LinkedIn Learning

UGL launched an initiative in 2021 to provide employees with 8 weeks' access to LinkedIn Learning, an on-demand learning solution designed to help people gain new skills and advance their careers. UGL wanted to enable its employees to have access to more learning opportunities to help them to be productive, develop their soft skills, to more effectively use productivity tools and to support their wellbeing.

With LinkedIn Learning, they have:

- unlimited access to choose from more than 17,000 courses covering business, creative and technology topics.
- personalised recommendations allowing them to explore the most in-demand skills based on their experience.
- access to expert instructors so they can learn from industry leaders, all in one place.
- convenient learning with access to courses at any time, from any desktop or mobile device.

Invest in future leaders

We continue to invest in future leaders to build a sustainable business. We do this by recruiting graduates into our Group-wide, 2-year Graduate Program which further develops their skills and provides them with exposure to a global organisation operating across multiple industries.

Our graduates receive structured, on-the-job training, guided learning plans and leadership mentoring. With help from technical experts and mentors to support their transition from student to professional, we challenge the graduates with exciting projects and genuine responsibilities. We expand their knowledge with professional development sessions to build their strengths, leadership skills and business acumen. Over the course of the 2-year program, the graduates experience multiple rotations with placements in various roles, projects or CIMIC Group companies. Having the opportunity to rotate across companies as well as projects provides graduates with greater opportunities to build their careers.

[81] Full-time equivalent.
[82] EIS is a set of processes, business rules, tools and standardised reports for the management, control, and reporting of key project activities, revenue, cost, margin and working capital.

The 2021 graduate intake commenced in February 2021, with an induction held virtually. This year, 95 graduates commenced with CPB Contractors, Leighton Asia, Broad, Sedgman, UGL and EIC Activities, with opportunity for exposure to Pacific Partnerships and CIMIC. The program reflects the Group's geographic presence and currently involves graduates from Australia, New Zealand, Indonesia, Hong Kong, Chile, Canada, Botswana, Mongolia. The reduction from 2020 reflects the sale of 50% Thiess and the removal of Thiess' graduates from the 2021 reporting program.

Annual intake to the Graduate Program (#)	Female	Male	Total
2021	31	64	95
2020 (ex-Thiess)	50	91	141
2020	75	139	214
2019	84	141	225
2018	51	157	208
2017	38	136	174

Our Operating Companies also offer a range of opportunities for apprenticeships, traineeships and vacation students. CPB Contractors offers a formal vacation program for undergraduates that provides real, on-the-job experience, within a structured environment. The program is available across a range of disciplines including: engineering (civil, mechanical, electrical and geotechnical); construction management; environment; survey; health and safety; legal; finance and accounting; and human resources. Sedgman offers a similar vacation program covering: mechanical, electrical, controls, process, mechatronics, structural and civil engineering; environment; human resources; and health and safety.

Total graduates, trainees and apprentices employed at end of 2021 (#)	Female	Male
Graduates	67	138
Trainees and apprentices	66	193

Building capability through UGL's Apprenticeship and Traineeship Program
UGL actively supports new-to-industry recruits and the upskilling of current employees through its Apprenticeship and Traineeship Program. Currently, UGL has 94 individuals in the program, made up of 80 apprentices and 14 trainees. UGL employed 41 new trainees during 2021. The program helps to build in-demand capabilities at UGL and is focused on how to extend this program to meet the demand for technical skills over the next 10 years.

The apprentices and trainees have commenced at UGL at sites across Australia this year, joining teams in both the Services and Projects Divisions in trades including electrical, mechanical, linespersons, and welding. Upon successful completion of the program, it is anticipated that apprentices will be offered a full-time role, so they can continue to build on their knowledge learnt and provide capability to UGL.

CIMIC engages with numerous schools and universities on programs that develop the skills of our workforce and equip them for the future. Some of the programs that CIMIC participates in include:

- regularly cooperating with schools and universities through the provision of scholarships, delivering student presentations and technical lectures, and providing career support and mentoring;
- participation in the WiSE (Women in Science and Engineering) Program with the University of Western Sydney in a mentoring capacity offering advice, information and networking opportunities for students;
- utilising the GradConnection online social media platforms, via Facebook and Instagram, to promote the CIMIC Group Graduate program; and
- advertising graduate and intern roles on university Career Hub pages.

Mentoring program supports female participation in Victoria
Four CPB Contractors employees participated in the National Association of Women in Construction (NAWIC) 2021 Mentoring Program in Victoria. Through this structured mentoring program, both mentors and mentees gain access to development opportunities, building and expanding their professional networks in the construction industry. Regular meetings are held for participants to discuss career goals, achievements, learnings, and opportunities.

CPB Contractors has made a commitment to increase the participation of women in the company and this program is one of the many ways of supporting the career development of women. Additional activities to increase female leaders and support women in construction have been implemented in 2021 at CPB Contractors, including the Emerging Female Leaders program and the creation of the Advancing Women in Construction forum to share and discuss potential barriers to female advancement in the sector and to work collaboratively to create change and address them.

We also collaborated with universities where, during some or all of 2021, the following research services agreements were in place:

- SPARC Hub, which covers nine separately funded and supported research projects and is led by Monash University but also includes several other universities plus both public and private research and development focused organisations;
- University of Technology Sydney – 'landfill characterization and design'; and
- University of Western Sydney – 'alkaline-activated treatment of residual Bringelly shale'.

The road to success is always under construction
In South Australia, a consortium including CPB Contractors is delivering three important projects as part of the Port Wakefield to Port Augusta Regional Projects Alliance (PW2PA). These projects include the Joy Baluch AM Bridge Duplication in Port Augusta; the Port Wakefield Overpass and Highway Duplication; Eyre Peninsula Overtaking Lanes and a number of Augusta Highway Upgrade Design projects.

At PW2PA, Intract - an Indigenous civil and building construction and maintenance services, demolition and asbestos remediation services provider - and TAFE SA joined forces to offer 16 Aboriginal people the opportunity to complete a Certificate II in Civil Construction. The trainees completed a 16-week program at the Port Wakefield Overpass and Highway Duplication Project, in a simulated construction site environment.

A purpose-built facility within the Project site was segregated from plant and construction activities and offered exposure to everyday construction tasks including safety training, toolbox meetings and completion of competencies towards the Certificate. To develop the program, PW2PA and Intract, as part of the Alliance's Skilling South Australia commitment, engaged with the community, local council, Narungga Nations and TAFE SA. The goal of the program was to create rewarding careers for Aboriginal people within the construction industry.

PW2PA is focused on providing real opportunities to Aboriginal people towards a sustainable and fulfilling career. The Alliance has a clear goal of contributing to the community by providing employment and upskilling opportunities to new entrants into the industry. This training will leave a legacy long after the Port Wakefield Overpass and Highway Duplication is complete. Not only are we delivering important infrastructure for the community, but we are also growing the next generation of South Australian construction workers by breaking down barriers. Programs like this enable meaningful industry collaboration and offer participants exciting careers which benefit the whole community.

Sedgman hosted an engineering industry experience for students
In November 2021, Sedgman was pleased to host an engineering industry experience for students from Craigslea and Redeemer State High Schools at QUT's Power of Engineering event. The program is offered to year 8 and 9 female students with an interest in STEM, aligning to key decision-making time for senior subjects.

The event kicked off with an introduction from QUT on what engineering is, where it appears around us and the importance of diversity in engineering. After an introduction to Sedgman, the schools were split up into small teams for the spaghetti tower marshmallow challenge. After some careful planning on how to design a structure made only from a limited supply of marshmallows and spaghetti that would hold a highlighter for five seconds, some interesting towers were created. The students learnt that foundation, stability and shape play a crucial role and marshmallows are best when eaten! The winning tower coming in at 34cm tall.

A second activity was led by one of Sedgman's engineering graduates, who explored safety in design and the significance of incorporating user and safety requirements in the design process. The activity started with a Navisworks fly-through of a typical project and discussed some of the factors that need to be considered in the design process as engineers. The group also discussed the types of hazards and the hierarchy of hazard controls. In the interactive activity, the students worked in groups and were quick to pick up multiple hazards from an unsafe workplace diagram and presented a control measure for one of their identified hazards to the rest of the group. The winning team were able to identify multiple control measures to reduce and prevent the risk and were able to consider the long-term implications.

Recruit internally

We prefer to recruit internally where possible and provide existing staff with opportunities to fill vacancies before looking externally. Our Recruitment Policy states that internal candidates across the Group must be considered for roles, prior to external recruitment and this includes employees who are in redeployment. The Policy also recognises that all vacancies should first be advertised internally, except in the following circumstances:

- an internal appointment is made in accordance with an existing and approved succession plan;
- an internal vacancy is being filled due to Group's redeployment obligations; or
- where bulk numbers of roles are required to resource a Project.

We aim to encourage loyalty by favouring internal recruitment and, by reducing turnover, we aim to reduce the recruitment, training and other cost that apply when recruiting externally.

Of all of the staff roles offered by the Group in 2021, 1,791 were filled by internal candidates, which equates to 43% of these available roles filled with internal candidates.

Our Recruitment Policy also demands merit-based selection criteria, and that selection should be based on competency, experience and qualifications, and assessed against bona fide and defined job requirements. Employment processes and decisions should be free from bias and discrimination and in line with our Code and other policies and procedures.

Internal recruitment is supported by a Group-wide Jobs Board - launched in 2017 - where employees can search for job opportunities across all companies, in one place. The Jobs Board provides search functionality and the ability to set up job alerts that will send an email when a position becomes available that matches an employee's search criteria.

In 2021, the Group recruited or onboarded 7,399 new hires versus 9,062 in 2020 (7,436 in 2020 ex-Thiess).

Our projects - particularly in construction - are typically bespoke or customised with no two projects being the same. Building a hospital is very different to constructing a rail tunnel, requiring different skills that are often recruited for each particular project. Often those skills, which can include trade-based capabilities such as excavator and crane operators, scaffolders, surveyors, shot-creters, electricians, glaziers, plumbers and the like, are only required for a finite time for that project. The relatively short-term nature of projects can result in quite high turnover rates for traditionally 'wages' type work where skilled tradespeople move from employer to employer and from project to project.

Turnover rates (%)[83]	**2021**	**2020 (ex-Thiess)**	**2020**
Overall - voluntary and involuntary staff and wages	51.5	61.2	47.3
Voluntary - staff and wages	20.1	12.7	10.6
Voluntary - male staff	18.1	10.8	10.1
Voluntary - female staff	6.2	3.7	3.4

The increase in voluntary turnover is impacted by the removal of Thiess staff and wages from the 2021 reporting, along with tightening of labour market conditions, particularly within the Australian labour market.

The turnover of wages-based employees can create some challenges when comparing turnover rates across the Group's entire workforce to other industries. The construction industry typically has a quite high turnover rate for 'wages' type employees, reflecting the nature of project-based work, however the turnover rate of staff (or 'white-collar' employees) is significantly lower. These staff are encouraged to build long-term careers with the Group, and we believe that comparisons of their turnover rates are a more appropriate measures when compared against other industries.

The short-term and bespoke nature of many of the Group's projects also means that our workforce is predominantly composed of permanently employed full time and fixed term employees.

Workforce composition (%)	**Female**	**Male**
Permanent full time	12.1	72.8
Permanent part time	0.9	0.2
Fixed term	0.4	1.1
Casual	1.7	10.8

Over time, and for a range of reasons, men have been more likely to seek employment in many of the construction and services related trades that the Group uses to deliver projects. This has historically skewed the workforce composition towards men rather than women. Despite the skew, which is evident in the table below, the Group is committed to greater female participation and diversity.

As many of the Group's projects have a relatively short duration, we see this reflected in the length of service - or tenure - of employees which is shorter than in many other industrial companies. The average length of service of our employees is 4.2 years (versus 4.6 in 2020, 3.9 in 2019 and 3.4 years in 2018 and 2017) with men currently having an annual tenure of 4.1 years and women of 4.7 years.

Length of service with the Group in years (% of workforce)	**Female**	**Male**
Less than 1 year	4.3	33.8
Greater than or equal to 1 year and less than 3 years	3.7	18.4
Greater than or equal to 3 years and less than 5 years	2.4	11.3
Greater than or equal to 5 years and less than 10 years	2.4	10.6
Greater than or equal to 10 years and less than 15 years	1.4	5.8
Greater than or equal to 15 years	0.8	5.1

Across the Group, we have many experienced and long serving employees, particularly those with managerial or supervisorial experience, which includes key operational roles such as project managers, foremen and site superintendents. The depth of experience and length of tenure of these employees is reflected in the table above.

We are also keen to ensure that we continue to develop our talent and focus on retention. In 2021, we again undertook talent reviews and succession planning for critical roles across all Operating Companies. The outcomes of these reviews will be used for development planning in 2022.

[83] Percentages are based on total departures for the year divided by the average headcounts.

ENCOURAGE DIVERSITY

We recognise that diverse and inclusive teams promote innovation, performance and productivity, and that our workforces should reflect the diverse communities in which we work. We are committed to providing inclusive and respectful workplaces which enable everyone to contribute their best and to develop, leading to them having a rewarding career.

Celebrating a neurodiverse workforce

Friday 2 April 2021 was World Autism Awareness Day. In recognition of the day, UGL has been working to increase autism awareness and promoting its partnership with Autism Spectrum Australia (Aspect), Australia's largest autism-specific service provider. As a not-for-profit organisation, Aspect works with people of all ages on the autism spectrum and their families.

UGL works closely with Aspect to identify opportunities where UGL can employ Aspect candidates into suitable roles through permanent and casual work, internships, or assisting school leavers with work opportunities. The partnership enables UGL to attract talented individuals to roles and raise greater diversity awareness. It allows UGL to think outside the box on what a role should 'look like'. Can the role be shaped in a way that allows an Aspect candidate meaningful employment where their skills can be mentored and developed?

Aspect candidates have many skills and strengths that can be applied to roles in UGL. Some people on the spectrum are employed in roles such as data processing, video editing, administration, digitising diagnostic records, editorial and communications skills, research, and for special interests they have such as movie reviews. As an example, UGL has employed some of its valued Aspect candidates in data entry roles for the engineering management database and managing files in the 'source anywhere' system.

UGL is also promoting other opportunities for involvement with Aspect including assisting school leavers with work experience, fundraising events such as the yearly Walk for Autism and encouraging donating.

CIMIC has a Diversity and Social Inclusion Policy which includes the following strategic priorities:

- promote equal opportunity for women in the CIMIC Group including remuneration, attraction, retention and promotion;
- value and recognise Indigenous nations, peoples and cultures and to create equitable opportunity for participation in employment and business supply chains;
- invest in local employment, leadership development and succession planning to ensure the future of work is reflective of the communities in which we operate;
- embed and progress a socially inclusive workplace through the elimination of discrimination, bias, harassment and violence in the workplace; and
- lead and advocate for a diverse and inclusive culture with a focus on leadership to set expectations, drive and be accountable for progress.

Female participation and gender equity

CIMIC is committed to promoting and improving female participation in our workforce and to achieving gender equity, including pay equity. CIMIC has established a Diversity and Inclusion Executive Council[84] which provides leadership to the Group on fostering a diverse and inclusive culture. The Council has approved initiatives including:

- supporting and endorsing the CIMIC Group Diversity and Social Inclusion strategy;
- focusing on understanding the issues faced by women in operational/project-based roles, and addressing opportunities and barriers to attraction and retention raised;
- focusing on gaining an understanding of cultural differences when mobilising and operating globally; and
- seeking continual improvement of workforce reporting to track diversity participation.

A key objective of the CIMIC Group is to increase the number of women employed and women in leadership at all levels of the business. A range of diversity indicators - as per table below - demonstrate that we are incrementally making progress towards this goal.

Diversity indicators (%)[85]	**2021**	**2020 (ex-Thiess)**	**2020**
Share of women in total workforce	15.0	15.0	13.2
Women in top management positions (as % of total top management positions)[86]	14.1	12.8	13.4
Women in senior management positions (as % of total management workforce)	13.0	14.7	14.3
Women in management positions (as % of total management workforce)	14.2	14.2	14.2
Women in junior management positions (as % of total junior management positions)	14.5	14.1	14.3
Women in management positions in revenue-generating functions (as a % of all such managers)	7.9	8.1	7.9

[84] The Council is chaired by the CEO and its members include the CFO, the Chief HR Officer and all Operating Company Managing Directors.
[85] As per disclosure requirements of DJSI.
[86] Executives and General Managers.

As outlined earlier, CIMIC recognises that many roles - particularly in some trades - have not been perceived as offering attractive career options for women. This perception is gradually changing, however, and the Group is supportive of breaking down some of the traditional stereotypes.

A bright future with AMMA
In 2021, the UGL Newcastle Operations team teamed up with Australian Resources and Energy Group AMMA, taking part in the Bright Future STEM program. AMMA is the national representative for Australia's resources, energy and supply industry employers, providing a unified voice driving effective workforce outcomes.

Launched in 2019, the AMMA Bright Future STEM program engages children aged 9-12 in Science, Technology, Engineering and Maths (STEM) and encourages kids to consider a future career in STEM. The program also aims to engage more girls into STEM pathways through the opportunity to meet and hear from female STEM professionals and attract more girls into traditionally male-dominated industries, such as resources and energy.

Representing UGL, 10 guest speakers and 10 activity coaches participated in 5 sessions, at 3 different school locations, with four schools and over 350 students. The team were involved in sessions such as 'Turing Tumbles', which shows how data transfer underpins computer coding, 'Meet Edison', a programmable robot designed to bring coding to life, 'Snap Circuits' and 'Virtual Reality.'

The UGL team shared their own career stories with the students, providing the students with an insight into the diverse and rewarding career opportunities in the resources and energy sector. The UGL team thoroughly enjoyed engaging with the students, helping to introduce STEM through interactive and fun activities, and reinforcing that careers in these fields are not gender specific.

Across our Operating Companies, a whole range of initiatives are being worked on to make a career more attractive in the sort of roles that underpin our business. For example, CPB Contractors is a member of the National Association of Women in Construction (NAIWC) which is an advocate for positive change for women in the construction industry.

Since 2016, UGL has partnered with Xplore for Success to deliver annual development programs. Xplore for Success enables individuals and leaders to clarify their purpose, accelerate their career, embrace inclusion and lead with passion. Their programs help to empower and enable our female employees to be their best.

Emerging Female Leaders Program
In September, UGL held the final session of their Emerging Female Leaders Program 2021. The program featured some of their female talent developing their skills as they further their careers within UGL. Facilitated by Xplore for Success, the program supports female leaders to take the next step, by exploring and determining aspirational career goals, expanding leadership skills and building a personal brand to unleash participants' full potential.

The participants presented their leadership legacies, sharing their inspiring and heartfelt presentations to their line managers, UGL Emerging Female Leaders alumni, and executive leaders. UGL's diversity and inclusion strategy includes a focus on building gender equity. The Emerging Female Leaders Program is a key initiative under the Women@UGL banner, supporting efforts to increase women in senior roles.

CIMIC is actively working to increase the participation of women in the workforce through recruitment into our Graduate Program. For the 2021 graduate cohort, the female participation rate was ~33%, which is well above the average participation rate of the 'Heavy and Civil Engineering Construction' industry subdivision of 14.9% and the 'Non-residential Building Construction' industry group of 21.7%[87].

CIMIC also understands that, once we have attracted women to the Group, we need to do what we can to retain them. This also involves preparing professional development plans so that we can build a career for these women.

CIMIC and each of its Operating Companies have a reporting obligation to provide certain gender related information to the Australian Government's Workplace Gender Equality Agency (WGEA)[88] each year. These submissions are comprehensive, providing detailed gender related data, segmented by occupational types, graduates and apprentices, full-time and part-time, and parental leave accessed. The submissions also include details of, and policies for, employer action on pay equity; gender equality strategies and consultation; flexible working arrangements; support for carers and paid parental leave; sex-based harassment; and domestic and family violence.

[87] WGEA Data Explorer - https://data.wgea.gov.au/
[88] www.wgea.gov.au/report/public-reports.

Support when your family needs you

In 2021, CIMIC extended its paid parental leave, providing up to 16 weeks of primary carers leave and up to 2 weeks of partner leave. The new Parental Leave Policy supports our people with an extension of paid leave upon the birth, stillbirth or adoption of a child. This leave focuses on wellbeing and helps primary carers and partners to look after their family and continue to build a career with CIMIC Group.

Across our operations, in accordance with our policy, CIMIC Group now provides up to 16 weeks of continuous paid leave to the primary carer and up to two weeks of continuous paid leave to an employee who is the partner of a primary carer. Payments are flexible and our people can apply to take reduced payment over a longer period, such as half pay over 32 weeks. Unpaid parental leave continues in accordance with local requirements. Under the policy, all eligible employees[89] can access the benefits after twelve months' continuous employment with CIMIC Group companies.

The publicly available 2020/21 WGEA submissions[90] show that, for the Group's contracting entities of CPB Contractors, Sedgman and UGL, which have substantial employee numbers, women accounted for between 12.5% and 27.1% of management positions and 12.7% and 25.2% of non-management positions.

Female participation (as a % of each management WGEA category in the Group's larger Operating Companies[91])	**2020/21**
All managers	14.3
- CEO and Key Management Personnel	5.3
- General Managers/other executives	8.3
- Senior managers	16.3
- Other managers	14.6
All non-managers	17.3

These results reflect the traditionally male dominated nature of the construction and services industries. Although these results appear low by comparison to many other industries across Australian society, the WGEA Data Explorer[92] shows that the Group's Operating Companies compare favourably with other company's reporting within their own industries. Additionally, the WGEA submissions are demonstrating gradual improvements in the participation of women across the Group's Operating Companies, including in leadership positions.

A central theme of gender equity is pay equity. We have taken a holistic approach to gender and pay equity, looking at our processes, systems and structures, and challenging and engaging our people on any underlying reasons for inequality. The Group has been undertaking formal pay equity reviews since 2013 in Australia. Where unexplained pay gaps were identified, and women were paid less than men for equivalent roles, skills and experience, we increased their remuneration to address the gap.

We have ensured there is a heightened awareness of this matter with our leaders and revised processes and practices to ensure gender pay equity is considered in all decisions around pay. Supporting this, we designed and implemented a proprietary tool that enables our Operating Companies to conduct pay equity assessments at any time in the employee lifecycle, including onboarding and promotion, which improves transparency and the timely identification and correction of any pay gaps.

An important element in improving female participation is the provision of paid parental leave schemes which helps make workplaces more attractive, especially to women. We have a comprehensive Parental Leave Policy which defines the various options that are available to our employees which includes paid parental leave for primary and the non-primary carers and the ability to access an extended period of unpaid parental leave.

Parental leave taken in 2020/21 (as reported to WGEA)	**Female**	**Male**
Managers taking primary or secondary carer's leave	17	18
Non-managers taking primary or secondary carer's leave	81	83
Total taking primary or secondary carers leave	**98**	**101**

In the Group's international markets, countries, local legislative requirements for paid and unpaid parental leave apply.

Indigenous employment

CIMIC appreciates that Aboriginal and Torres Strait Islander people are the first inhabitants of Australia, and we respect and value Indigenous people, their land and communities and their culture and heritage. We also understand that our activities often touch on land that has been in the custodianship of Aboriginal and Torres Strait Islander Peoples for more than 60,000 years.

[89] To be eligible, employees must have a minimum period of twelve (12) months of continuous service with the Group at the: date of birth, stillbirth or expected date of birth, of a child; or date of placement, or expected date of placement, of an adopted child.
[90] Based on the aggregated Public Reports for 2020/21 by CIMIC's Australian based Operating Companies to the WGEA. The reporting period is 12 months, from 1 April to 31 March.
[91] 2020/21 includes CPB Contractors, Sedgman and UGL.
[92] https://data.wgea.gov.au/

In 2021, the Group directly employed 261 Indigenous people in its Australian workforce (249 in 2020 ex-Thiess).

We aim to achieve higher levels of employee and community engagement to further improve and add value to Indigenous communities. We seek to create equitable employment opportunities for Aboriginal and Torres Strait Islanders and are committed to supporting people's aspirations and those experiencing disadvantage with access to training and business opportunities.

CPB Contractors partners with the Indigenous Australian Engineering School

In September 2021, 20 high school students from across Western Australia toured the new METRONET Alkimos Station site as part of a program run by the Indigenous Australian Engineering School (IAES). In its 25th year, the IAES collaborates with construction projects to enable students to explore career pathways through site visits that translate classroom learnings into real-life projects. Alkimos Station is 1 of 3 stations being built as part of the NEWest Alliance on the METRONET Yanchep Rail Extension.

During the Alkimos Station site visit, students viewed the huge retaining walls which were at different stages of construction. Engineers from CPB Contractors explained how the walls are constructed and showed the students detailed 3D plans generated by state-of-the-art software to help them contextualise the role of the walls in the station's overall design.

Walking where the rail line will be constructed, students learned about solutions to various engineering challenges, from laying strong foundations and safely shifting tonnes of earth through to reworking the complex timetabling involved in managing the many trades and phases of the project.

Engineers also provided valuable insight into what it's like to be an engineer - explaining the choices they've had in their careers, the opportunities to work overseas, the excitement of delivering complex and important projects like Alkimos Station… and the thrill they get from living their dream by working on a 'real-life' version of Lego.

The partnership with the IAES is part of CPB Contractors' commitment to building mutually beneficial relationships with Aboriginal and Torres Strait Islander Peoples, communities, and organisations to support positive outcomes.

We offer a range of employment, training and enterprise opportunities for Australian Indigenous people including internship opportunities for university students through our Group-wide partnership with CareerTrackers. In 2021, our Operating Companies engaged 46 interns through this partnership.

Partnering with Career trackers

UGL and Sedgman have partnered with Career Trackers since 2019. CareerTrackers supports Aboriginal and Torres Strait Islander students by linking them with employers for paid, multi-year internships. Each student completes 12-week paid internships each year with a partner organisation matched to their career aspirations and their degrees.

Numerous initiatives are being undertaken across the Operating Companies to foster cultural sensitivity and understanding.

CareerTrackers PNG Gala Awards

CPB Contractors is a proud supporter of the CareerTrackers Indigenous Internship Program in Papua New Guinea (PNG). The Program provides support and employment opportunities to PNG university students who suffer disadvantage due to gender, relocation or other circumstances. The program has supported more than 5,000 Aboriginal and Torres Strait Islander university students into professional careers in Australia and was launched as a pilot program in PNG in 2018. It has since supported 47 students in PNG.

In 2021, CPB Contractors' PNG business won two awards at the CareerTrackers' Gala Awards Ceremony. CareerTrackers Undergraduate Engineer Natalie Korokoro received an academic excellence 'Gold Diaries' award while CPB Contractors received the Corporate Plus Award, recognising its best practice implementation of the CareerTrackers Indigenous internship program.

CPB Contractors had embraced the CareerTracker's vision for PNG, going above and beyond to help deliver its services during a tough year. CPB Contractors supported CareerTrackers through the COVID pandemic, proving support across the board, from managing intern onboarding and the facilitation of training workshops to planning for graduate employment and in-person mentoring.

The project staff at the ANGAU Memorial Hospital project at Lae have embraced the program and fostered an environment of inclusiveness. This ensured CareerTrackers' interns maximised every opportunity afforded to them during their internship on the project.

Each of CPB Contractors, Sedgman and UGL has a Reconciliation Action Plan (RAP) in place that formalise their support for Aboriginal and Torres Strait Islander people. In 2021, both CPB Contractors and UGL undertook renewals of their current RAPs, with Stretch RAPs for both companies submitted to Reconciliation Australia, while Sedgman submitted their Innovative RAP[93] in 2021.

[93] The four RAP types, Reflect, Innovate, Stretch and Elevate, allow organisations to continuously develop their reconciliation commitments.

UGL's RAP was created in 2016 (the second was launched in 2019) while CPB Contractors and Sedgman launched their first RAPs in 2019. The RAPs, which are tailored to the specifics needs of each Operating Company, includes a range of actions, some specific deliverables and targets, timelines for implementation and identify the people responsible for delivery. Each of the RAPs has received an endorsement from Reconciliation Australia, the national expert body on reconciliation.

UGL partners to support Victorian Aboriginal and Torres Strait Islander businesses
UGL has recently partnered with Kinaway to provide business support and advice to UGL project teams and help improve the visibility and networks of Aboriginal businesses to strengthen relationships and create opportunity. Kinaway Chamber of Commerce is the leading Victorian organisation dedicated to supporting Victorian Aboriginal and Torres Strait Islander business owners. Its focus is on changing Aboriginal and Torres Strait Islander people's lives through a strength-based model of business ownership and participation in the Victorian economy. UGL's partnership with Kinaway is one of number of commitments that support their RAP.

Kinaway Chamber of Commerce works closely with businesses by providing support, networking, advocacy and partnerships. These services provide an essential framework to promote and support the ongoing operation of Aboriginal businesses. CPB Contractors is also a member of Kinaway.

Local employment

CIMIC appreciates the value of investing in and developing a local workforce - be that in Australia or our international markets. We recognise that the benefits of employing locally include helping to upskill the workforce; reducing the environmental impact of, and time consumed by, commuting; facilitating the transfer of knowledge and innovations; and ensuring incomes are invested back into communities.

In many of the Group's markets, the employment of a local workforce is mandated by government. The Group's Operating Companies are supportive of this approach and have developed protocols and initiatives so that specific employment related targets can be achieved.

Local employment on the Inland Rail project
In September, a joint venture including CPB Contractors was selected to deliver Inland Rail's southern civil works program between Narrabri and Narromine, in northern New South Wales. Inland Rail is a new freight rail project that will connect Melbourne and Brisbane through regional Victoria, New South Wales and Queensland. The Southern Civil Works Package features: 306 kilometres of new track formation; earthworks such as ballast and capping, structural fill and general fill; 58 new bridges; and 14 new viaducts that range between 15 metres to 3,940 metres in length, with 630 culvert banks.

A large local workforce will be needed to support this part of the project with an estimated 7,500 workers needed in New South Wales at the peak of construction in 2023-24. CPB Contractors will use its extensive regional experience to ensure that opportunities for local suppliers are maximised and that jobs for local workers are created.

In our international markets, we understand that we can foster economic development and create well-paid job opportunities for the benefit of our local employees and their families.

Bridging the skilled workforce gap
To address the issue of labour shortages in the construction industry, Leighton Asia has been partnering with local councils and trade associations to invest in the future workforce by way of upskilling and continued learning.

In Hong Kong, the business is collaborating with the Construction Industry Council (CIC) to provide on-the-job training for unskilled and semi-skilled workers to develop their career in the construction sector. Training for each trade varies from 2 weeks to 3 months, with typical trade training available for shot-cretors, tunnel workers, levellers, electricians and formwork riggers. Broader trade training on bar bending, concreting, carpentry, welding and scaffolding is also available for our subcontractors. Under this collaborative scheme, training subsidies and trainee allowances are provided by CIC as incentives for workers to enrol and complete their training. Overwhelming support had been received; at Leighton Asia's Columbarium and Garden of Remembrance project, all enrolled labourers passed their exam and were successful in obtaining the relevant qualification.

In the Philippines, a similar approach was adopted by partnering with different trade associations. Since 2018, around 320 workers have been either trained or certified for different trades such as carpentry, scaffold erection, masonry and rigging. This training is giving local people the practical experience and certifications they need to get the best possible start for a career in construction. By training local people, Leighton Asia can help them benefit from the many infrastructure developments taking place in the region such as the NLEX Harbor Link Segment 10 - R10 project. This is a 2.6km dual-lane, elevated tollway with three exit ramps of 1.3km in total length.

Our success is built on the passion, skills and experience of our people and so, wherever we operate, we aspire to be an employer of choice. This means ensuring our Principles are embedded wherever we operate and ensuring that we develop a consistent, high performance culture. Across our major contracting businesses, we have been able to achieve and sustain a relatively high level of local participation as seen in the table below:

Nationals (as a % of workforce)	2021	2020 (ex-Thiess)	2020
Group	87.6	87.3	92

Inclusive workplaces

We aim to cultivate an inclusive workplace, based on fairness and equity, which fosters the unique skills and talent of our people. As per our Code, we do not tolerate harassment, discrimination, bullying, vilification, occupational violence or victimisation on any grounds, whether by race, gender, sexual orientation, marital status, age, religion, colour, national extraction, social origin, political opinion, disability, family or carer's responsibilities, or pregnancy. This commitment is reinforced in our Anti-Bullying, Harassment and Discrimination Policy.

Celebrating Pride Month

CIMIC Group graduates celebrated Pride Month in June through an interactive Microsoft Teams event. Hosted by the CIMIC Graduate Committee (CGC) the event raised awareness about equality and inclusion for the LGBTQIA+ community. Gabe Williams, Secretary for Thiess' award-winning LGBTIQA+ network Allies, joined the event to speak about the progressive work Allies is doing to support an inclusive workplace culture for all. Thiess' Allies support network aims to connect employees who identify as part of the LGBTIQA+ community and is open to anyone who wishes to support their colleagues and learn more about the community.

The event was presented by CGC members; the CGC is made up of twelve CIMIC Group graduates who are committed to supporting the professional development of their fellow graduates and providing valuable networking opportunities.

Support skilled migrants and refugees

Over the last 2 years, UGL's Major Projects business has been involved in a mentoring program that offers opportunities for skilled migrants and refugees seeking professional employment. The mentoring program is a partnership between UGL and Bondi East College. It provides a structured mentoring program that aims to provide an insight into the UGL business and the wider industry.

We aim to celebrate the differences people bring to the Group which are key to building diverse and inclusive work environments. Retaining a broad mix of people also enriches our Operating Companies and fosters greater creativity, performance and business growth.

We understand that mature workers can bring a number of benefits to our workforce including a strong work ethic; reliability; knowledge and skills; a sense of responsibility and duty; loyalty and commitment, and life and work experience. Retaining older or more mature workers is an important element in mitigating risk and we want to leverage and retain their experience, and actively work to ensure that our younger workers can learn from what others might have already done on earlier projects.

Age distribution of the Group's workforce (%) - staff only	Female	Male
<30	4.8	10.0
30-40	9.0	23.4
41-50	6.1	21.7
51-60	3.5	15.3
>60	1.0	5.3

REWARD PERFORMANCE

Across the CIMIC Group, we believe that people perform best when they have clearly defined roles and responsibilities, and we encourage individual accountability. We recognise that the important role of remuneration - including incentives - is to fairly compensate, recognise and to motivate employees to achieve the Group's business objectives, for the benefit of shareholders and all stakeholders.

We encourage all of our employees to take responsibility for their role and to make decisions that are aligned with the Group's mission, Principles and strategies. The Remuneration Report in this Annual Report sets out the components of, and the Group's approach to, the remuneration of senior and other executives.

Senior Executive remuneration is delivered as a mix of fixed and variable remuneration. The key remuneration principles that underpin CIMIC's approach to Senior Executive remuneration are to:

- align to Group principles and business needs;
- link reward to performance; and
- promote behaviours that deliver Group sustainability and align to shareholder interests.

Individual remuneration is determined by reference to:

- Group policy regarding the mix of fixed and variable remuneration;
- performance and experience of the individual;
- comparable jobs within the Group; and
- remuneration for comparable jobs amongst peer companies.

We note, mainly for the benefit of international investors who may be unfamiliar with Australia's compulsory superannuation[94] (or pension) scheme, that CIMIC has no defined benefit superannuation plans and carries no unfunded pension liability. In Australia, employers must pay a minimum of 10% of their employee's base earnings as super guarantee (SG) to provide for their retirements. Employee's funds are invested and, other than making the SG payment, there is no liability for CIMIC.

In other countries, we meet all our legislative and contractual obligations with respect to pension fund contributions.

Individual responsibility

Accountability is enshrined as one of CIMIC's four Principles – along with Integrity, Innovation and Delivery. We expect that our people will take responsibility for their role, committing to what we are responsible for, and to make decisions aligned with Group's mission, Principles and strategies. Accepting accountability helps to support a united and collaborative culture where engaged employees are aligned to achieve superior performance.

Measurable goals

At CIMIC Group, our high-performance culture aims to develop and evaluate everyone in line with the organisation's strategic plans and objectives. Performance management is not an annual event, it is an ongoing process that allows employees to develop their career, deliver value for the organisation and to meet their aspirations.

Performance objectives play a crucial role in achieving success. We aim to set clearly defined and measurable goals aligned with the Group's Principles and objectives. Employees and their managers are jointly responsible for agreeing on objectives that enable them to contribute to the overall achievement of our business. Skills are mapped against role requirements and this information is then used to identify gaps in capability. Regular assessments of performance inform decisions regarding career progression, talent development and remuneration.

We continue to review our approach to performance management to ensure that all employees have their performance reviewed at least annually, and that this review is used as the basis for any increases to remuneration as well as for any bonus payments.

We recognise the reporting requirement of DJSI to disclose the median or mean annual compensation for all employees except the CEO. For the 2021 year, the mean employee compensation ratio has risen.

Compensation measures	2021	2020 (ex-Thiess)	2020
Total CEO base salary (A$)[95]	1,600,000	1,250,000	1,250,000
Average base salary – all employees (excluding the CEO (A$)[96]	146,983	143,389	132,751
Compensation ratio (CEO to all employees)	10.9	8.7	9.4

OUTLOOK AND FUTURE PLANS

We place significant emphasis on leadership, responsibility and accountability, and are committed to developing the individual skills and career paths of our employees. In 2022, we plan to:

- continue to focus on talent and succession planning across the Group to build bench strength and deliver employee career opportunities;
- further commit to the graduate program, including inducting 109 employees in 2022;
- continue to undertake human rights and modern slavery risk assessments;
- continue to undertake Group-wide employee engagement surveys of employees to improve employee experience, and attract and retain employees;
- improve outcomes of our diversity and social inclusion programs;
- continue to promote initiatives to foster participation of women and gender equity;
- continue to periodically undertake gender pay equity reviews with the goal of addressing and improving pay equity;
- continue to refine our performance management approach to provide more focus on setting objectives and targets that deliver company performance, and seeking and giving effective feedback;
- building the knowledge and expertise of our people through targeted training and development; and
- upskill leaders to provide support to employees experiencing family and domestic violence.

[94] Refer the Australian Government's website https://business.gov.au/Finance/Superannuation for more details.
[95] Total fixed remuneration.
[96] Data reflects staff total fixed remuneration. Due to timing of publication of the Annual Report, 2021 data is as at 30 November 2021 while 2020 data is as at 31 December 2020. Bonuses are not included in the comparisons as the current year's bonuses were not finalised before the publication of the Annual Report.

INNOVATION

OUR APPROACH

Innovation is one of our Principles – we are continually adapting and evolving for the future. Innovations challenge and advance how we operate. They can leverage our existing methods and technologies, or radically change how we work, introducing new technologies, methods and solutions. A great idea becomes an innovation when it is repeatable at a significant scale or across the Group and adds value by meeting priorities which support competitive advantage and sustainable growth.

OUR COMMITMENTS, MEASURES IN PLACE, ACTIONS TAKEN AND PERFORMANCE

Foster innovation	
Measures in place	▪ Innovation embedded in Group's Principles, Sustainability Policy and mission ▪ CIMIC led Innovation Council guides and coordinates innovation across the Group with representation from each Operating Company ▪ Dedicated engineering and technical services resources from our EIC Activities supplements the Group's commitment to innovation ▪ Dedicated software platforms to support the ideation process through capture, evaluation, development and implementation
Actions taken during 2021	▪ New innovation governance process established to support collaboration, funding and knowledge sharing ▪ Established an Innovation Executive Steering Committee at CEO & MD level to ensure innovation activities are coordinated across the business. ▪ Establishment of OneIT within CIMIC which can facilitate digital innovation trials ▪ Creation of a dedicated Innovation team within EIC to undertake innovation pilots, technology trials and software development ▪ Implementation of dedicated Innovation workshops (Discovery days) focused on developing Group-wide solutions ▪ EIC invested more than $3.5m, in 16 approved innovation projects across 2021, including investment in the Virtual Builder, Intelligent Earthworks, Active 4D planning, Project Data Structure & Reality Capture innovations
Performance	▪ EIC Activities' employees achieved innovation time of 11.2% and spent 19,000 hours on innovation projects ▪ Provided 53 BIM and/or GIS training courses across 8 separate modules
Capture knowledge	
Measures in place	▪ Interactive Project Knowledge Library (iPKL)
Actions taken during 2021	▪ EIC Activities provided training and webinars to over 3,952 participants during 2021 ▪ EIC Activities hosted 21 best practice 'Webinar Wednesdays' watched by 2,315 employees ▪ EIC Activities provided on-demand training for 1,637 employees across the Group
Performance	▪ iPKL in place to capture details of projects
Encourage collaboration	
Measures in place	▪ 23 communities of practice established in iPKL to promote collaboration across the Group
Actions taken during 2021	▪ 3 green standard projects registered in 2021 and 11 certifications received ▪ Building projects have received 97 Green Star[97] certifications since 2006 ▪ 98 employees accredited to 'green project' or 'Cleantech'[98] standards
Performance	▪ CPB Contractors is Australia's leading sustainability contractor having received 40 IS rating certifications from ISC ▪ $4.6bn of 'Cleantech' revenue generated from CPB Contractors' and UGL's sustainably rated or 'green' projects and renewable energy projects – the equivalent of 47% of the Group's underlying revenue
Manage risk	
Measures in place	▪ Risk Policy; Risk Management Policy; Business Resilience Policy; and Quality Management Policy ▪ Risk management framework based on ISO 31000 ▪ Quality management systems based on ISO 9001
Actions taken during 2021	▪ Relevant aspects of the Risk Policy and procedures included in the Tender Policy to ensure a more rigorous approach to risk management at tender stage. ▪ More than 130 tender review management committee meetings (TRMC)/pre-TRMCs/engineering risk reviews were held across the Group to assess tenders submitted to clients to ensure they complied with Policy and were measured against the work being tendered.

[97] Launched by the Green Building Council of Australia in 2003, Green Star is Australia's only national and voluntary rating system for buildings and communities.

[98] Cleantech refers to products or services that improve operational performance, productivity, or efficiency while reducing costs, inputs, energy consumption, waste, or environmental pollution. In CIMIC's case, these related to construction or operations and maintenance of projects that receive an externally validated sustainability rating.

Performance	▪ 3,041 employees attended on-line cyber-security training ▪ Risk management framework embedded within existing processes and aligned to the Group's objectives, both short and longer term
Focus on the future	
Measures in place	▪ Risk Policy; Risk Management Policy; Group Strategy Policy; annual strategic plan
Actions taken during 2021	▪ Undertook systematic review of potential longer-term risks and opportunities for the business
Performance	▪ Identified risks and opportunities captured in the Group's risk matrix

FOSTER INNOVATION

Innovation is one of our Principles and is embedded in our culture. At CIMIC, we promote a culture where employees are encouraged to adapt, innovate and be self-critical, and to learn from, rather than punish failures. We have developed a structured approach to investing in and supporting research and development and incubators that will promote innovation and help improve the business. For CIMIC, innovation is integrated with the concept of digitisation.

Innovation, digitisation, integration

ONE Innovation represents our Group's approach to innovation and Integrated Digital Delivery (IDD). We invest in digital, technical, engineering and process innovations that help us to work safely, solve technical challenges, and deliver sustainable outcomes. At the same time, we are connecting our business systems, data and processes – building a digital work environment that connects our teams and capabilities. By turning data into information, and information into insights, we are providing clients with unmatched solutions, as well as optimising our operations and growth.

Our strategy's engine is ONE IT which manages CIMIC Group's Information, Communication and Technology (ICT) strategy – ensuing our people and projects are equipped to deliver exceptional outcomes, innovate and grow the business. ONE IT is leading the Group's Innovation Executive Committee and working with the Innovation Council, which is chaired by EIC Activities.

Information, communication and technology equipping our people and projects

CIMIC has integrated its Information Communication Technology (ICT) teams from across the Group to form 'ONE IT'. This strategy means that we have the right people, processes and technologies in place to connect the Group and embed digital delivery across our capabilities, in every phase of our work. We are digitally equipping our people and projects to deliver better and share information so they can take performance to the next level.

With Group-wide reach, ONE IT is uniquely set up to connect and embed digital solutions at scale. The strategic priorities of ONE IT are to:

- Maintain effective ICT systems to serve the business;
- Provide hardware, software and services so our people can work effectively;
- Secure and protect digital information and data assets;
- Drive Integrated Digital Delivery;
- Embed digital solutions and innovations at scale;
- Monitor and leverage emerging technologies; and
- Champion innovation by leading the Group's Innovation Strategy and Executive Committee.

The Committee includes the CIMIC Executive and Operating Company Managing Directors. They prioritise and fund strategic innovations and digital technologies that will advance IDD and most benefit the Group. The Council includes Innovation Leads who each manage their Operating Company's Innovation Roadmap. The Council shares knowledge, collaborates, and analyses and recommends innovations and new technologies that could add value at significant scale or across the Group, to the Steering Committee for funding – boosting Operating Company investments. The Council uses disciplined processes to identify great ideas, and take them through value assessment, testing, and development into implementation, as well as monitoring and reporting progress, and supporting collaboration.

The Executive Committee and Council's processes can capture an innovation or new digital solution from a project, Operating Company or industry, develop it with one or multiple Operating Companies and create significant positive outcomes for the Group.

IDD and its information management capability enable us to deliver better across all of our businesses, capabilities and whole-of-life services. IDD enables us to operate more powerfully, provide unmatched insights and services, and deliver sustainable outcomes for our clients and our business.

Towards Integrated Digital Delivery

At CIMIC, our priorities include driving Integrated Digital Delivery (IDD) which refers to the use of digital technologies throughout the asset life-cycle, sharing data to better integrate work processes and stakeholders. IDD creates an accessible digital work environment, enabling data to flow across teams and project phases.

Digital integration supports better analysis, decision making and forecasting, which mitigates risk and waste, and improves safety, performance and outcomes. We are building a common data structure to ensure our business systems and the devices, applications, and digital innovations across offices and projects can communicate and share data. That connectivity is foundational for taking IDD forward and applying it across the Group.

Right now, we are refining and testing the data structure with a range of innovative technologies, on selected tenders, activities and projects. Down the track, with the IDD data structure in place, every input from teams using diverse digital tools, will contribute to a powerful digital work environment and innovation capability – for our projects, functions and businesses.

Data flow across project life-cycle phases will further integrate our Group capabilities. Our businesses will be able to aggregate intelligent data from multiple projects to innovate at scale, create greater value, win more work and optimise operations. Our transition to IDD is underway and we are:

- already a digital leader, setting benchmarks in our use of digital engineering and information technologies across the project life-cycle such as BIM, Virtual Reality/Augmented Reality and GIS;
- successfully using digital technologies and integrated digital delivery across every capability and life-cycle phase, and in every area of our business – work winning, operations and functional support;
- successfully using digital technologies and integrated digital delivery to manage risk, innovate and continually lift our performance in tenders, engineering and design, safe delivery, operations and maintenance and asset management; and
- refining common data structure, aligning our business systems, and leveraging work winning and delivery teams' proven digital expertise.

Leighton Asia recognised for excellence in BIM

Leighton Asia's use of BIM at the Hong Kong International Airport Terminal 2 (T2) foundation and substructure works project has been recognised with a Bronze Award from the Hong Kong Institute of Building Information Modelling in the Mega Projects category. The T2 project team adopted digital engineering solutions in the early stage of the project to address the complexity of working in a live environment with existing facilities and infrastructure at the airport.

Some of the innovation initiatives to improve safety and eliminate risks included:

- creation of a BIM database of the extensive utility network to enable the resolution of clashes and eliminating risks during the construction phase;
- extensive use of BIM to facilitate the design process and approvals for the complex cofferdam design and the demolition works;
- development of a 4D program to visualise, plan and optimise the complex demolition sequence; and
- installation of sensors on critical columns supporting the roof to measure the structural response in real time.

This industry award validates the hard work and effort Leighton Asia has put in to enhance safety, quality and operational performance through innovation and digitisation.

Our ongoing investment is focused on connecting systems, data and processes, and continuing to innovate. We are on track to emerge as the market's leading IDD, whole-of-life partner. A significant focus for the Group is the application of technology and digitisation to what have been, traditionally, quite physical and/or labour-intensive processes.

Our focus is on supporting our teams to design, build and operate better. Digital technologies such as Active 4D, Intelligent Earthworks, and Reality Capture are helping us to measure, map, visualise and control delivery and outcomes. Combined they are even more powerful. Integrated digital technologies better equip our interdisciplinary, multi-phase data driven teams to collaborate, manage complexities and interfaces, and solve technical challenges.

Learning from the past in 3D to build a better future

Digital tools are proven to be useful throughout the lifecycle of a project – from planning, design and construction through to operation and maintenance. Even when a project is completed, digital tools can be innovatively used to turn historical records into valuable learning materials.

Leighton Asia's team in Hong Kong has successfully transformed actual site construction photos into a digital environment that can be navigated on any digital devices or with a Virtual Reality headset. By leveraging the digital process, any photo taken weeks, months or years ago can be transformed into a high fidelity and accurate 3D environment that reflects the site condition on that particular day.

This process enables the project team to have a closer look at selected areas that were not fully visible or understandable from a 2D image. Visualising the site in 3D also allows the team to 'go back in time' and 'walk' around the site to check out the works being performed in a specific time. With enhanced visibility, the team has a better understanding of the actual site conditions at a certain construction phase and the construction sequences. This allows team members, who did not work on the project, to learn from the past and to collaboratively improve future works.

Teams have ready access to intelligent data which enhances prediction and decision making, which enables them to focus on improving safety, performance, value and outcomes. With IDD, cumulative data and analysis give our Operating Companies, and the Group, powerful knowledge that can be leveraged to innovate; improve how we win, deliver and hand over projects; optimise our operations; and achieve sustainable returns.

Our Group's scale and integrated capabilities, in combination with IDD, enable us to deliver peerless, life-cycle services and value to clients, and continually build our company knowledge. With integrated tools/platforms and digitally enabled data we are able to reduce data fragmentation and transfer intelligent data/valuable information from the tender to the design and construction delivery team, O&M team, and on to the client.

For example, we can capture and use intelligent data as we innovate and deliver the construction phase of a project then pass that information on to set-up our operations and maintenance teams for success. If it is a PPP, Pacific Partnerships leverages that growing information asset to drive performance and financial outcomes. And at hand-back, we deliver a valuable physical and digital asset that supports the client's ongoing operations.

IDD also enables sophisticated data analysis, which supports data driven decisions and provides insights that advance our service offerings. UGL's Integra demonstrates the power and scale of data we can leverage to innovate and provide a unique high value service for our clients and communities, and a sector advantage for our Group.

Engineering a smarter future

Integra® is UGL's advanced suite of integrated Operations Management Control Systems (OMCS) software applications across multiple market verticals. It is built using UGL's 25+ years system integration experience combined with the expertise of a proven international digital transformation partner. Integra provides:

- comprehensive control of tunnel, motorway, rail, smart cities, and utility management systems; and
- unmatched security, stability, speed, scalability, and resilience.

This state-of-the art, user-friendly and innovative UGL system is designed to streamline control and operations management – so that clients can work with confidence.

EIC Activities' technical, engineering and digital expertise and subject matter experts facilitate a disciplined focus on value and digital integration at every step of the innovation process from idea generation to implementation and ongoing evaluation. Throughout the process, EIC Activities contributes its expertise across engineering, digital and technical solutions, lean practices, and knowledge management; deploys subject matter experts; and supports collaboration both across the Group and with external partners.

We use a dedicated intranet site and platform to share information and involve our people in innovation and digital transformation. Our on-line digital innovation hub carries articles and updates on innovation and digital transformation. Our digital innovation platform uses coordinated challenges to manage innovation from idea generation to implementation. Each challenge sets a question and asks team members to share their ideas to identify innovative solutions. By participating in a challenge our people are able to join the conversation, generate ideas, contribute to innovations that improve performance, and help us embed IDD and grow as a competitive, sustainable business.

Capturing the site condition with precision
Leighton Asia's Digital Engineering team has implemented a daily site reality capture of the site conditions on one of the projects in Hong Kong.

The easy-to-use reality capture system is designed for construction sites and simply involves attaching a 360-degree camera to a hard hat. The camera will then record site conditions when a staff member conducts their daily site inspection. The system makes use of Artificial Intelligence to analyse the uploaded video taken and automatically detects the route taken and then overlays it onto a floor plan.

Within 30 minutes of processing, any member of the project team can navigate the site virtually in a 360-degree 'street view' mode by clicking on any area on the floor plan that has been captured. Captures from different days can be compared side-by-side to help monitor site progress and the quality of the works. Users can also compare against the 3D model to check if there are any discrepancies against the final design. This drives accountability, streamlines coordination and helps to create better records for reference.

The site reality system has been particularly useful in protecting the health and safety of people during COVID. As only one user is needed to capture the site video, this minimises the need for different project stakeholders to physically be on site for inspections.

Our Group-wide Innovation Program and EIC Activities, our engineering and technical services business, underpin our ability to develop and implement innovations, coordinating insights and learnings, and sharing them across our Operating Companies to maximise the benefits of our diverse end-to-end capabilities. EIC Activities complements the Group's businesses by providing dedicated engineering expertise, leading innovation and continuously building the Group's technical capability. EIC Activities invests a minimum of 10% of its resources and actively engage with clients and industry to both leverage and lead new developments in technologies, methods, materials and sustainability.

Subject matter experts from EIC Activities collaborate on projects across the Group, from the earliest pre-bid, tender and project establishment phases where opportunities to innovate, mitigate risk and add value are strongest. EIC Activities employs some of the industry's most respected engineers, academics and practitioners who have extensive experience across the varied projects the Group delivers.

EIC Activities' subject matter experts are often called upon to challenge and improve concept designs, construction methods and operations and maintenance practices, to find ways to deliver more efficient and/or effective solutions. Involving EIC Activities in tenders and projects consistently results in significant cost and program savings and helps to deliver better outcomes for clients.

In 2021, EIC Activities invested more than $3.5m in progressing new innovation projects, with a total of 15 active projects still underway at the close of 2021. EIC Activities helps CIMIC to source, evaluate and - if required - create new and better ways of executing work for our businesses.

EIC Activities working towards the next step in Integrated Digital Delivery: Virtual Builder
CIMIC has been a leader in implementing leading edge digital innovation on projects. The next step in this digital journey is to bring together all past and future digital technology into a truly integrated way of working, to gain even more insights and intelligence across the lifecycle of our projects. We refer to this framework as Integrated Digital Delivery (IDD); the overarching framework that structures the flow of digital information and data through the project lifecycle.

We believe that the IDD framework is our roadmap to a faster, simpler, easier and more automated future. EIC has assembled an agile development team and, over the course of 2021, has built a prototype tool called Virtual Builder, combining and in partnership with AEC cloud services such as ArcGIS, BIM360, Trimble Connect and McNeal Rhino/Grasshopper with state-of-the-art gaming and visualisation technologies to create a new breed of easy-to-use planning and collaboration tool. With parallel innovations such as Active 4D, intelligent earthworks, reality capture and robotics and automation, we believe that Virtual Builder will be a key asset to deliver more value with less effort across the business.

Virtual Builder is a flight simulator for construction; it allows construction teams to aggregate design and construction information in a way that allows full simulation and optimisation of staging and sequencing before deploying to site. It brings together data such as permanent design, site context, program, temporary works, cost data and temporary staging in a user-friendly environment. In effect, we can rehearse construction virtually - multiple times - iterating until we have a robust, constructable and communicated plan to deliver every work pack.

There are 5 key areas to virtual builder: making Decisions in context; managing scope; considering time and cost; virtual resources; and automation.

EIC's Virtual Builder prototype shows considerable promise in assisting tender and project teams to imagine, design, plan and finally deliver our work. By creating a system that combines our geospatial context information, with detailed design geometry and accurate Active 4D plans we have created an open, interactive and easy to use environment within which our teams can collaborate. Via our early work with the CIMIC Resource Library and our Grasshopper Parametric tools we are in the first steps of building on a strong foundation to deliver new efficient processes and tools across the business in a consistent and robust manner.

EIC Activities also has access to, and extends its capability, through other technical groups within the ACS Group, including those at HOCHTIEF AG, Dragados and Turner.

As CIMIC increasingly innovates, developing its own digital solutions to deliver safe and sustainable outcomes, it is increasingly important that we protect the intellectual property (IP) we create. CIMIC is careful to secure and manage this IP through trademark and content management to ensure that we maintain control while leveraging its benefits.

CAPTURE KNOWLEDGE

We seek to systematically and rigorously capture knowledge across the CIMIC Group so that we can leverage learnings and avoid having to re-invent things. Technology is utilised to share knowledge and facilitate access to the Group's intellectual property, and we encourage the capture of knowledge by integrating this approach into our reward system.

Our platform for sharing knowledge includes 23 Communities of Practice (CoP) which provide a business network that facilitates discussion, connection, learning, planning and working across project sites, locations, and Operating Companies. CoP allow our employees to connect around a common interest. These CoP provide a platform to ask questions, share what they know, recognise achievements, and make new connections with colleagues across the Group. The current CoP include:

- Applied Technical Knowledge
- Asset Management
- Building
- Commissioning and Completions
- Concrete and Quarry Materials
- Digital Engineering
- Environment
- Geotechnical
- Heavy Lift
- Innovation and Lean
- Knowledge Management
- Mechanical and Electrical Engineering
- Procurement
- Project Planning
- Quality and Compliance
- Rail
- Roads and Civil Works
- Structural Engineering
- Survey
- Sustainability
- Temporary Works
- Utility Management
- Water and Wastewater

Digital engineering

Digital engineering is a convergence of technologies such as Building Information Modelling (BIM), Geographic Information Systems (GIS) and other related systems for driving better businesses, projects and asset management outcomes. Digital engineering enables a collaborative way of working using digital processes to enable more productive methods of planning, designing, constructing, operating and maintaining assets through their lifecycle.

Digitising landmark infrastructure projects

The CPB Contractors team delivering the Rozelle Interchange in Sydney is using the latest BIM technology to simplify construction processes and create safer working environments. As the last stage of Sydney mega-project WestConnex, the Rozelle Interchange Project had to ensure that the detailed planning of the tunnel's complex cavern sequences was complete before site works commenced.

CPB Contractors' Digital Engineering team used Building Information Modelling (BIM) design model outputs to facilitate 4D Planning and Virtual Reality (VR) throughout the planning, design and construction phases. The use of this technology assisted with the identification of risks while also helping to visually demonstrate possible construction methodologies to the wider team.

The team used 4D modelling to virtually excavate the large caverns in the mainline tunnels, with 2 distinct road-header types built into the model to demonstrate how this could be achieved most efficiently. The use of 4D planning has further enabled the project to use a dedicated Virtual Reality model environment. For instance, the team could virtually visit sites to review activities at any point within the 33 kilometres of tunnels and passages.

The BIM model has improved design reviews, been used to run workshops, and aided the conducting of incident management simulations with government departments to create a safer environment and ensure compliance with operational needs. Even trucking and logistics companies have used the functionality to determine access, requirements, and vehicle paths for prefabricated units. The VR model is an effective planning and rendering tool. By providing an immersive virtual environment, the team can walk through the tunnels, see the structure's spatial profiles and internal and external building finishes in real-time.

EIC Activities' digital engineering team streamlines information through design, procurement, construction, commissioning and handover to advance the performance of the Group's projects. The team mitigates risk and provides accurate, current, and accessible information to stakeholders by staying at the forefront of digital technology. Digital engineering is leveraged by project teams to generate innovative end-to-end solutions, and to manage complex interfaces and control project delivery. This is a core capability that equips us to reliably and cost effectively deliver quality assets, optimise performance and improve social, economic and environmental outcomes.

Planning innovation drives digital journey forward
EIC Activities' Active 4D Planning process (A4DP), developed in partnership with CPB Contractors, is a breakthrough in Integrated Digital Delivery. A4DP enables teams to collaboratively build a project's program, directly from a 3D BIM model, from tender initiation. Its automation feature reduces the time taken to develop a project schedule from days to hours. Generating the initial project program in 4D, much earlier in the tender process than current industry practice, helps teams to develop industry leading solutions.

Following a 3-year development phase, A4DP is now in use on a number of CPB Contractors projects and tenders. The innovation saves valuable time. Generating an early 4D model gives teams more time to explore options and develop safer, sustainable solutions. A4DP meets and exceeds clients' growing requirements for a digital interface and helps to win and deliver top tier projects with better solutions.

A4DP improves on traditional 4D planning which builds the project schedule in a spreadsheet and transfers it to a 3D model only in the final stage of a tender. In the past, teams could take months to build a 20,000-line Gantt chart schedule, and that resource intensity inhibited industry's take-up of 4D. Today, with A4DP, clients are provided with 4D schedule and design visualisations from as early as 20% into the tender period.

The cause and effects of innovative value engineering activities can be quickly assessed through tender development. Planners, designers and construction leads can use A4DP to visually test assumptions and interdependences. Visualisation helps teams to proactively avoid clashes and identify safety and efficiency gains in different methodologies, sequencing, and resources. They can consider all project KPIs, make better decisions, improve outcomes and extract every time and cost advantage.

Power Project BIM Enterprise software is the solution's base, and clever custom software enhancements power the process. CIMIC's common Project Data Structure (PDS), which enables data to flow between digital systems, has been key to A4DP's development and automation. A4DP is an important step forward for Integrated Digital Delivery. Because we have our PDS in place, 4D information generated in A4DP can be distributed directly to other applications. We can integrate workflows across different specialist teams and project phases, and share accurate, high-value, reliable information. That connectivity improves the solution, lifts performance and supports our client partnerships. We can work faster and smarter, as one team, toward the same project outcomes.

In 2017, CIMIC's expertise in, and application of, BIM for design and construction was recognised by the global market leader in business standards, the BSI (British Standards Institution). In 2019, CIMIC received acknowledgement of the BSI Kitemark for Design and Construction - BS EN ISO 19650-1 and BS EN ISO 19650-2.

Better asset management using reality capture
The technologies of laser scanning and photogrammetry are becoming more commonly used in recording surveying data in 3D models to facilitate project management and monitor site progress during the construction stage. Leighton Asia's surveying team in Hong Kong has recently extended this application to a completed project, the Columbarium and Garden of Remembrance, to facilitate its asset management and maintenance. At this project, Leighton Asia constructed an eight-storey building to provide about 160,000 niches (display vaults for cremation urns) and 6,700 square metres of landscaped gardens as well as ancillary facilities.

Laser scanning can accurately measure and collect data from objects, surfaces, buildings and landscapes; whereas photogrammetry can be used to measure and record complex 2D and 3D information. By combining the two technologies, the data captured can be associated with 2D Computer Aided Drawings and 3D Building Information Modelling for comparison, creating reality captures including geospatial data for inaccessible area. This allows team members to navigate the site virtually, which vastly improves productivity, accuracy, quality and safety of the project.

Increasingly, digital engineering is being mandated by clients and it is becoming the accepted standard for tenders and projects in construction and mineral processing projects. EIC Activities is leading the Group's innovation in the use of these digital technologies.

Drone technology helps revolutionise how CPB Contractors works
CPB Contractors is employing modern payload technology fitted to drones to enhance 'reality capture' capability and to streamline the way large areas are surveyed and mapped. Drone flights can safely and efficiently survey large project areas with survey level accuracy. The survey images captured by the drones are uploaded into sophisticated cloud-based - yet simple to use - software for project staff to analyse and plan for optimised project outcomes.

Mapping software, which compares project surfaces to designs, is among the suite of digital engineering solutions that can maximise value from drone captured data. The software allows engineers to track progress and ensure construction is accurately meeting design requirements. It also assists engineers to monitor and control works so they maintain performance against targets. Using drones means projects can satisfy client requests for frequent aerial images and allows our teams to capture images of major milestones when we reach them, rather than waiting days or weeks for an external contractor to take images.

The current and emerging drone technology offers promising capabilities and we haven't yet unlocked the full potential of what this technology can do. Numerous drone payload technologies are being explored and will be purposefully integrated with our tender proposals to give bids a competitive edge. Further uses for these technologies could include aerial imagery of safety incidents to be used for analysis and further training, infrared cameras to track wildlife, supporting sustainability initiatives, and developing new artificial intelligence and machine learning capabilities.

The Group is taking tangible steps towards revolutionising how it works as we continue to integrate innovative technology into our operations to make a difference for our people on projects and to deliver unmatched value for our clients.

CIMIC has also developed a leading position in the use of GIS which enables projects to integrate, store and analyse geographic information to improve the effectiveness of project design, planning and delivery. Digital workflows support information transfer throughout the project team and eventually to the end user.

In 2021, the use of BIM and GIS across the Group continued to grow. Increases have also been noted, not only in the numbers of projects implementing digital engineering, but also in terms of broader usage and application across project teams.

The growth in the use of GIS as a business tool has been dramatic in recent years. In 2016, 250,000 maps per week were being accessed by our people on our GIS platform. By 2020, this had grown to more than 2 million maps per week and the use of this spatial technology is only continuing to increase.

The Group continues to implement digital engineering best practices on all the Group's infrastructure and building projects. In 2021, the Group delivered 53 BIM and/or GIS training courses across 8 separate modules.

Intelligent earthworks enhancing productivity and sustainability

To improve productivity on earthworks projects, CPB Contractors is using software that provides a real-time view of the sites from anywhere across Australia. Team members can see live production metrics for bulk-earthworks operations.

There are many factors that can influence the efficiency of earthworks on site, and failure to manage these appropriately can result in delays and cost variances. By improving the visibility of earthworks production performance, we can identify issues and respond effectively. The technology is also reducing the amount of manual, paper-based work that project staff would conventionally need to complete at the end of each day.

Engineers and experienced team members from across the business can now collaborate from anywhere in Australia. We can overlay the design on actual production results in near real time to collaboratively strategise on improving progress and production, and make sure we're delivering against design. The use of cloud-based computing to process survey-accurate drone imagery allows engineers to visualise design in context and view near real-time progress. This drives collaborative planning and introduces significant efficiencies into the day-to-day engineering and survey tasks.

In addition to productivity improvements, the application of intelligent earthworks helps in the reaching of sustainability targets. This is achieved through the ability to monitor inefficient fuel usage, and therefore increased carbon emissions, from excessive equipment idling and unproductive hauls. Environmental, dust and noise pollution can be addressed by ensuring equipment is operating within the permitted constraints of the project.

We're using automation to reduce administrative tasks and equip our people with powerful tools to improve performance. Our objective is to innovate to solve problems within our priority areas of engineering, project management and sustainability. The best innovations are repeatable, scalable, and focussed on where they can have the greatest impact.

Technical training

EIC Activities hosts their Webinar Wednesday series to promote discussion and socialisation of technical knowledge throughout the Group, and to connect colleagues interested in a variety of engineering and project related topics. They focus on best practice, risks and opportunities, and emerging technologies. The webinars are hosted on an online platform and can be watched live via desktop, smartphone or any other device with a web browser and internet connection.

Held every second Wednesday, the 21 roughly 40-minute interactive webinars - with a question-and-answer session at the end of each presentation - were watched by more than 2,315 employees in 2021. The webinars can be found in the online library and are available for viewing later. In 2021, the subjects covered included:

- Group's Crane Selection Tool
- Leighton Asia's Fleming Road Junction JV
- Knowledge sharing across the CIMIC Group
- Practical considerations for numerical analyses of tunnels
- BIM in estimating
- Structures: parametric design and optimisation
- Working Platform Tool for Heavy Plant
- The Great Wall of St Peters
- Cross River Rail Tunnels and Station Caverns Design
- CIMIC Digital Innovation Showcase
- Ballastless rail track - types, applications and associated issues
- Introducing a new procurement application for the CIMIC Group
- EIC Activities Temporary Works Design
- Right tool for the geotechnical job
- TfNSW presents their Digital Engineering Framework and Strategy
- Importance of Water in Earthworks and Pavement Construction
- Flood modelling - Demystifying the black box and practical design tips (Parts 1 and 2)
- Australia's first Diverging Diamond Interchange
- Digital Procurement - Felix Procurement Schedule
- Relatics implementation at CPB's Sydney Metro Pitt St Station

Webinar Wednesday - Structures: Parametric design and optimisation
In simple terms, parametric design is a process where key variables are loaded into a design tool, with those parameters then acting as constraints for the potential structure. Changes can be made interactively, with the model updating automatically. Parametric design used in structural engineering is by no means new. However, with the introduction of visual programming and other software applications it has allowed increasingly complicated geometric and sophisticated analysis being able to be completed in shorter time frames. In this Webinar, a Senior Engineer – Structures from EIC Activities, explained the use of parametric design and provided optimisation examples within the rhino/grasshopper environment. Rhino with Grasshopper is a robust 3D modeler for architecture, engineering, fabrication, and construction.

ENCOURAGE COLLABORATION

We support, and seek to leverage, opportunities for external industry collaboration that may benefit the Group. This includes promoting and supporting research and development projects that have potential to improve the safety, efficiency or sustainability of the industry.

M80 Upgrade project joins the Engagement for Plastic-Free Innovation Change (EPIC) Business Program
The M80 Upgrade is the first construction project in Australia to join the Engagement for Plastic-Free Innovation Change (EPIC) Business Program, facilitated by Plastic Oceans Australasia. The EPIC program is part of a global not-for-profit network focused on changing the world's attitude towards plastic within a generation. Being part of the EPIC program is an important investment for CPB Contractors on their journey to making construction more sustainable.

The M80 Upgrade team plan to bring the EPIC initiative to life through conducting supply chain audits and data analysis to measure plastic use. Doing this will allow for a more informed analysis of the supply of plastic-free alternatives in procurement in future projects. As well as this, the M80 Upgrade project is recycling plastic waste back into the project - site offices have implemented a waste stream separation system that the team drops off at the local supermarket RedCycle collection points. Plastics are collected as part of the 'Close the Loop' initiative and manufactured into a recycled plastic road product used on the project.

With each person in Australia using approximately 130kg of plastic each year and only 14% of this is recycled, the EPIC program is a meaningful way for CPB Contractors to reduce single-use plastic consumption within the projects and communities where we are working.

Green rated projects

Our clients, both governments and private developers, are increasingly mandating that their infrastructure or building project is to be green rated as they recognise the value of integrating sustainability principles, planning and implementation into their procurement practices. Integrating issues such as resource efficiency, reducing energy usage and emissions, ethical procurement, education and training of the workforce, and dealing with heritage issues - to name just a few - leads to better outcomes for the owners and users of these assets. Research indicates that building owners report that green buildings - whether new or renovated - command an increase in the value of the asset over traditional buildings[99].

Pitt Street Station project awarded 6 Green Stars
CPB Contractors is building the new Sydney Metro City & Southwest Pitt Street Station. The integrated station development will provide a 250-metre-long underground Pitt Street Station running from Park Street to Bathurst St, between Pitt and Castlereagh Streets, connecting the two station entries with retail and other commercial facilities. In addition, CPB Contractors will work to design and construct two high-rise buildings above the station. The buildings will be 39-storeys each and comprise one commercial office building and one build to rent residential building. The Pitt Street Station project has been awarded 6 Green Stars for its design rating by the Green Building Council of Australia. The 6 Green Star Rating is the highest rank of its kind.

[99] World Green Building Council – The benefits of green buildings, https://www.worldgbc.org/benefits-green-buildings

Green ratings for infrastructure projects foster efficiency and waste reduction, thereby reducing costs and leading to better environmental, social and economic outcomes in the long term[100]. The requirement to deliver projects against well established, third-party sustainability ratings systems such as IS is reflected in the table below which sets out current mandated requirements of certain government agencies in Australia and New Zealand.

Location	Government agency/client	Mandating thresholds for IS rating[101]
NSW	Department of Planning, Industry and Environment	▪ All Critical state significant infrastructure
	Transport for NSW	▪ All projects >$50m, high risk projects <$50m
	Sydney Metro	▪ All projects in program
	Queanbeyan-Palerang Regional Council	▪ All projects >$2m
QLD	State Infrastructure Plan	▪ All projects >$100m
	Transport and Main Roads	▪ All projects >$100m
	Building Queensland	▪ Stage 3: detailed business case
VIC	Major Roads Projects Victoria	▪ All projects >$100m
	Level Crossings Removal Authority	▪ All projects in program
	Rail Projects Victoria	▪ All projects in Melbourne Metro program
	City of Casey	▪ Capital works projects
SA	Dept of Infrastructure and Transport	▪ All projects >$100m
WA	Main Roads WA	▪ All projects >$100m
ACT	Territory policy	▪ All project > $10m
Australia	Transurban	▪ All capital works projects >$100m
New Zealand	Waka Kotahi NZ Transport Agency	▪ All projects >$15m
	City Rail Link Ltd	▪ All projects in program (Auckland)

We are supportive of this approach by governments and their agencies as the mandating of ratings supports the delivery of environmental and social benefits while reducing the lifecycle costs for projects.

Parramatta Light Rail achieves IS rating of 'Leading' for design
The sustainability of the Parramatta Light Rail infrastructure works have been recognised by the Infrastructure Sustainability Council (ISC) with a rating of 'Leading' for design. Once complete, the project will achieve a 36% reduction in carbon emissions through construction and operations, simply by designing areas with a wire-free system, using supplementary and recycled materials in concrete and asphalt, and re-using existing rail, sleepers and ballast.

CIMIC aims to be the leader in offering clients innovative opportunities to integrate more sustainable solutions through the lifecycle of their projects. We aim to deliver on this 'cleantech' strategy in the following ways:

- develop a leadership position in the delivery of 'green rated' and sustainable technology projects and encouraging clients to mandate the use of green rated projects;
- integrating sustainable design alternatives into the value proposition for clients and utilise BIM to evaluate potential design and operational improvements/efficiencies;
- exploring and understanding the potential value proposition that can be offered to clients by offering the alternate construction material (i.e. geopolymer concrete, green steel);
- investing in research and development to innovate so as to be able to offer alternate materials and solutions that may offer more sustainable outcomes for clients; and
- increasing resilience to climate risks by undertaking risk assessments for clients, and by designing and adapting projects to respond to potential and actual impacts.

We are also pursing emerging energy and related opportunities that are, or will, emerge from the transition from fossil fuels and in response to climate change. These include: hydrogen, renewable and other energies, electrification of infrastructure, more recycling and a greater need for rehabilitation.

CPB Contractors is already established as an industry leader in the delivery of 'green' rated infrastructure projects in Australia and New Zealand. CPB Contractors is currently working on, or has delivered, 40 IS registered or certified projects.

Green standard construction projects (#)	New registrations during 2021	Cumulative certifications since 2006
IS	1	40
Green Star	0	80
BEAM Plus	2	7
LEED[102]	0	7
Green Roads[103]	0	2

[100] Infrastructure Sustainability Council (ISC), https://www.iscouncil.org/about/
[101] Detail reviewed by ISC, January 2021.
[102] Leadership in Energy and Environmental Design (LEED) is a rating system devised by the United States Green Building Council (USGBC) to evaluate the environmental performance of a building and encourage market transformation towards sustainable design.
[103] Greenroads is an independent non-profit that advances sustainability performance management and education for transportation capital projects.

In 2021, CPB Contractors generated 'cleantech'[104] revenue of $4.1bn from sustainably rated or 'green' projects while UGL delivered a further $533m of 'green' and renewable projects. In total, this $4.6bn of cleantech or green revenue represents approximately 47% of the Group's 2021 underlying revenue. It is our target to increase this figure to 50% by 2025.

Columbarium and Garden of Remembrance project achieves Platinum BEAM Plus rating
Leighton Asia's Columbarium and Garden of Remembrance project has achieved the Building Environmental Assessment Method (BEAM) Plus Platinum rating, the highest level under the Hong Kong Green Building Council's BEAM scheme. BEAM Plus is Hong Kong's leading initiative to assess the environmental performance of a building in terms of its energy and resource efficiency, waste minimisation, reduced impact on the community and use of environmentally sustainable products.

Some of the key initiatives implemented by the project, throughout the design, procurement and construction processes, included the following:
- Retention or transplantation of existing trees
- Adoption of ozone-friendly refrigerant for air-conditioning systems
- Installation of carbon filters for exhaust air systems
- Provision of accessible spaces/facilities for the physically disabled
- Procurement of regionally manufactured materials
- Installation of energy efficient equipment
- Provision of waste management facilities and processes during construction

This award reflects the commitment of all parties involved in the project to the delivery of outstanding building facilities with a strong focus on sustainable development.

Setting an example, CIMIC and its Operating Companies are headquartered in a number of green rated offices as described in the 2018 Sustainability Report.

EU Taxonomy

We note the new reporting requirements associated with the EU Taxonomy which require companies to disclose a description of how, and to what extent, their activities are associated with Taxonomy eligible activities. For the 2021 year, the disclosures include the proportion of turnover and capex[105] eligible for inclusion in the Taxonomy. For CIMIC, these proportions were:
- Turnover – ~74%; and
- Capex - ~52%.

Collaboration with industry associations and NGOs

CIMIC supports, and will seek to leverage, opportunities to collaborate with industry representatives and is a member of a number of industry bodies. We encourage our Operating Companies to build strong relationships with industry and not-for-profit groups, including non-governmental organisations (NGOs), at local, regional and national levels, as part of our commitment to achieving sustainable outcomes.

[104] Cleantech - short for clean technology - is used to refer to various companies and technologies that aim to improve environmental sustainability.
[105] Turnover equates to revenue and Capex equates to capital expenditure.

CIMIC believes that these memberships can provide networking opportunities, support professional development and help to drive improvements in industry practices, to the benefit of employees, shareholders and society. The Group is a member of a number of trade and industry associations and other groups as per the following list.

Australia

- ANCOLD (Australian National Committee on Large Dams)
- Association for Payroll Specialists
- Australian Association of Graduate Employers
- Australian Chamber of Commerce and Industry
- Australian Coal Preparation Society
- Australian Constructors Association
- Australian Industry & Defence Network
- Australian Industry Group
- Australasian Investor Relations Association
- Australia Japan Business Co-operation Committee
- Australia-Latin America Business Council
- Australian Railway Association
- Australian Shareholders' Association
- Australian Ship Building & Repair Group
- buildingSMART Australasia
- Business Council of Australia
- Business NSW
- Business Sydney
- CareerSeekers
- CareerTrackers
- Chamber of Commerce and Industry WA
- Civil Contractors Federation (various)
- CEDA (Committee of Economic Development of Australia)
- Consult Australia
- Corporate Tax Association (of Australia)
- Diversity Council of Australia
- Engineers Australia
- GradConnection
- Infrastructure Association of Qld
- Infrastructure Partnerships Australia
- Infrastructure Sustainability Council of Australia
- International Project Finance Association
- Kinaway Chamber of Commerce Victoria
- La Camara (Spanish-Australian Chamber of Commerce)
- Master Builders Associations (various)
- National Association of Women in Construction
- NSW Business Chamber
- NSW Indigenous Chamber of Commerce
- Paddl
- Permanent Way Institution
- Property Council of Australia
- Qld Major Contractors Association
- Qld Natural Gas Exploration & Production Industry Safety Forum Association / WA-Northern Territory Oil and Gas Exploration and Production Industry Safety Forum Association
- Qld Resources Council
- Rail Industry Safety Standards Board
- Roads Australia
- Social Traders
- Supply Nation
- Supply Chain Sustainability School
- Toowoomba and Surat Basin Enterprise
- Western Sydney Leadership Dialogue
- WORK180

New Zealand

- Business Leaders' Health and Safety Forum
- Canterbury Safety Charter
- Civil Contractors New Zealand
- Diversity Works
- Employers and Manufacturers Association
- Infrastructure New Zealand
- Registered Master Builders

Indonesia

- Asosiasi Kontraktor Indonesia (Indonesian Contractors Association)
- Apindo (Employers Association of Indonesia)
- Gapenri (National Association of Indonesia Design)
- Indonesia Australia Business Council
- KADIN (Indonesian Chamber of Commerce & Industry)

Hong Kong

- AustCham Hong Kong (Australian Chamber of Commerce Hong Kong)
- German Chamber of Commerce
- Hong Kong General Chamber of Commerce
- Hong Kong Alliance of Built Asset & Environment Information Management Associations
- Hong Kong Construction Association
- Hong Kong Electrical Contractors Association
- Hong Kong Federation of Electrical and Mechanical Contractors
- Hong Kong Plumbing & Sanitary Ware Trade Association
- The British Chamber of Commerce in Hong Kong
- The Hong Kong Air Conditioning and Refrigeration Association
- The Lighthouse Club
- The Spanish Chamber of Commerce

Philippines

- Makati Business Club
- Philippine Constructors Association

Singapore

- Australian Chamber of Commerce, Singapore
- Singapore Business Federation
- Singapore Contractors Association
- Tunnelling and Underground Construction Society (Singapore)

Malaysia

- Malaysian Australia Business Council
- Malaysian Employers Federation

India

- National Safety Council
- Royal Institution of Chartered Surveyors

We understand that stakeholders are increasingly scrutinising corporate membership of industry associations and the potential of some of these association to play a lobbying or advocacy role on behalf of businesses. For the Group, membership can be useful in gaining an understanding of the views of other industry participants, and to present and advocate views on relevant policies. Membership does not necessarily imply agreement or alignment on every issue or policy area, but membership may be retained to provide a constructive opportunity for advocacy and engagement.

CIMIC's membership participation is restricted to the payment of annual subscription fees and we do not provide additional funding to support campaigns, specific causes, or other activities. Membership of industry bodies is only undertaken within the limitations of the Code and our commitment to acting with integrity. All corporate memberships require the approval of CIMIC's Executive Chairman and CEO and are coordinated by CIMIC.

In 2021, the five largest contributions were for annual subscription fees to the following industry associations: Business Council of Australia ($85k), Social Traders ($45k), Supply Nation ($43.2k), AustCham Hong Kong (HK$200k), and Civil Contractors New Zealand (NZ$36k). The total amount paid for corporate memberships was ~$6.3 million.

Research and development

At CIMIC, our collaborative approach includes promoting and supporting research and development projects that have the potential to improve the safety, efficiency or sustainability of the industry. We foster whole-of-life solutions for projects and seek to innovate to drive efficiency and productivity, mitigate risk, increase self-performance and improve outcomes for client's assets across their lifecycle.

Turning transport headaches into enjoyable journeys

For commuters in Singapore, reaching their destination could be an enjoyable journey upon completion of the country's first integrated transport corridor, the North South Corridor (NSC). Originally planned as an expressway, the 21.5km NSC has been reconceptualised to include dedicated bus lanes, cycling routes and pedestrian paths to achieve the Government's Walk-Cycle-Ride vision through a cleaner and greener land transport system.

Leighton Asia's team in Singapore is one of the key players currently supporting the delivery of this sustainable infrastructure. The team is responsible for the design and construction works for 640m of vehicular tunnels; the underpinning of an existing expressway flyover; a new facility building; and entrance and exit ramps under the NSC Contract N103.

Viaducts and tunnels of the NSC are expected to alleviate traffic on surface roads, freeing up at-grade road space for alternate uses such as community spaces, bus-only roads and paths for pedestrians and cyclists. These features will help to save bus commuters an average of 10 to 15 minutes of travel time on each trip and enhance their overall commuting experience. The team is constantly reviewing work methods and looking for value engineering opportunities to improve on the tender scheme, foster positive stakeholder relationships and overcome the challenge of delivering works with the extensive network of existing underground utilities.

EIC Activities has also maintained its partnership with the Smart Pavements Australia Research Collaboration (SPARC) research hub, a $3m industry partnership evaluating various road and civil innovations including alternative subgrade and pavement testing, modelling design, and construction and quality assurance.

New projects begun in 2021 include many new software and mobile solutions for the application of digital and lean workflows on construction projects, review and pilot of various digital automation technologies across the Group for process optimisation, as well as new construction and mining projects for field robotics and automaton of earthworks. We are also investing in the creation of national geotechnical and reactive soil databases bringing together the knowledge of our projects, with the GIS and digital capability of EIC Activities.

In 2021, EIC Activities employees invested more than 18,000 hours in targeted innovation effort across different innovation projects supporting our Operating Companies. More than half of EIC Activities' staff actively participated in proactive innovation activities in the year and their collective efforts have seen concepts that were just an idea in 2017, grow through years of rigorous testing and experimentation to now graduate to scaled implementation within the Group. Our continued rollout of digital technologies including active 4D planning, digital engineering and digital delivery tools have increased performance and decreased risk for project execution.

MANAGING RISK

At CIMIC, risk is defined as the 'the effect of uncertainty on objectives' and can have negative or positive impacts (threats and opportunities), which may create, enhance, prevent, degrade, accelerate or delay the achievement of the Group's objectives. All activities of the Group involve risk and our Risk Management Policy sets out the requirements to identify, analyse, evaluate, treat, monitor, review and report risks that have the potential to impact the Group's people, third parties, the general public and communities in which the Group works, the environment, Group operations, financial outcomes of the Group, the Group's reputation or other impacts that the Group is exposed to.

Our Group risk management framework is underpinned by the risk management ISO Standard 31000. This framework incorporates the maintenance of comprehensive policies, procedures and guidelines which span the Group's diverse contracting and project development activities, including setting financial controls, conducting business audits, investment and acquisition overview, and ensuring high standards in corporate communications and external affairs.

Risk management is an integral part of the processes and decision making of all employees who have to adhere, as appropriate, to the processes and risk appetite as defined in the Risk Management Policy. The Group Delegations of Authority (DoA) defines what is considered 'appropriate' and how risks will be treated.

Given the diversity of the Group's operations, geographies and markets, a wide range of risk factors have the potential to impact the achievement of business objectives. The Group's key risks, including those arising due to externalities such as the economic, natural and social operating environments, are set out in the table in the 'Operating and Financial Review' Section in this Annual Report, together with the Group's approach to managing those risks. The Group's approach to Risk Management has been described in detail in previous Sustainability Reports.

Internal Audit

The Internal Audit function provides independent and objective assurance on the adequacy and effectiveness of the Group's systems for risk management, internal control and governance, along with recommendations to improve the efficiency and effectiveness of these systems and processes.

The head of Internal Audit reports to the CEO under a mandate approved by the Audit and Risk Committee and has full access to all functions, records, property and personnel of the Group. The head of Internal Audit has direct access to the Chairman of the Audit and Risk Committee and provides the Committee with reports and information relevant to assisting the Committee with discharging its responsibilities.

Information Security/ Cybersecurity

Cybersecurity is acknowledged as an increasing business risk, one that is recognised in CIMIC's Group ICT Management Policy. The Policy sets out the requirements for Information and Communication Technology (ICT) Management across CIMIC. The Policy is supplemented by the Group Acceptable Use of ICT Policy which is available to all employees.

Executive responsibility vests with the CIMIC Chief Information Officer (CIMIC CIO) who regularly updates the CIMIC Audit and Risk Committee on the status of the Group's compliance.

CIMIC ICT is responsible for developing, implementing and annually reviewing the Group ICT Resilience Plan, which is approved by the CIMIC CEO. ICT resilience plans need to encompass but are not limited to critical ICT applications/infrastructure, including outsourced services, and target and maximum downtimes, and target recovery points. As part of the Group ICT Resilience Plan, CIMIC ICT proposes the systems to be used to support resilience plans/measures across the Group. Resilience Plans are required to encompass ICT solutions, infrastructure and data security, including bugging, theft of information, and IT hacking. The Group will also make use of third-party security audits to review the effectiveness of the current security systems, policies and procedures.

The ICT Resilience Plan:

- includes incident management, business continuity, incident recovery and incident communication;
- identifies possible incidents, including their likelihood and potential impact;
- includes planned actions to manage the incident, business continuity, recovery and communication;
- defines responsibilities (for plan overall as well as for each action), details procedures to follow, defines tools/templates/systems to use and refer to supplementing information as required; and
- defines training, testing, documentation, ICT resilience systems, contacts and continuous monitoring/reviews.

Regular training is undertaken to ensure employees are familiar with resilience measures and are confident and competent to use them. Regular testing is also undertaken to ensure measures have the intended impact; this testing includes desktop checks, audits, and plan tests with employees and external stakeholders operating in similar context.

To support our people's online safety and help protect employees from cybercrime, One IT has developed a new on-line training module that aims to provide us with the necessary skills and knowledge to avoid some of the traps being set by cybercriminals. Topics covered in Cyber Security Training include:

- Social engineering and email security;
- Passwords, multi-factor authentication and device security;
- Accessing and sharing sensitive information;
- Working safely out of the office; and
- How to act and report on threats.

In 2021, 3,041 employees attended this on-line training module.

Currently the ICT at CPB Contractors, EIC Activities and Pacific Partnerships is certified to ISO 27001 standards. It is CIMIC's intention that, during 2022, ISO 27001 will be received for CIMIC Group Limited - the parent company - as well as UGL.

Quality

We are committed to delivering projects that meet or exceed our client's expectations, ensuring repeat business and enhancing the brands of our Operating Companies. Delivering projects that meet our client's and other stakeholder quality requirements is the result of good planning and skilful execution, and everyone has a role to play in this regard. Our quality management system forms an integral part of our approach and are integrated with the different disciplines required to ensure a systematic, planned and consistent approach to work delivery.

Mater Hospital takes top honour in Master Builders (North Queensland) Awards
CPB Contractors worked with Mater Health Services North Queensland on the Stage 1 redevelopment of the Mater Hospital at Pimlico, Townsville. The project included the construction of a new four-storey clinical building with operating theatres, recovery bays, expanded X-Ray facilities, a new main hospital entrance, and a refurbishment of the existing Lothair building.

In 2021, CPB Contractors' delivery of the redevelopment was awarded the top honour in the Health Facilities over $20m category of the Master Builders (North Queensland) Awards. The win saw CPB Contractors overcome construction challenges including working at an operational hospital, and the ability to pivot construction and resources during a flood and pandemic. Approximately 200 local jobs were created from the project, with 92% of sub-contracts awarded to small and medium enterprises employing local workers.

Each of our Operating Companies sets quality objectives based on their client, regulatory and other requirements; reviews performance regularly based on the set objectives; and evaluates their objectives periodically for relevance. We work with suppliers and other partners to set and meet quality objectives, so as to continuously improve delivery quality, and foster a culture of continual improvement and innovation.

Leighton Asia's Liantang project wins award for structural excellence
In Hong Kong, Leighton Asia's work on the Liantang / Heung Yuen Wai Boundary Control Point project was recognised with the Grand Award of the Hong Kong Institution of Engineers' Structural Division – Structural Excellence Award 2021 under the Non-Residential category. This project is Hong Kong's seventh border crossing to Shenzhen, China and the first land-based gateway providing direct access facilities for both passengers and vehicles. The cargo clearance facilities of Liantang were commissioned in August 2020 for use by cross-boundary goods vehicles.

The project covers an 18-hectare site and includes 39 buildings, 5 bridges and associated infrastructure and landscaping. The Passenger Terminal Building has a 270m x 180m footprint, and includes arrival and departure halls, a public transport interchange and private parking. Other buildings include a police station, fire station, cargo examination buildings, x-ray buildings and clearance kiosks. Together with the Hong Kong-Macau-Zhuhai Bridge Passenger Clearance Building and Express Rail Terminus, this is the third boundary crossing that Leighton Asia has successfully completed in the last three years. Combining a full range of civil, building and building services elements, this project is another demonstration of Leighton Asia's strong capabilities in project management and delivery.

Dedicated quality managers are in roles in each Operating Companies with direct accountability for ensuring compliance with ISO 9001 Quality Management Systems. The Group's current quality certification includes:
- CPB Contractors - AS/NZS ISO 9001 (SGS Quality System Certification);
- Leighton Asia - ISO 9001 (India, Singapore, Malaysia, Indonesia - Lloyd's Quality System Certification, Hong Kong - HKQAA Quality System Certification, Philippines - Bureau Veritas Quality System Verification);
- UGL - ISO 9001 (Bureau Veritas Quality System Verification);
- EIC Activities (Bureau Veritas Quality System Verification); and
- Sedgman - ISO 9001 (SAI Global)[106].

EIC Activities achieves ISO 9001 accreditation
EIC Activities has achieved ISO 9001 accreditation for its geotechnics, tunnels and structures stream. ISO 9001 is the international standard that specifies requirements for a quality management system. Organisations use the standard to demonstrate the ability to consistently provide products and services that meet client and regulatory requirements.

Whilst EIC Activities already knew it provided a high level of technical advice and design, it has now been externally recognised that the system in place is of a high international standard. The scope for the accreditation was a multi-disciplinary consultancy and advisory services, including geotechnical, structural and tunnel engineering, across infrastructure, transport, property and buildings, power, water, environment, industry, and mining sectors.

Whilst ISO 9001 is an important accreditation to achieve with some projects and tenders requiring it; for EIC it was one of the steps needed to be completed to allow them to finalise four more applications to be eligible for the following schemes:
- Authorised Engineering Organisation with TfNSW to deliver metro and rail projects in NSW
- Technical Services Registration Scheme with TfNSW to deliver road projects in NSW
- VicRoads Prequalification Scheme for consultants to deliver VicRoads projects, and
- Consultants for Engineering Projects Prequalification System with TMR to deliver road projects in QLD.

These accreditations all required ISO accreditation and they provide EIC Activities the opportunity to offer further certifications in delivering design across Australia. Prior to 2021, EIC Activities was predominantly providing internal technical advice to CIMIC Operating Companies, but will now provide design services to the Group that are recognised by the ultimate clients like Transport for NSW, VicRoads and Queensland's Department of Main Roads, opening more doors for the company.

[106] Sedgman's HSEQ management system is certified to this standard, the projects business has been externally audited for compliance and operational sites are internally audited for compliance.

As noted above, ensuring repeat business is an important indicator of the quality of the projects that our Operating Companies deliver. While client surveys are important, and can be useful in identifying issues or concerns, we believe the ultimate measure of client satisfaction is the amount of repeat business that we generate – as measured by the repeat client rate.

CIMIC calculates the repeat client rate by summing the total value of all contracts awarded by existing clients during the year (including new contracts, extensions and variations) and dividing by the total of value of all contracts awarded during the year (as per the 'New Work and Work in Hand' sub-chapter in the Operating and Financial Review of this Annual Report). On an aggregated basis, using the dollar value of contracts awarded, the repeat client rate for the Group has consistently been in excess of 80% over the last five years.

	2021	2020	2019	2018	2017
Repeat Client rate (%)	98	98	94	88	86

NSM wins Essington Lewis Award for a Major Sustainment of over $20m
Sustainment of two Canberra class Amphibious Assault Ship, also known as a Landing Helicopter Dock (LHD), is the responsibility of the LHD Enterprise – a collaboration between the Commonwealth (Amphibious Combat and Sealift Systems Program Office, Amphibious and Afloat Support Force Element Group, and the Fleet Support Unit); Naval Ship Management (NSM, a JV between UGL and Babcock) as the Asset Class Prime Contractor; and Navantia Australia, L3Harris and Saab Australia as Industry Enterprise Participants. The LHDs have a displacement of 27,500 tonnes, are 231m long and have a 32m beam, and have a range of 17,000km.

In 2021, NSM and its partners won an Essington Lewis Award for a Major Sustainment of over $20m for the first of class upgrade to HMAS Canberra as part of the LHD 5-year Maintenance Program from ACS SPO and NSM Australia. The first of class upgrade for HMAS Canberra was one of the most complex dockings of a warship ever undertaken in Australia.

The most important upgrade was the installation of two 120 tonne propulsion pods, combined worth $32.5m. The support structures designed and constructed in Australia included A-frames and double beams to support the weight of the propellers and pods during installation, and auxiliary cradles designed to support the bulkier propellers. Overall, the docking required 746 tasks across more than 50 systems to be completed within 16 weeks and was made all the more complicated by the pandemic. The project was still delivered on budget and on time, meeting all internal and external milestones.

FOCUS ON THE FUTURE

An important aspect of innovation is to focus on the future; monitoring our existing and potential markets for disruptions, trends or changes that may present risks or opportunities, and to mitigate the risks and to actively capitalise on the opportunities, wherever possible. Each year, in this section of the Sustainability Report, we try and identify new and emerging trends and some of these have been addressed in prior years. Topics covered have included the impact of new technologies on construction techniques, automation in mining, demographic changes and the ageing of the population, changes in the energy mix with greater use of renewables, and sustainable infrastructure.

CIMIC sponsors 2021 Future Infrastructure Summit
In 2021, CIMIC Group sponsored the virtual Future Infrastructure Summit which brings government and industry together to discuss the big infrastructure sector issues of digitisation, delivery, innovation and inclusion. The summit is hosted by BuildingSmart Australasia and Lean Construction ANZ. Presenters include Infrastructure Australia, Australasian BIM Advisory Board, the Australian Contractors Association, Transport for NSW, as well as EIC Activities and CPB Contractors, and a range of digital specialists.

Representatives from two of our Operating Companies presented at the summit. A representative of EIC Activities led a session on Integrated Digital Delivery while a manager from CPB Contractors presented on the essential role open BIM plays in the delivery of Brisbane's Cross River Rail project.

Looking forward, other potential disruptions or trends include the impact of COVID-19 on the business.

COVID-19 pandemic

Since the start of the COVID pandemic, around 2 years ago, we have established plans and protocols to respond to the risks and are continuously monitoring the evolving situation.

Our Operating Companies work in industries that have largely been deemed essential to the community and so most of our projects have only been moderately impacted to date. A broad range of safety protocols - observing good personal hygiene practices, applying social distancing, avoiding unnecessary travel, implementing effective cleaning, encouraging vaccination amongst others - have been successfully implemented and they have largely kept our people safe. This is evidenced by a comparison of infection rates and incidents, across many of the countries in which we operate, with other jurisdictions.

While COVID-19 continues to remain a serious threat, the Group's established practices provide some confidence that - if the situation deteriorates - it can be managed, and our people kept safe. We continue to take the threat seriously and remain vigilant to ensure that we can respond quickly and appropriately if required. COVID-19 risks remain and could negatively impact the Group's performance in the future if there was a significant increase in community transmission rates or new, more virulent strains and/or Governments instigated greater restrictions on travel or implemented more extreme lock-down measures.

New markets

A key strategic theme CIMIC is pursuing is the emerging energy and related opportunities that are - or will - develop from the transition from fossil fuels and in response to climate change. Some of initiatives that CIMIC is actively working on include: hydrogen, renewable energy, waste-to-energy and other energies, electrification of infrastructure, building climate resilience, increasing recycling, rehabilitation, and digitisation.

As noted by the International Energy Agency (IEA), hydrogen is an increasingly important piece of the net zero emissions by 2050 puzzle. The IEA note that: "Strong hydrogen demand growth and the adoption of cleaner technologies for its production thus enable hydrogen and hydrogen-based fuels to avoid up to 60 Gt CO2 emissions in 2021-2050 in the Net zero Emissions Scenario, representing 6% of total cumulative emissions reductions." [107] CIMIC will continue to monitor development of the emerging hydrogen market and position – through acquisition of skills or partnerships – with the aim of being a leading contractor in this sector.

We will also continue to build capability and maintain our position as a leading constructor of renewable energy projects such as wind and solar while maintaining a watching brief on opportunities to provide services to other related markets.

Start of operations for the Victorian Big Battery

UGL's Renewables team is proud to have been part of the ground-breaking 300MW/450MWh Victorian Big Battery Project which formally commenced operation in December. UGL, as subcontractor to Tesla for the project, played a key role in the design, construction and procurement of the balance of plant, civil works and installation of Tesla Megapacks for the client, Neoen.

The battery unlocks 250 MW of additional peak capacity on the existing Victoria to New South Wales Interconnector over the next decade of Australian summers. In ensuring grid stability, the battery will be instrumental in helping Victoria reach its target of 50% renewable energy generation by 2030. Located in Geelong, Australia, the 300 MW / 450 MWh Victorian Big Battery is one of the world's largest batteries.

The Victorian Big Battery project will provide critical grid support services, improving the reliability of energy supply for many Australians and lower emissions through the Victorian Government's Renewable Energy Action Plan.

Modern economies rely on reliable and affordable electricity while the need to address climate change is driving dramatic changes to power systems around the globe. The IEA suggest that: "Electricity is the fastest-growing source of final energy demand, and over the next 25 years its growth is set to outpace energy consumption as a whole. The power sector now attracts more investment than oil and gas combined – necessary investments as the generation mix changes and ageing infrastructure is upgraded."

CIMIC foresees a range of opportunities being driven by this increase in investment. We aim to build capability and maintain our position as a leading provider of construction and O&M services to power infrastructure and as transport networks increasingly electrify.

UGL and CPB Contractors secure ECI contract for CopperString 2.0

In 2021, UGL and CPB Contractors entered an early contractor involvement (ECI) contract with energy infrastructure company CuString Pty Ltd related to the delivery of CopperString 2.0, a high-voltage transmission network in Queensland extending from Townsville in the east to Mount Isa in the west. UGL and CPB Contractors are also preferred contractors for the delivery phase of the project. Awarding of the delivery phase is subject to completion of the ECI phase.

The $7m ECI contract involves scoping, designing, site investigations, pricing and finalising the Engineering, Procurement and Construction contract for substations and high voltage transmission lines that will connect Mount Isa's isolated electricity supply network into the National Electricity Market (NEM) at Woodstock, just south of Townsville. CopperString will also provide connection options through the NEM for mines and industrial customers in the North West Minerals Province, and regional wind and solar resources, and potentially hydrogen production facilities along the corridor from Townsville to Mount Isa. The delivery phase would include the design, construction and commissioning of four new substations, two substation extensions and approximately 1,100kms of high voltage transmission line for the project.

Other opportunities that are expected to emerge and to potentially be pursued by CIMIC include:
- Helping clients to increase their resilience to climate risks by undertaking risk assessments, and by designing and adapting projects to respond to potential and actual impacts
- Investing in plants that can recycle and reuse construction waste
- Providing rehabilitation services for contaminated land and/or water as a new business

Additionally, CIMIC is also focused on the transition from fossil fuels. Our Operating Companies are actively pursuing opportunities to apply the Group's minerals processing capabilities to other minerals which will become increasingly important in a low-carbon future. We expect to continue to provide reliable and compliant construction and O&M services to the oil and gas industry as this market plays an important, medium-term role in helping energy markets transition from thermal coal to renewables. And we will

[107] https://www.iea.org/fuels-and-technologies/hydrogen

continue to provide reliable and conforming minerals processing services to the coking coal market as this market transitions towards 'green steel'.

We also see a range of opportunities to help clients to transition their mines from operations to restored natural habitats. Additionally, we expect to see Sedgman pursuing a range of minerals prospects that involve the reprocessing of tailings on mines where substantial recoverable minerals are in place that can be commercially recovered. By doing so, we can avoid the need to develop new mines and help to reduce the environmental footprint of our clients.

OUTLOOK AND FUTURE PLANS

We are committed to bringing an innovative approach to the successful delivery of projects. In 2022, we plan to:

- continue to work with the Infrastructure Sustainability Council to maintain our industry-leading position as a constructor of sustainable infrastructure;
- invest in EIC Activities' research and development of innovative engineering and project management software solutions;
- further develop the iPKL, gathering key data on projects and using the tool to give tender and project teams access to technical and operational knowledge;
- roll out targeted sustainability training sessions in CPB Contractors to senior leaders, pre-contracts and estimator staff, project managers, procurement and project related sustainability and environmental employees on subjects including integrating sustainability into the design, the value of IS and Green Star ratings, sustainable procurement and, supplier evaluation, amongst others;
- undertake verification to implement ISO 27001 (Information Security) at CIMIC and UGL:
- further encourage, through EIC Activities, the sharing of technical engineering excellence across the Group;
- continue use of crowd sourcing innovation campaigns to identify challenges and deliver innovation; and
- leverage the engineering expertise and experience of our major shareholder, HOCHTIEF, and its related entities.

ENVIRONMENT

OUR APPROACH

Reliable and effective environmental management is integral to the delivery of safe, sustainable, and efficient operations, and is an important element of CIMIC's licence to operate. We respect the diverse and sensitive regions and environments in which we work.

We aim to continually improve and innovate to increase the efficiency of the resource we use, to reduce waste and to lower costs, creating greater value for our clients and benefitting the environment. Our environmental commitments are to:

- prevent the incidence, and mitigate the impact, of any pollution to air, water or land;
- use energy efficiently, reduce energy intensity, utilise renewables when efficient to do so and minimise greenhouse gas emissions;
- use resources efficiently, encourage recycling and take a lifecycle approach to reducing waste;
- minimise water usage and implement opportunities for water efficiency and recycling;
- continually innovate to improve the efficiency of resources used and reduce their impact on the environment and society;
- minimise disturbances and avoid impacts on habitats and ecology, and promote biodiversity; and
- increase resilience to climate risks by undertaking risk assessments, and by designing and adapting activities to respond to potential and actual impacts.

In terms of the environment, CIMIC is committed to abiding by the relevant Principles of the United Nations Global Compact:

- Principle 7: businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

OUR COMMITMENTS, MEASURES IN PLACE, ACTIONS TAKEN AND PERFORMANCE

Prevent pollution	
Measures in place	▪ Code of Conduct; Environmental Policy supplemented by Operating Company Policies and systems ▪ Quarterly reviews by the ECSC of the performance of Operating Companies ▪ 100% of Operating Company management systems certified to ISO 14001 ▪ 277 environmental experts employed across the Group
Actions taken during 2021	▪ Maintained a rigorous approach to environmental management ▪ Numerous, project-by-project initiatives tailored to manage risks as appropriate
Performance	▪ Solid environmental result with zero Level 1 incidents and 14 Level 2 incidents recorded ▪ 14 breaches resulted in 5 fines totalling $125,318
Use energy efficiently and reduce emissions	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2021	▪ Reported Australian energy use and Scope 1 and Scope 2 emissions to the Clean Energy Regulator as per the Group's NGER obligations ▪ Submitted a comprehensive response to CDP's 2021 Climate Change survey ▪ Published CIMIC's first TCFD aligned Climate Change Paper ▪ Numerous, project-by-project initiatives tailored to energy efficiency and reducing emissions as appropriate
Performance	▪ Reported energy intensity (ex-Thiess) of 0.06 GWH/$m of revenue versus 0.08 GWH/$m in FY20 ▪ EY undertook a Limited Assurance audit of the Group's NGER submission and signed off on the Energy and Emissions Report ▪ Received a 'B-' rating from CDP (versus a 'B' last year)
Reduce waste	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2021	▪ Numerous, project-by-project initiatives tailored to reduce waste as appropriate
Performance	▪ Each Operating Company has a range of programs in place to actively reduce waste and encourage recycling ▪ Achieved a recycling/reuse rate of 97.2% with only 2.8% of waste disposed to landfill ▪ Recycled 184,344 tonnes of concrete (versus 85,611 tonnes last year)
Conserve water	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2021	▪ Submitted a comprehensive response to CDP's 2021 Water survey ▪ Numerous, project-by-project initiatives tailored to conserve water as appropriate

Performance	▪ Reported water intensity (ex-Thiess) of 0.51 ML/$m of revenue versus 0.25ML/$m of revenue in FY20 ▪ Achieved water recycling/reuse rate of 27.8% ▪ Received a 'B-' rating from CDP (versus a 'B-' last year)
Use materials efficiently and reduce impact	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2021	▪ Numerous, project-by-project initiatives tailored to use materials efficiently as appropriate
Performance	▪ Continued to integrate the use of recycled materials on projects ▪ Achieved a waste diversion rate of 97.2% (versus 94.3% in 2020)
Protect biodiversity	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2021	▪ Submitted a comprehensive response to CDP's 2021 Forests survey ▪ Numerous, project-by-project initiatives tailored to protect diversity as appropriate
Performance	▪ Received a 'C' rating from CDP (versus a 'C' last year)
Build resilience to climate risks	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems ▪ Comprehensive 'Assessing Climate Risk' guidance in place to support the development of Climate Resilience Plans on CPB Contractors' construction projects
Actions taken during 2021	▪ Numerous, project-by-project initiatives tailored to build resilience as appropriate ▪ Published CIMIC's first TCFD aligned Climate Change Paper ▪ Committed to achieving net zero by 2045 and set other Scope 1 and Scope 2 emissions reduction targets
Performance	▪ Climate change resilience initiatives integrated into project plans and lifecycle assessments

PREVENT POLLUTION

We are committed to preventing the incidence, and mitigating any impact, of any pollution to air, water or land. A comprehensive, systematic, and consistent approach is applied to identifying and controlling environmental hazards and risks and monitoring our environmental performance. This approach helps us prevent or mitigate and remediate any environmental impacts that occur on our projects. By continuously monitoring and improving our performance, we seek to ensure we remain competitive and compliant in the markets in which we work and retain our licence to operate.

Murdoch Drive Connection Project wins 2021 CCF WA Earth Award

In Western Australia, the Metropolitan Roads Improvement Alliance (MRIA), which includes CPB Contractors and the client Main Roads Western Australia (Main Roads), has successfully delivered the Murdoch Drive Connection Project. This project connects Murdoch Drive with Roe Highway and Kwinana Freeway, improving access and journey times to major hospitals and the Murdoch Activity Centre.

Placing the huge 48.5-metre-long bridge beams straddling the Kwinana Freeway was a challenging task that took more than six months of preparation. The MRIA worked closely with Main Roads to reduce the environmental impact of construction activities as much as possible and environmentally sustainable crushed recycled concrete was used as pavement material on the Kwinana Freeway Widening portion of the works.

MRIA was recognised at the 2021 Civil Contractors Federation (CCF) WA Earth Awards in the category of 'Project Value more than $75m'. The alliance was praised for its excellence in project and construction management, environment and sustainability, and training and indigenous participation.

We recognise that good environmental performance helps to gain the confidence of our clients, communities, regulators and the various stakeholders that our projects interact with. We also recognise that, by preventing pollution, we avoid potential operational delays, remediation costs, fines and legal fees, and the potential of litigation and the likely increase in insurance premiums. Minimising environmental impacts is not only the right thing to do but is also good for business.

In 2021, zero Level 1 incidents were recorded (zero recorded in 2020) and 15 Level 2 incidents were recorded (versus 18 in 2020).

Environmental incidents[108]	2021	2020 (ex-Thiess)	2020
Level 1 (#)	0	0	0
Level 2 (#)	15	18	18
Level 3 (#)	218	204	316
Environmental incident frequency rate (#/MhW)	0.19	0.22	0.15
Number of breaches (#)	14	23	34
Number of violations of legal obligations/regulations resulting in fines	5	5	6
Value of fines incurred ($)	125,318	3,113	18,113

CPB Contractors recorded 13 Level 2 incidents, mainly related to water discharges and earthworks. CPB Contractors recorded 14 legal breaches for environmental incidents and 5 fines totalling $125,318.

In New Zealand, CPB Contractors pled guilty and was prosecuted for wastewater discharges caused by construction damage on the Baypark to Bayfair Link Project. The discharges, which occurred after one of CPB Contractors' sub-contractors struck an underground sewer pipe while installing stone columns, led to approximately 370,000 litres of wastewater being discharged onto Maunganui Road, with an unknown volume entering the Tauranga City Council's stormwater network, which flowed into the Tauranga Harbour. The discharge occurred on the evening of 29 April 2019.

CPB Contractors has made formal apologies to the Māori people for cultural offence and participated in a restorative justice process where it agreed to contribute NZ$44,000 for the cost of implementing a package of environment works comprising fencing, weed control, riparian planting and habitat enhancement in conjunction with Māori, whilst paying NZ$63,000 as a penalty.

In New Zealand, the joint venture constructing the Transmission Gully motorway, which includes CPB Contractors, was issued with 4 fines of NZ$17,500 each following a prosecution over earthworks-related charges. These incidents related to track earthworks undertaken in May 2019, which resulted in material entering the riverbeds of Duck Creek and Cannons Creek.

Leighton Asia recorded zero breaches and 2 Level 2 incidents, relating to a dust emission incident and a noise incident in Hong Kong. The incidents were investigated in accordance with Leighton Asia's environmental management processes and corrective actions were implemented to prevent a reoccurrence.

No Level 1 or Level 2 environmental incidents or breaches were reported at UGL or Sedgman.

The number of Level 3 incidents across the Group increased marginally from 204 (ex-Thiess) in 2020 to 218 in 2021.

USE ENERGY EFFICIENTLY AND REDUCE EMISSIONS

We are committed to using energy efficiently, reducing our energy intensity, utilising renewables when efficient to do so and minimising greenhouse gas emissions. We understand that by pursuing these commitments, not only are we improving the environment, but we are also creating value by reducing operating costs, given that energy is a considerable cost to the business.

Commitment to achieving net zero

In 2021, CIMIC publicly stated its support for the goals of the Paris Climate Agreement to address global warming or climate change. We understand the importance of setting targets for those emission sources over which we have a significant ability to influence and therefore are committed to achieving net zero for Scope 1 (primarily fuels) and 2 (purchased electricity) by 2038. We are also committed to achieving net zero emissions (for Scope 1, 2 and 3) by 2045. In the shorter term, we have set targets to reduce our Scope 1 and 2 emissions by 20% by 2025, from a 2019 base[109].

For a contracting business that tenders for bespoke construction and services projects it is difficult to predict what projects we will be awarded and, therefore, to forecast what our energy and emission profile is likely to be more than a few years ahead. And, while we are optimistic that diesel powered plant and equipment will be replaced by electricity and hydrogen, the timing of that transition relies on innovation in the market and the availability of that equipment.

CIMIC has developed its targets considering the trajectory that is required to transition to net zero, the potential improvements that can be made using bio-diesel and renewable energy, the requirements of clients to reduce energy usage and emissions, and our expectations of technological improvement and innovation. We believe that setting targets for both 2025 and 2038 will

[108] Environmental discharges, environmental pollution or degradation which have: Level 1 - high severity impacts on the community and/or environment or may have irreversible detrimental long-term impacts; Level 2 - moderate severity impacts on the community and/or environment (1 to 3 months) but is fully reversible in the long term; Level 3 - low severity impacts on the community and environment in the short term (<1 month) and is fully reversible with no residual impacts. Includes nuisance level impacts.

[109] All targets apply to CIMIC's construction and services businesses. The Thiess mining business, of which CIMIC owns 50%, is separately developing its own targets which will be disclosed in its standalone 2021 Sustainability Report.

encourage our Operating Companies to innovate and find solutions that will allow us transition to net zero. CIMIC's plan for managing this transition is set out on the following pages.

In 2022, we intend to leverage the framework and guidance provided by the Science Based Target initiatives and Green House Gas Protocol to assess our greenhouse gas (GHG) emissions reduction target and, if necessary, to revise accordingly.

The main driver of energy consumption at CIMIC, and therefore to emissions, is diesel fuel for the operation of construction equipment such as excavators, dozers, trucks and other equipment.

Massive earthworks being delivered for new Western Sydney Airport

In July 2021, the Western Sydney Airport Bulk Earthworks Project (WSABE), being delivered by CPB Contractors, reached a major milestone with the practical completion of Portion 1 Phase 1. There are five portions due for handover to Western Sydney Airport (the client). Portion 1 Phase 1 represents the future terminal area and completion represents 21 months of hard work and dedication by the entire project team which included:

- design (and a re-design);
- remediation;
- clearing and pioneering works;
- bulk earthworks cut to fill operations – using both scrapers and rigid dump trucks – of over 3,500,000m3
- changes to incorporate an excavation for the future basement;
- placement of site won and imported sandstone – of over 450,000m3;
- spray sealing – of over 550,000m2; and
- construction of access from Badgerys Creek Road into the future terminal area.

WSABE is one of the largest earthmoving challenges in Australia's history. Since construction began in January 2020, the team have moved over 15m cubic metres of material over the 5.9 km long by 1.7km wide site. To provide some context, that's about six times the volume of the Great Pyramid of Giza!

Preparation of the airport site has involved more than 270 machines, including over 70 scrapers, 39 bulldozers, 58 large haul trucks and 25 excavators, and approximately 350-400 people working on the project each day. Project completion is expected by September 2022.

CIMIC's electricity consumption is primarily used to:

- power construction equipment, (i.e. tunnel boring machines and cranes);
- provide outdoor lighting on construction, mining, and operations and maintenance projects; and
- illuminate workshops, site sheds and other project related facilities.

Twin tunnel boring machines delivering Brisbane's Cross River Rail project

In Brisbane, a consortium including CPB Contractors is delivering new Cross River Rail, a new 10.2km rail line from Dutton Park to Bowen Hills, which includes 5.9km of twin tunnels under the Brisbane River and the CBD. The project unlocks a bottleneck by delivering a second river crossing, allowing more trains to run more often and integrating with new roads and new bus services to enable a turn-up-and-go public transport system across the whole of South East Queensland.

Two, 165m long tunnel boring machines (TBMs) are being used to tunnel and precisely install concrete reinforcing segments at the same time. As part of a commitment to sustainability, both machines were used on the Sydney Metro project. After they arrived in Queensland, the machines were retrofitted and refurbished in Brisbane to prepare them for digging

Some of the interesting facts about the TBMs include:

- each weigh 1,350 tonnes and has a crew of up to 15 people working in them at any one time;
- they travel at up to 30 metres per day, operating 24 hours a day, seven days a week;
- the front of the TBM is called the 'cutterhead' which acts as a drill that can tunnel through rock harder than concrete, and each cutter head measures 7.2 metres in diameter;
- they will generate 290,000m3 of spoil as they carve out the twin Cross River Rail tunnels; and
- each is fully equipped with kitchen facilities, offices and toilets.

The Group's energy consumption and spend over the last three years was as follows:

Energy consumption	2021[110]	2020 (ex-Thiess)	2020
Total Gigawatt hours (GWH)	573	715	9,541
Of which: Liquid, gas and solid fuel (%)	80.2	88.4	99.1
Non-renewable electricity (%)	18.0	10.8	0.8
Renewable electricity[111] (%)	1.8	0.8	0.1
Energy spend ($m)	82	57	199

Of the Group's electricity consumption in 2021, 9.2% was purchased from renewable sources. This compares with 6.7% in 2020 (ex-Thiess).

Each of the Group's Operating Companies is pursuing a range of energy efficiency initiatives that promote the delivery of energy efficient, environmentally and socially responsible projects.

CIMIC recognises and welcomes the increasing international commitment of governments, communities and others to creating a low-carbon, climate resilient future. Within that environment, CIMIC understands the need to reduce emissions by boosting energy productivity, reducing waste, rehabilitating degraded land, increasing the use of renewable energy and driving innovation. Wherever possible, CIMIC's Operating Companies work together with their clients and business partners to develop tailored solutions to reduce the emission from each of their bespoke projects.

CIMIC's path to decarbonisation

CIMIC's strategy for decarbonisation involves a range of targeted initiatives. Some of these are dependent on the timing of the transition of plant and equipment to alternative power sources, and therefore the commercial availability of that plant and equipment. Forecasting the timing of that transition is challenging but CIMIC is monitoring developments and will work with suppliers to trial and commercialise developments.

Scope 1 - Fuels (mainly diesel) for plant and equipment

- Continually seek opportunities to improve the energy efficiency of plant and equipment
- Increase use of bio-fuels, particularly bio-diesel where available
- Implement electric vehicles as they become available
- Work with OEMs[112] and equipment hire companies to increase the availability of electric vehicles and plant and equipment
- Introduce alternate fuels (hydrogen) and transition construction equipment from diesel with the assistance of the OEMs
- Procure carbon credits as a transitionary mechanism

Scope 2 - Purchased electricity

- Improve energy efficiency (i.e. install LEDs) where possible
- Purchase renewable energy (subject to security of supply) with all facilities such as offices and workshops to transition to 'green' power where commercially practical
- Generate renewable energy on projects (i.e. by installing solar panels)
- Install batteries to store power
- Procure carbon offsets as a transitionary mechanism

Scope 3 - Materials (i.e. concrete, steel, bitumen)

- Collaborate with clients, designers, suppliers and setters of standards to introduce low-emission products
- Innovate in the use of alternative materials (i.e. geopolymer concrete, green steel) where possible
- Seek opportunities to reduce the distances that materials need to be transported to site by sourcing locally
- Support research and development projects that have the potential to improve efficiency or sustainability of the industry

Scope 3 - Waste

- Actively recycle and/or reuse materials
- Collaborate with clients and suppliers to foster a circular economy
- Support research and development projects that have the potential to improve efficiency or sustainability of the industry

Scope 3 - Travel

- Promote alternative technology (i.e. video-conferencing) to avoid travel
- Work with travel industry to eliminate emissions
- Procure carbon credits to offset emissions

[110] The significant reduction from 2020 is a result of the divestment of 50% of Thiess as of the 31 December 2020 and the treatment of Thiess as an equity accounted joint venture. In aligning with this accounting treatment, Thiess' data has been excluded for the 2021 reporting period but can be accessed in Thiess' own stand-alone Sustainability Report which can be found at www.thiess.com.au. A significant portion of the diesel Thiess consumes is client supplied which is why the energy spend has not fallen in proportion to the reduction in energy consumption.

[111] CIMIC has only been reliably able to track renewable electricity purchases from 2018 onwards.

[112] Original equipment manufacturers.

CPB Contractors' M80 project champions sustainability with electric vehicles
Four electric vehicles have been purchased and 3 charging points installed on CPB Contractors' M80 project in Melbourne, Victoria. The initiative aims to reduce air pollution from exhaust emissions and to save money when project employees are driving to and from work areas.

The Group systematically tracks and reports on its energy usage and calculates the resultant greenhouse gas (GHG) emissions. For CIMIC, while absolute emissions generated are important, these are a function of activity levels and the work that is delivered on behalf of clients.

Dubbo train maintenance facility developed with a focus on sustainability
Pacific Partnerships, UGL and CPB Contractors, form part of the Momentum Trains consortium, delivering the $1.26 billion Regional Rail Project (RRP) for Transport for NSW (TfNSW) in Dubbo, New South Wales. As part of the RRP, CPB Contractors is building a new train maintenance facility in Dubbo NSW, which will be used for the commissioning and maintenance of new trains which will progressively enter service from 2023.

Sustainability has been at the forefront of the maintenance facility's design, with a strong focus on energy reduction. Key initiatives to minimise waste include the use of solar power and non-potable water (non-drinking water).

At least 95 per cent of the low voltage energy demand required to power the maintenance facility will be supplied from on-site solar technology. The remaining electricity consumption will be offset by UGL through purchased renewable energy or carbon offsets. Overall, an estimated 2,300MWH of electricity will be offset annually, equivalent to a yearly saving of 1,800 tonnes of carbon emissions.

In an Australian first, bi-mode technology will also be introduced to the new Regional Rail Fleet, arriving from 2023. Bi-mode is a diesel-electric hybrid which will allow the fleet to run on overhead power when operating on the electrified section of the train network. When operating outside of the electrified network, the train uses on-board Diesel Electric Multiple Units (DEMUs) to generate its own electricity. It is estimated that the use of bi-mode technology will reduce carbon emissions by over 540 tonnes annually and reduce diesel pollution by around three tonnes annually. It will also save over $2 million on diesel fuel costs each year.

Historically, the bulk of the Group's Scope 1 emissions were generated from the consumption of diesel in the contract mining activities of Thiess. With Thiess now reporting as a standalone entity, CIMIC has provided - for comparison purposes – the Scope 1 emissions with and without Thiess. Thiess' detailed disclosure can be found in its 2021 Sustainability Report.

Scope 1 greenhouse gas emissions	2021	2020	2019
Total (kt.CO2-e) (ex-Thiess)	115*	157	198
Total (kt.CO2-e) (if Thiess was included)	2,077	2,391*	2,634*

* Denotes CIMIC's reported Scope 1 emissions as per the Summary of Group Performance on page 73.

CIMIC's Scope 1 emissions remain largely driven by the consumption of diesel, primarily in the construction businesses of CPB Contractors and Leighton Asia. In 2021, CIMIC's Scope 1 emissions fell by 29% due to a change in mix of construction activity on projects, efforts to improve the efficiency of plant and equipment, and the use of electricity in preference to fuels where possible.

CIMIC is on track to achieve its shorter-term target to reduce Scope 1 emissions by 20% by 2025, from a 2019 base. While the 2021 reduction is a good indicator of CIMIC's progress, the absolute reduction achieved by 2025 will depend on a range of factors including, but not limited to: business activity levels; the type of projects being delivered and each project's energy profile; the ability to continually improve energy efficiency; and the implementation of electric vehicles and plant and equipment.

The Group's Scope 2 GHG emissions are almost entirely derived from the consumption of purchased electricity. The main areas where electricity is consumed were outlined earlier in this section. Scope 2 emissions declined substantially in 2020, primarily due to the winding down of the tunnelling work on some large construction projects in Sydney stages which were electricity intensive, and the COVID impacted reduction in revenue. In 2021, activity levels increased, particularly in the Australian construction business of CPB Contractors, driven by a number of major projects which drove a substantial increase in the consumption of electricity.

Scope 2 greenhouse gas emissions	2021	2020	2019
Total (kt.CO2-e) (ex-Thiess)	79*	58	119
Total (kt.CO2-e) (if Thiess was included)	81	61*	122*

* Denotes CIMIC's reported Scope 2 emissions as per the Summary of Group Performance on page 73.

CIMIC is on track to achieve its shorter-term target to reduce Scope 2 emissions by 20% by 2025, from a 2019 base. As with the Scope 1, while the 2021 reduction is a good indicator of CIMIC's progress, the absolute reduction achieved by 2025 will depend on a range of factors including, but not limited to: business activity levels; the type of projects being delivered and each project's energy profile; the greening of the grid and ability to access renewable energy supplies; the success of initiatives to generate our own power; the ability to continually improve energy efficiency; and the implementation of electric vehicles and plant and equipment.

Scope 1 and Scope 2 emissions are broadly a function of the Group's use of energy and, unlike indirect Scope 3 emissions, are a direct function of business activity. The Group actively seeks to improve the efficiency of energy usage; not only because of the impact on the environment, but because greater efficiency lowers operating costs.

Sydney's largest pool complex since the 2000 Olympics now complete
In 2021, CPB Contractors successfully delivered the Gunyama Park Aquatic and Recreation Centre for the City of Sydney. The state-of-the-art $106.5m aquatic centre is the latest in new community spaces to open in the converted industrial precinct of Green Square, where more than 61,000 people now reside.

The centre features a 50-metre pool set within recreation areas inspired by Sydney's ocean pools, a 25-metre pool with the third-largest moveable pool floor in the world, a kids' water playground, hydrotherapy pool, a gym, creche, café, and a 4,950m2 sports field. Waste, water, and energy initiatives plus design features make this the first aquatic centre in Australia to hold a 5-star rating under the Green Building Council of Australia design rating scale.

The centre has an energy saving climate control system and 420 photovoltaic panels that generate power. The panels are connected to the City of Sydney's local electricity network across the road. This means that any extra energy can be used to power buildings in the surrounding precinct. The centre's 'passive design' means it can maintain comfortable temperatures without the need for excessive heating and cooling. It has natural ventilation, shading and lighting and a roof made from a light-filtering material. Water smart taps, showers and toilets minimise water use. The design provides flexibility to manage energy consumption and makes the centre significantly cheaper to run.

CIMIC also measures emissions intensity, based on the total of the direct Scope 1 and Scope 2 emissions (in kt. Co2-e) divided by revenue (in $m). Emissions intensity, as measured this way, provides a useful comparison when dealing with some of the inherent measurement challenges that arise from the diversity of projects which can have very different emission profiles (i.e. excavating a rail tunnel compared to building a hospital) and the demands of clients (i.e. contractual requirements to use renewables).

The Group's primary business activities - construction and services - are quite diversified and have very different energy usage outlines. CIMIC considers that reporting emissions intensity by activity provides an appropriate - and comparable - metric. CIMIC is committed to a target of achieving annual reductions in the emissions intensity of the Group's business activities.

Scope 1 and Scope 2 greenhouse gas emissions intensity (kt. CO2-e/$m)	**2021**	**2020**	**2019**
Construction (includes CPB Contractors and Leighton Asia)	0.026	0.029	0.039
Services (includes UGL and Sedgman)	0.006	0.010	0.008

Energy usage in the construction business can vary significantly year-on-year depending on the types of projects being delivered. The services business has an even lower level of energy usage and emission intensity and is largely focused on improving the efficiency of electricity usage which is its largest contributor to emissions.

Solar assets tracked in real-time with UGL and Sedgman
In 2021, Sedgman provided digital consultation services to UGL, developing an advanced innovative and sustainable solution for monitoring and controlling for some of the large-scale solar energy assets that UGL is maintaining. Drawing on the skills from across the CIMIC Group has enabled the teams to fast-track ground-breaking solutions to develop this platform.

The solution, designed by Sedgman in partnership with UGL's Renewables business, reports and alerts on solar energy and weather data across five solar sites across Australia including Bannerton, Badgingarra, Collinsville, Tailem Bend and White Rock. Using Power BI visualisation (Microsoft data analytics software), the platform generates visualisations and representations of solar energy data which includes performance ratios, solar energy forecast and weather data.

Thousands of tags are constantly analysed and reported at various time intervals with abnormal performance flagged and notified on any Microsoft Teams-enabled device. The number of inverters online, grid limitations from Distributor Network Service Providers and the Australian Energy Market Operator, or DC fuses with potential faults, are some examples of the alerts communicated from the Sedgman solution to UGL's remote support team and subject matter experts. In addition to the Power BI visualisation, implementation of Microsoft Teams' alerting capability provides an added benefit in monitoring the health status of different aspects of the renewable energy generators.

CIMIC will continue to work with clients to develop energy and emissions targets that are relevant to their individual projects.

UGL secures locomotive manufacturing contract
UGL has been awarded a contract to design, manufacture and supply new fuel-efficient diesel electric locomotives for long-standing client, Pacific National. The contract will generate revenue to UGL of approximately $297m over seven years and solidifies UGL's position as Australia's only manufacturer of freight locomotives.

The C44 Evolution locomotives will be the most technologically advanced, fuel-efficient, and environmentally compatible diesel electric locomotives in Australia and will be designed and manufactured in Newcastle, New South Wales. Pacific National has a strong focus on improving the efficiency of its locomotives and its environmental performance. UGL will support this strategy by delivering locomotives that lower emissions and operating costs, with improved productivity, reliability and availability.

UGL will work with Wabtec to meet Pacific National's requirements for a new locomotive fleet. The new C44ESACi Evolution Locomotive uses the Wabtec Eco friendly Evolution engine to achieve world class heavy haul fuel efficiency and in turn exceed the current RISSB emission standard of 0.27 g/kWh for particulate matter. One Evolution locomotive will prevent 430t of CO2 from entering the atmosphere per year when compared to a C44ACi. The Evolution can deliver 6% more fuel efficiency compared to the previous model. One Evolution locomotive performing the same journey as a C44ACi locomotive will save 133,000L per year. When Wabtec's Trip Optimiser is added the saving will be a further 108,000L

UGL's unique position as Australia's only manufacturer and maintainer of Australian-made locomotives allows us to ensure a strong home-grown supply chain and ongoing local employment. The C44 Evolution locomotive is better for the environment with lower emissions and better fuel efficiency than anything Australia has seen before. UGL looks forward to continuing its strong relationship with Pacific National through the delivery of these locomotives.

The Scope 3 emissions generated by the Group are mainly derived from activities such as:
- the use of construction materials such as concrete, asphalt and steel where the extraction and/or production is undertaken by others;
- the use of fuel for transport-related activities in vehicles not owned or controlled by the Group;
- electricity-related activities not covered in Scope 2;
- outsourced activities;
- waste disposal; and
- travel.

Reducing emissions on the Parramatta Light Rail project
A CPB Contractors joint venture is delivering Stage 1 of the Parramatta Light Rail project, constructing a 12-kilometre, two-way track connecting Westmead to Carlingford via the Parramatta CBD and Camellia in Sydney's western suburbs. The project includes construction of:
- light rail track, roadworks and stop platforms;
- transport interchanges at Westmead, Parramatta CBD and Carlingford; and
- new light rail and pedestrian zones along Church and Macquarie Streets in the Parramatta CBD, and urban design.

The light rail project will be the first in New South Wales (NSW) to have 'grass track', as well as achieve significant and positive outcomes for the project and community. The 'grass track' will be installed along 10% of the alignment, which requires 81% less concrete compared to standard embedded trackform.

The project will achieve a 36% per cent reduction in carbon emissions through construction and operations, simply by designing areas with a wire-free system, using supplementary and recycled materials in concrete and asphalt, and re-using existing rail, sleepers and ballast. This outcome far exceeds the 20% target and has given the project a Level 3 rating for the Mat-1 IS credit.

The largest single contributor to Scope 3 emissions is the construction materials used by the Group. The selection of materials is very often driven by the demands of clients (both in terms of the type of projects awarded and the contractual terms), compliance with industry standards, and the requirements of consulting engineers and designers. While CIMIC will try to reduce the Scope 3 emissions where possible, for example - by trying to select lower emission materials (such as geopolymer concrete) this is not always possible and will be dependent on satisfying the demands of clients and other stakeholders.

Scope 3 greenhouse gas emissions	2021	2020	2019
Total (kt.CO2-e) (ex-Thiess)	715*	780	1,134
Total (kt.CO2-e) (if Thiess was included)	750	801*	1,143*

* Denotes CIMIC's reported Scope 3 emissions as per the Summary of Group Performance on page 73.

In 2021, CIMIC's Scope 3 emissions reduced by 8.4% (excluding Thiess) primarily driven by consumption of less concrete, steel and asphalt, partially offset by the generation of more waste – primarily spoil from tunnelling activities.

Reducing emissions from materials on the Sydney Metro
CPB Contractors and its joint venture partners have minimised waste and used resources efficiently on the Sydney Metro City & Southwest Tunnel and Station Excavation (TSE) works to reduce Scope 3 emissions. A key initiative by the team at the Marrickville Precast Facility was the use of supplementary cementitious material in the concrete mix instead of Portland cement, reducing the project's carbon dioxide output by 388,071 tonnes. The team also used non-potable water for 81% of the water needed in the concrete's production.

In other initiatives, 100% of the project's clean spoil has been reused at construction sites across Sydney, more than 95% of construction and demolition waste has been recycled, and the promotion of the 'Return and Earn' container recycling program minimised litter on-site, generating a sizeable donation for the Bear Cottage, a special charity for children.

As a substantial energy user and greenhouse gas emitter, CIMIC is registered to report under the Australian Government's NGER[113] scheme. The Group's Operating Companies collect energy use and emissions data for all projects and sites and then report where they have operational control - as prescribed under the *NGER Act*. The Group has comprehensive measures in place to manage its NGER obligations for reporting in Australia including:

- having established legal review processes to identify operational control status at the tender and contract stages;
- utilising Group-wide reporting systems to manage all data; and
- having the Group's data and processes subjected to annual external assurance audits.

The Group has reported the following aggregated emissions and energy usage data under the NGER scheme based on its Australian operations and for those facilities where the Group has operational control.

Greenhouse gas emissions and energy consumption	Total Scope 1 emissions (t CO2-e)	Total Scope 2 emissions (t CO2-e)	Total Net energy consumed (GJ)
2020/21	109,159	50,465	1,803,018
2019/20	93,301	39,603	1,826,179
2018/19	134,974	82,089	2,297,710
2017/18	128,057	113,591	2,336,472
2016/17	68,295	53,534	1,233,835
2015/16	50,639	32,910	884,558
2014/15	77,412	72,142	1,434,467

EY signed off on the preparation of CIMIC's Energy and Emissions Report, again providing a limited assurance audit for the 2020/2021 NGER data as requested.

New carbon neutral ready-mix concrete used at Dubbo Maintenance facility
At the Regional Rail Project new train maintenance facility in Dubbo NSW, CPB Contractors has adopted the use of the new carbon neutral ready-mix concrete product being offered by concrete supplier, Holcim. The product, dubbed 'ViroDecs Zero', was introduced to the market in April 2020.

ViroDecs Zero has been certified by Climate Active, a program administered by the Australian Federal Government. The certification allows Holcim to offset the embodied carbon associated with supply of their ready-mix concrete products. When a project takes up this option, an additional fee is charged as part of ready-mix concrete supply that then allows Holcim to purchase the associated carbon offsets.

Recognising the sustainability benefits of ViroDecs Zero, CPB Contractors worked closely with Holcim to determine if this opportunity would meet the project's cost constraints and, ultimately, this option was taken up. The key sustainability benefit of adopting this concrete product is a reduction in the greenhouse gas (GHG) footprint on the project. CPB Contractors has estimated that approximately 9,000m3 of ready-mix concrete would be required to construct the maintenance facility with an associated GHG footprint of around 2,900 tCO2-e[114] and these GHGs can now be offset.

[113] As reported to the Australian Government Clean Energy Regulator under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act), includes energy consumption from the operation of facilities under the Group's operational control.
[114] As calculated using the Infrastructure Sustainability Council's IS Materials Calculator v2.

REDUCE WASTE

Central to our approach to delivering projects is using resources efficiently, encouraging recycling and taking a lifecycle approach to waste management. This can often include seeking ways to reduce waste through smarter design and procurement and pursuing opportunities for recycling or reuse.

Recycled railway sleepers used to prevent erosion

In the Pilbara region of Western Australia, CPB Contractors has been delivering the construction of bulk earthworks, concrete and underground services for BHP Iron Ore's South Flank project. This region can experience excessive flooding, scouring and water erosion which can damage roads and other infrastructure. One tried-and-tested protection method to protect infrastructure assets from the water is the process of layering stones in run-off or outfall areas to stabilise slopes and the ground. This stone layering is called 'rip rap'.

CPB Contractors' team at the South Flank project used redundant concrete railway sleepers, which would have otherwise gone to landfill, for floodway rip rap. The stock-piled sleepers were carefully arranged and proved successful in their new role. So much so that a second area was selected to use sleepers for the same purpose.

In total, the two rip rap areas:

- diverted in excess of 10,000 sleepers from landfill; and
- eliminated the requirement to combust 3,000L of diesel and generate more than 8,000 kg of carbon dioxide emissions had the sleepers been transported by road.

The use of the sleepers also eliminated the need to source more than 1,840m3 of rocks from the area to use as rip rap, and the resultant diesel and carbon dioxide emissions to gather them.

In 2021, the Group generated a total of 11.3 million tonnes of waste, of which more than 97% was diverted - mainly for reuse - and only ~2.8% (versus 4.6% in FY20) was disposed of in a landfill.

Waste generation (tonnes)	2021	2020 (ex-Thiess)	2020
Disposed - landfill	316,232	374,337	392,192
Disposed - other	3	97,177	97,177
Diverted - reuse	10,547,164	7,218,873	7,218,873
Diverted - recycling	458,541	798,482	806,307
Total	**11,321,940**	**8,488,871**	**8,514,549**
Recycling rate (diverted/total)	**97.2%**	**94.4%**	**94.3%**

The major contributor to growth in waste over the last few years has been the amount of spoil - or waste earth and rock - that needed to be disposed of due to an increase in tunnelling activity for major road and rail projects. This spoil has largely been diverted to, or reused on, other commercial and residential developments where it can be utilised as fill to create level areas.

The Group has a target to recycle more than 75% of its waste and has more than achieved this over the last 3 years. Ideally we seek to minimise the disposal of any waste to landfill or other destinations, however this outcome is driven by the type of waste generated on the projects that are undertaken. Some tunnelling projects generate contaminated or hazardous waste because of the nature of pre-existing soil conditions and the treatment of these materials is prescribed by the relevant Government agencies.[115]

[115] As noted in the 2018 Sustainability Report, regarding the variation in volumes of waste generated, much of the waste reported relates to spoil removed from client's sites where land has previously been contaminated. Spoil with the potential for contamination, i.e. from asbestos or PFAS, is dealt with using specific processes and controls, and in line with all regulatory guidelines and requirements, and industry best practice. In some cases, the mandated treatment is for onsite encapsulation in engineered facilities, in other csses it is for offsite removal to a specific landfill cell.

Cross River's spoil helping to build South-East Queensland
Brisbane's transformational Cross River Rail project will play an important building role over the next few years, helping to shape Southeast Queensland. Spoil from the tunnels is expected to be used in half of all brick houses to be built in the region over that time.

One of the more interesting examples of recycling has been occurring at Austral Bricks in Rochedale, which is using nearly 60,000 m3 of spoil – enough to fill about 24 Olympic swimming pools – generated by the project's massive Tunnel Boring Machines (TBMs) to make bricks. Austral Bricks realised that a specific kind of shale generated by the project suited their needs and is currently being used to make bricks. Cross River Rail is providing Austral Bricks' factory with enough spoil from the twin tunnels, to make bricks for about 6 to 7 years. These bricks will be used to build houses, hospitals and schools, meaning the spoil carved out to build Brisbane's new underground will help shape the city and the region for years to come.

Some other interesting facts about Cross River Rail spoil include:
- About 1.6m m3 of spoil is expected to be generated over the project's lifespan;
- The TBMs alone will generate 315,000 m3 of spoil;
- The TBM spoil is collected onto conveyer belts while the mega machines excavate, which move it to a large spoil shed at the Woolloongabba site, before it's transported to various sites;
- More than 80% of the spoil generated across Cross River Rail's sites so far has been re-used or is being stockpiled for reuse;
- Spoil is sent to numerous locations, including Brisbane Airport, Swanbank, Pine Mountain, Larapinta and the Port of Brisbane;
- Spoil is also reused elsewhere on the project, including Mayne Yard and Clapham Yard, commercial and residential development sites, and other projects such as Pacific Motorway upgrades;
- Austral Bricks is using 60,000 m3, or 100,000 tonnes, of spoil (about six to seven years' worth of material) to create bricks to be used for houses and buildings such as schools and hospitals;
- Austral's facility has the capacity to make 120m bricks a year;
- The spoil acts as a hard inert filler and is blended with numerous other types of plastic clays and shales, and from there is milled down, shaped, dried fired and finally packed down for distribution; and
- The bricks will be used in the domestic market, including across Southeast Queensland, but Austral also exports millions of bricks a year, mostly to New Zealand and Asia.

During 2021, 184,344 tonnes of concrete was recycled (versus 85,611 tonnes in FY20) which avoided this material being sent to landfill.

During the year, the Group generated 362,725 tonnes of hazardous waste. The change primarily reflects a significant increase in the earthworks phase of a number of construction projects where hazardous materials were present.

Recycled asphalt for paving
Installation of an oil kidney filter at UGL's Newcastle mining repair workshop has reduced consumption and disposal of oil. Re-use of filtered oil saves around 20,000L of oil per year. Crushed glass has also been used as a sub-base on recent pavement repairs at the UGL Newcastle site.

The Group's Operating Companies generated relatively small amounts of other hazardous waste which are diverted for reuse/recycling where possible and, if this is not possible, disposed of as per regulatory requirements. These waste streams typically include:
- oily water from workshop facilities, and oils and grease from construction sites;
- used lubricating oils and contaminated soil from the clean-up of small spills; and
- sewerage, batteries and grease.

Hazardous waste generated (tonnes)	2021	2020 (ex-Thiess)	2020
Group	362,725	239,680	252,188

The Group is not aware of generated, transported, imported, exported or having treated any other hazardous waste and has not shipped any hazardous waste internationally.

CONSERVE WATER

We understand the importance of, and are committed to, minimising water usage and implementing opportunities for water efficiency and recycling. Projects - be they construction or services - can often be substantial users of water; for dust suppression on construction projects, in the operation of minerals processing plants and for the washing down and cleaning of different types of equipment. Minimising or reducing water use and increasing the use of recycled water are beneficial for the environment but also help to reduce costs when water must be purchased.

The Group has also developed an expertise in the delivery of water treatment plants which helps clients and communities to conserve water and to minimise their environmental footprint.

Sustainable handling of tailings

Sedgman understands that the biggest influence the company can have on the environmental sustainability of the resources industry is by delivering design solutions that reduce the impact of mine sites. The disposal of tailings is commonly identified as the single most important source of environmental impact for many mining operations. With some recent high-profile failures of tailings dams, governments, environmental groups and mining companies have been looking to implement alternative methods of managing tailings. Avoiding the use of tailings dams altogether, or avoiding dam raises, can have a significant impact on water recovery and mine site rehabilitation, as well as reducing risks to communities from dam breaches.

One of Sedgman's key services is tailings dewatering, which maximises water recovery, and reduces the likelihood of environmental harm associated with tailings dams. Having extensive technical experience in dewatering systems, flotation scavenging, and reprocessing tailings - in both base metals and coal - Sedgman has delivered a significant number of studies and projects which include both a range of tailings dewatering technologies and a variety of reject transport and emplacement methods.

Sedgman is currently delivering an engineering, procurement and construction contract for a new tailings dewatering facility at the Byerwen mine in Queensland. This project will convert the existing wet rejects pumped co-disposal system to a combined dry tailings and coarse reject dewatering trucked system. The new system is intended to result in a lower operational risk profile, less power usage, and improved water recovery and management of dewatering chemicals.

Another project utilising tailings dewatering is Nevada Copper's Pumpkin Hollow Project in Nevada, North America, which included plate and frame filters to dewater tailings. Sedgman is also currently in construction at the Jellinbah Project in Queensland which includes the installation of horizontal belt filters.

Growing revenue from environmental responsible solutions is a key element of Sedgman's strategic plan. With the focus on water and land-use sustainability intensifying across the industry, Sedgman is pleased to be recognised as providing reliable tailings management solutions.

Our Operating Companies are required to develop Environmental Management Plans (EMPs) which integrates 'Soil and Water Sub-plans' as integral components of their delivery of construction and services project. These EMPs recognise, and are adapted for, the unique conditions of each project so they can be effectively managed. Water management plans are required to consider and address factors such as:

- the environmental values of the surrounding environment;
- potential water requirements and sources; and
- the regulatory commitments and landholder obligations that a particular project must meet.

Extensive controls used to manage water quality on projects

Controls that are adequate to minimise water use and potential water quality impacts, to ensure compliance, and to reduce risk are implemented before any relevant works commence. Elimination of the hazard is the first preference of control, followed by engineering, then administrative controls. Typical controls used on projects include (but are not limited to):

- Ensuring all soil and water risks are considered as part of the development of Construction Area Plans and Work Packs:
- Erosion and Sediment Control Plans (ESCP) are developed by a suitably qualified person in consultation with the construction team);
- Erosion and Sediment Controls (ESC) shall be designed (stability, location, type and size), constructed, operated and maintained in accordance with the relevant, local guidelines, and approved by the Project Environmental Representative and Site Supervisor;
- ESC will be installed prior to (or immediately upon) any disturbance to vegetation or soil. These controls will remain in place until revegetation, stabilisation or hard scaping has occurred.
- Sediment laden water (dirty water) captured onsite will be preferentially reused e.g. for dust control;
- Water transfers / movement around site and discharged from site will be undertaken in accordance with the project's dewatering procedure/ Permit to Dewater;
- The quantity of water consumed on the project from each of the following sources are reported monthly:
    - Potable water,
    - Water obtained under an extraction licence or other regulatory authority,
    - Recycled water sourced from outside the project.
- All hazardous substances (liquids and solids) are stored and managed according to AS1940;
- Opportunities to minimise the use of potable/ fresh water will be continually sought and adopted as appropriate; and
- Contingency planning to prevent spills shall also involve monitoring for predicted flood events and the removal of plant, equipment, fuels and chemicals from flood prone areas.

The EMPs systematically address all of the risks and opportunities associated with water management on the project. They identify the controls that each project is required to put in place to manage environmental values and associated risks. The EMPs also focus on identifying options for minimising potable water use, and maximising recycling and water reuse, which are critical on projects where water is or may become scarce (i.e. in water stress areas).

In 2021, the Group withdrew 5.8 million kilolitres of water and discharged 0.8 million kilolitres which led to a substantial variation in consumption compared to the prior year. The variation between 2021 and 2020 reflects the divestment of 50% of Thiess and its treatment as an equity accounted joint venture. Thiess' data can be accessed in its own stand-alone Sustainability Report which can be found at www.thiess.com.au.

Water usage and consumption[116]	2021	2020 (ex-Thiess)	2020
Withdrawals (ML)	5,810	3,310	18,488
Discharge (ML)	797	1,338	7,233
Consumption (ML)	**5,013**	**1,972**	**11,255**
Recycled-reused (ML)	2,233	197	3,567
Recycled-reused (%)	27.8	5.6	16.2

The Group's Operating Companies seek opportunities - where possible - to recycle or reuse water and, in 2021, 2.2 million kilolitres was sourced in this way. This generated a recycling-reuse percentage[117] of 27.8%. The Group targets a recycled/re-use rate of at least 10% however the ability to achieve this target is dependent on the type and location of projects we deliver and the opportunities each projects offers to more efficiently use water.

Water withdrawals in 2021 were primarily sourced from rainwater and rivers, wastewater from other organisations, renewable groundwater and mains supply.

Withdrawals sources (%)	2021	2020 (ex-Thiess)	2020
Fresh surface water, including rainwater, water from wetlands, rivers and lakes	53	4	67
Brackish surface water/seawater	0	0	0
Groundwater - renewable	13	31	6
Groundwater - non-renewable	0	0	2
Third-party sources	34	65	26

Discharges in 2021 were primarily made to rivers, marine environments, and industrial wastewater treatment plants and public utilities.

Discharge destinations (%)	2021	2020 (ex-Thiess)	202
Fresh surface water, including rainwater, water from wetlands, rivers and lakes	52	98	99
Groundwater - renewable	47	0	0
Brackish surface water/seawater	0	0	0
Third-party destinations	1	2	1

USE MATERIALS EFFICIENTLY AND REDUCE IMPACT

Our Operating Companies continually innovate to improve the efficiency of the resources they use, reducing the impact on the environment and society while also lowering costs. We work on this approach with our clients to create sustainable solutions which provides an opportunity for the Operating Companies to improve their value proposition.

The responsible recycling of materials is increasingly important as we seek to reduce our environmental footprint and promote a circular economy. The amount of material that can be recycled varies project to project and depends on the bespoke nature of the material required, the design, the opportunities for recycling and the client's commitment to support these initiatives.

Recycling on Sydney Metro City & Southwest project

The Sydney Metro is committed to resource efficiency and places a heavy focus on materials efficiency as well as recovery, reuse and recycling of waste on projects. CPB Contractors and UGL, as part of the consortiums delivering this project, are supporting the client to achieve their aims for this project. Some of the performance highlights on the project include:

- Reduced the environmental footprint of materials used on the project by at least 15% compared to business as usual.
- Used concrete which has an average Portland cement replacement level of more than 25%.
- 100% beneficial reuse of usable spoil.
- Recycled or reused 90% of recyclable construction and demolition waste.
- Recycled or reused 60% of office waste during the construction phase.
- 60% of reinforcing steel produced using energy-reducing processes in its manufacture.
- Sourced 100% reused, recycled timber or responsibly sourced timber.[118]

In 2021, the Group's Operating Companies procured more than 2.9m tonnes of construction materials. The change since 2019 reflected the decline in revenue, partly due to the impact of COVID-19 and also the completion of several large tunnelling projects that used large volumes of concrete and steel.

[116] These water disclosures for withdrawals, discharges and consumption align with the 'CDP Technical Note on Water Accounting', CDP Water Security 2018.
[117] Total water recycled and reused / (Total water recycled and reused + Total water withdrawals).
[118] Source: Sydney Metro Sustainability Report 2020, published Sept 2021.

Material use (kilotonnes)	2021	2020 (ex-Thiess)	2020
Quantity	2,952	3,624	3,627

The quantities of construction materials purchased - the bulk of which are concrete, steel, asphalt and to a lesser extent timber, is split as follows:

Quantities (%)	2021	2020 (ex-Thiess)	2020
Concrete	70.8	64.3	64.3
Steel	3.5	2.9	2.9
Asphalt	24.7	31.8	31.8
Timber	<1	<1	1.1
Glass	<1	<1	<1

Proof of concept for low carbon concrete

As the most widely used building material in the world, concrete is responsible for about 7-8% of total carbon emissions. Concrete production requires vast amounts of natural resources (such as water, gravel and sand) but concrete's main environmental impact comes down to its requirement for Ordinary Portland Cement (OPC) as a primary binder.

OPC is versatile, durable, and proven material that continues to be the preferred binder in concrete. Large amounts of energy and extreme heat are required in the production of OPC. It is estimated that every tonne of cement produces at least a tonne of CO_2 equivalent (i.e. t CO_2-e). Therefore, concrete is the largest contributor to Greenhouse Gas (GHG) emissions in construction, which also presents as a significant opportunity for positive change through innovation.

Virgin sand is also typically used in concrete as fine aggregate. The resulting high demand for virgin sand makes it the second most consumed natural resource on the planet after water. A considerable percentage of virgin sand can be replaced with glass based manufactured sand in concrete applications. Using this recycled resource diverts waste from landfill to promote a circular economy reducing pressure on natural resources.

A joint venture including CPB Contractors has been contracted by Transport for New South Wales (TfNSW) to deliver the $3.9bn Rozelle Interchange and Western Harbour Tunnel Enabling Works Project (RIC) – the final stage of the Westconnex road tunnelling program. The 4.5-year construction program is expected to consume over 500,000m3 of concrete, 70,000 tonnes of steel, 250,000 tonnes of aggregate, and generate over 7,800,000 tonnes of spoil.

The joint venture has used the project to realise the following opportunities to drive sustainable change in the New South Wales materials market:

- Significantly reducing or removing OPC used in non-structural concrete.
- Recycled crushed glass sand will provide a sustainable alternative to virgin sand where it is viable.
- Recycled plastic fibres will be used in place of traditional reinforcing steel in non-structural applications, where possible.
- Implementation represents a first of its kind opportunity for a major TfNSW road-Project to trial and prove performance of lower embodied carbon alternatives to traditional concrete.

The joint venture has focused on four cost effective, high value, alternative concrete solutions to leave a legacy in sustainable technology for TfNSW and the Inner West:

- The use of ENVISIA concrete in TfNSW Specification R53: Concrete for General Works (R53) applications
- The replacement of traditional reinforcing steel in R53 applications with recycled plastic fibres
- The replacement of virgin sand in flowable fill for tunnel drainage with recycled crushed glass
- Research and development into the use of Geopolymer Concrete (GPC).

Research and development in these areas will enable the joint venture to influence the creation of a steady, cost neutral, fit-for-purpose, alternative supply for pavements, bedding and filling applications in NSW. Following implementation of alternative concrete solutions, the joint venture aims to achieve proof-of-concept for the performance of alternative binding options and transform the NSW concrete market.

Materials made up approximately 20.5% of the Group's total expenses in 2021. Detail on the Group's other expense items can be found in 'Note 3. Expenses' in the Financial Report section of the Annual Report.

PROTECT BIODIVERSITY

Our activities have the potential to impact on the natural habitats of the projects we are delivering and to their biodiversity. We are committed to minimising disturbances and avoiding impacts on habitats and ecology, and to promoting biodiversity where this is possible.

Ecological enhancement of grassland in Victoria

Native grasslands, known as Plains Grassland Ecological Vegetation Class (EVC), are endemic to south-western Victoria and primarily confined to the Victorian Volcanic Plain bioregion. Prior to European settlement, this community was widespread and extended from Greater Melbourne to Hamilton in the west of the state. Due to the cumulative impact of European settlement (pastoralism), land clearance, agricultural intensification, and urban development, as little as 2% of this formerly widespread ecological community remains. Today, these native grasslands are threatened at both the Commonwealth and State level – where present, they are listed as Critically Endangered under Commonwealth legislation and listed under Victorian legislation. Key to the ongoing preservation of this threatened ecological community is the protection of high-quality examples of the community where they remain. These examples often exist as small, fragmented remnants within public land road reserves, rail reserves and cemeteries.

The Rail Infrastructure Alliance (RIA) which includes CPB Contractors has delivered the Metro Tunnel Project and Sunbury Line Upgrade Project in Victoria. The RIA's approach to the delivery of the projects has achieved a positive ecological net-gain, ensuring that no native vegetation was removed to facilitate the works and high-value ecological sites have been maintained, protected and enhanced.

RIA engaged with key stakeholders to pursue ecological enhancement opportunities and, through consultation with a range of landowners and land managers, sites were selected for enhancement. A total of five sites were selected along the Sunbury Rail Corridor. By enhancing five ecological sites, RIA was able to deliver 3.04 hectares of additional native grassland within the rail corridor which contributes significantly to both the extent of the native grassland community within the rail corridor and the connectivity between these areas of ecological value. This equates to greater than 30% enhancement of the ecological value that exists within the RIA project land. This approach contributes to a long-lasting ecological contribution to the region, leaving a positive legacy of a net-gain for ecology and a potential precedent for other rail or linear infrastructure project

Activities are planned so that environmental impact to habitats, especially sensitive locations, is avoided during the design and planning phases of our diverse infrastructure, resources and property projects. This planning is managed through EMPs which will identify a range of measures to manage and mitigate potential impacts. Implementation includes the development of biodiversity management plans that consider local contexts, baseline surveys, monitoring results and specialist advice. Where impact to habitats is unavoidable, strategies are developed to minimise disturbance while efficiently, effectively and safely completing work.

Environmental initiatives at Yanchep Rail Extension

At the Yanchep Rail Extension, the NEWest Alliance team which includes CPB Contractors, is extending the Perth to Joondalup line 14.5km north from Butler to Yanchep and constructing three new stations to support the area's growing population. In the process, the team is implementing the Western Australian Government's Sustainability Strategy to lessen the impacts of construction on the local environment.

To minimise the impact of Perth's necessary railway works, the Alliance has secured a parcel of land which will aid in Western Australia's conservation of natural habitation and precious flora and fauna. Before earthworks began, more than 500 grass trees were recovered and are currently being stored for safekeeping while works are underway. Before completing the Yanchep Rail Extension, these grass trees will be used to landscape the new Alkimos, Eglinton and Yanchep stations.

The team is also building Western Australia's biggest fauna overpass which is designed to form an ecological link between the eastern and western sites across the rail line at Ningana Bushland. At 33m wide, the overpasses will allow safe passage for Western Quolls, Quendas, Black Striped Snakes and Western Bush Wallabies.

The rehabilitation of disturbed areas remains an integral element of dealing with biodiversity on projects.

Habitat restoration for the helmeted honeyeater

On Metro Tunnel's Rail Systems Alliance (RSA) in Victoria, being delivered by CPB Contractors, the team has partnered with Zoo's Victoria and the Friends of the Helmeted Honeyeater community group which has allowed RSA to create a lasting legacy for present and future generations. The partnership involved a habitat restoration project installing 4,000m2 of gunnel matting to supress weeds. Zoo's Victoria undertook planting of native trees through the mating while RSA undertook the installation of the matting.

The project was undertaken to improve the habitat of the Helmeted Honeyeater, the native bird emblem of Victoria. Thirty years ago, it was estimated that there were only about 50 of these birds left in the wild. Today, thanks to breeding and conservation programs, this number has increased to around 260. The habitat restoration program aims to increase the amount of wet areas in the habitat and the number of nectar producing tress which the birds feed off.

Grass tracks on Parramatta Rail - a NSW light rail first

The Parramatta Light Rail project, being delivered by joint venture including CPB Contractors, will be the first in New South Wales to use ‘grass tracks’. The project will feature up to one kilometre in total of green track, which involves planting grass or shrubs between and beside light rail tracks, across three zones: Cumberland Hospital, Robin Thomas Reserve and Tramway Avenue.

Not only does green track look good, but it also contributes to increased biodiversity, noise reduction and urban cooling – a positive result for those who live and work in the Western Sydney heat. The green tracks will be installed along nearly 10% of the alignment and require 80% less concrete when compared to standard embedded track structures.

BUILD RESILIENCE TO CLIMATE RISKS

Warming of the planet, caused by greenhouse gas emissions, is widely acknowledged to pose serious risks to the global economy and will have an impact across many economic sectors. We recognise and welcomes the increasing international commitment of governments, communities and others in creating a low-carbon, climate resilient future. Within that environment, CIMIC understands the need and is committed to reducing emissions by boosting energy productivity, reducing waste, rehabilitating degraded land, transitioning to use alternative energy sources (such as bio-fuels, electricity and hydrogen), increasing the use of renewable energy and driving other innovation.

UGL supporting the Kidston Clean Energy Project

UGL has secured a contract for the design, construction and installation of a 186km high voltage transmission line from Kidston to Mt Fox in Queensland, and a new 275kV switching station located at Mt Fox. This project will connect the Kidston Clean Energy Hub to the national electricity grid – a vital step in the provision of power to Queenslanders and businesses.

The Kidston Clean Energy Hub comprises the operating 50MW stage 1 Solar Project and the 250MW Kidston Pumped Storage Hydro Project with potential for further multi-stage wind and solar projects. UGL is currently performing early works and mobilisation for the contract with its client, Powerlink, in support of the Kidston Clean Energy Hub in Queensland.

By connecting the first pumped hydro storage project in Queensland in more than 40 years, the Queensland Government is ensuring the security of the network. Not only that, but construction of the transmission line alone will support 400 jobs and have impacts across the supply chain in communities like Ingham and Charters Towers.

We support the work of the Task Force on Climate-related Financial Disclosures (TCFD), to increase transparency around the response of businesses to climate change. CIMIC’s position on the TCFD recommendations for disclosure of climate related opportunities and risks is set out in our ‘CIMIC’s approach to Climate Change’ paper which can be accessed on our website at www.cimic.com.au. The Paper aims to provide stakeholders with a better understanding of the Group’s risks and opportunities across each of its major activities: construction, mining and mineral processing, and operations and maintenance services. It uses the TCFD framework to identify the potential financial impacts on the Group, supplemented by other disclosures in this Sustainability Report.

We also understand that we can support our clients to increase their resilience to climate risks by undertaking risks assessments and designing and adapting projects to respond to actual or potential impacts. The ability to be able to provide this service and assurance for clients will be increasingly important in the future as we deliver assets for our clients that may have operational lives of 100 or more years such as a bridge, a tunnel or a building.

Cross River Rail flood mitigation

As South East Queensland’s largest infrastructure project, Cross River Rail is a new 10.2km rail line that includes 5.9km of twin tunnels under the CBD and flood-prone Brisbane River. UGL, Pacific Partnerships and CPB Contractors, supported by EIC Activities, are delivering the Tunnel, Stations and Development PPP package of the project. Separately, CPB Contractors and UGL, along with their Alliance partners, are delivering the Rail, Integration and Systems (RIS) package of the project.

Mitigating flood risks, particularly given the increased potential because of climate change, required an innovative engineering approach for Albert St Station, situated at a low point in Brisbane’s CBD. The system will withstand a 1 in 10,000-year flood and the possibility that the water could reach 10 metres deep above the escalators.

Engineered to cover the escalator shaft, a 90-tonne steel ‘escalator plug’ can be deployed quickly to hold any floodwaters out of the railway system, essentially acting as a lid for the station. Stored in the architectural entry canopy, the ‘escalator plug’ lowers down over the escalators and forms a watertight seal. In addition to using deflection modelling to calculate the effectiveness of the system, the plug will be tested annually during the flood mitigation deployment testing. Given the location of the station in a high flood risk area, the team has exercised quality engineering and technical skills to meet the challenge of providing a safe and reliable piece of transport infrastructure.

Climate risk assessments and adaptation plans that outlines the management actions to assess climate risk and the identification and review of adaptation options are undertaken. Risk assessments should be conducted in line with Australian Standard AS5334-2-13: Climate change adaptation for settlements and infrastructure. Modelling is generally undertaken to characterise the likely impacts of the projected climate change for all high and extreme priority climate change risks.

Climate risk assessment on M6 project
In May, a joint venture including CPB Contractors and UGL, was selected to deliver stage 1 of Sydney's M6 motorway project which will connect Sydney's south to the city's wider motorway network. The joint venture will deliver an underground motorway connection between President Ave, Kogarah and the M8, including twin 4km mainline tunnels, exit/entry ramps, shared cycle and pedestrian pathways and tunnel stubs for a future Stage 2 of the M6 (subject to obtaining relevant planning approvals).

Under the contract, the joint venture is required to undertake a climate change risk assessment for the construction and operational stage of the project in accordance with AS 5334-2013 (Climate change adaptation for settlements and infrastructure – A risk-based approach). The aim of the assessment will be to comprehensively identify and implement adaptation measures to address, as a minimum, 'extreme' and 'high' rated risks identified in the climate change risk assessment.

We have also considered the work of the Intergovernmental Panel on Climate Change's Sixth Assessment Report (IPCC AR6) which provided insights into some of the common regional changes[119] for Australasia which included:

- "Australian land areas have warmed by around 1.4°C and New Zealand land areas by around 1.1°C between ~1910 and 2020 (*very high confidence*), and annual temperature changes have emerged above natural variability in all land regions (*high confidence).*
- Heat extremes have increased, cold extremes have decreased, and these trends are projected to continue (*high confidence*).
- Relative sea level rose at a rate higher than the global average in recent decades; sandy shorelines have retreated in many locations; relative sea level rise is projected to continue in the 21st century and beyond, contributing to increased coastal flooding and shoreline retreat along sandy coasts throughout Australasia (*high confidence*).
- Snow cover and depth have decreased and are projected to decrease further (*high confidence).*
- Frequency of extreme fire weather days has increased, and the fire season has become longer since 1950 at many locations (*medium confidence*). The intensity, frequency and duration of fire weather events are projected to increase throughout Australia (*high confidence*) and New Zealand (*medium confidence*).
- Heavy rainfall and river floods are projected to increase (*medium confidence*).
- An increase in marine heatwaves and ocean acidity is observed and projected (*high confidence*).
- Enhanced warming in the East Australian Current region of the Tasman Sea is observed and projected (*very high confidence*).
- Sandstorms and dust storms are projected to increase throughout Australia (*medium confidence*).
- Changes in several climatic impact-drivers (e.g., heatwaves, droughts, floods; see Introduction fact sheet) would be more widespread at 2°C compared to 1.5°C global warming and even more widespread and/or pronounced for higher warming levels."

We are primarily a services contractor, and not the long-term owner of the projects we deliver (with the exception of some investments in some PPP projects). As a result, CIMIC has a different degree of exposure to climate-change to many other companies in the industrials sector due to the relatively short-term nature of the services provided to those asset owners.

Our exposure to the aforementioned climate-related risks over time is relatively limited, even under different climate-related scenarios. The Group's exposure is more about the constructability of infrastructure or property assets, which occurs over a relatively short period (i.e. generally between 1-4 years), versus their much longer life span (i.e. between 50-100+ years), and that risk can largely be assessed and priced during the tender phase.

Infrastructure, be it roads, railway lines, renewable energy plants and transmission lines or water treatment plants, needs to be operated and maintained. In all likelihood, the impacts of climate change and the potential for more extreme weather events, will drive a proportionally greater demand for these services. The risk inherent in the provision of operation and maintenance services to infrastructure and property assets can largely be assessed and priced at the time of tender and managed through the structure and terms of contractual arrangements.

OUTLOOK AND FUTURE PLANS

We are committed to, wherever possible, preventing or otherwise mitigating and remediating any harmful effects from our operations. In 2022, we plan to:

- seek opportunities - tailored to each of the Group's Operating Companies and projects - to increase the use of renewables, and to reduce energy usage and intensity;
- continue to focus on initiatives to report on and reduce GHG emissions;
- leverage the Science Based Target initiative's framework and guidance to assess our greenhouse gas (GHG) emissions reduction target and, if necessary, to revise accordingly.
- continue to recycle concrete where possible and to reduce the amount of waste going to landfill;
- seek opportunities - tailored to each of the Group's Operating Company and projects - to reduce water usage and water intensity;
- continue to participate in DJSI and CDP (formerly the Carbon Disclosure Project) surveys as a means of demonstrating the Group's sustainability performance to a broad range of stakeholders; and
- further develop and improve support tools and processes to integrate sustainability on infrastructure projects.

[119] https://www.ipcc.ch/report/ar6/wg1/downloads/factsheets/IPCC_AR6_WGI_Regional_Fact_Sheet_Australasia.pdf

OUR AWARDS

SUSTAINABILITY

CIMIC

- FTSE Russell included CIMIC in the FTSE4Good Index Series, for the sixth year in a row, following an independent assessment according to FTSE4Good criteria. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices.
- S&P Global again recognised CIMIC with inclusion in the DJSI[120] Australia Index, the only construction and engineering company to be included. CIMIC was identified as 'industry best' in the construction and engineering category in 4 categories; 1. Customer Relationship Management, 2. Information Security/ Cybersecurity & System Availability, 3. Risk & Crisis Management, and 4. Resource Conservation & Resource Efficiency.
- Included in S&P Global's 'The Sustainability Yearbook' 2022 based on the Company's 2021 submission. CIMIC was also included in 'The Sustainability Yearbook' 2021.
- CDP recognised CIMIC with a 'B-' rating for its 'Climate Change' submission (versus a 'B' rating last year).
- CDP again acknowledged CIMIC with a 'B-' rating for its 'Water submission' (unchanged from last year).
- CDP credited CIMIC with a 'C' rating for its 'Forests' submission (unchanged from last year).
- Recognised as a 'Leading' company for sustainability reporting by the Australian Council of Superannuation Investors (ACSI) for the fourth year in a row.
- ACSI rated the inaugural Modern Slavery Report in the top quartile for Industrials companies and in the top quartile for ASX200 companies overall.

SAFETY

Leighton Asia

- Awarded a Hong Kong Occupational Safety and Health Council Merit Award – "Safety Management System" for the Shatin to Central Link Contract (SCL) Contract 1123 Exhibition Centre Station and Western Approach Tunnel project.
- Received a Merit Award – Hong Kong International Airport (HKIA) Safety Excellence Award in the Airport Safety Recognition Scheme 2020 / 2021 from the Airport Authority Hong Kong for the Terminal 2 Foundations and Substructure works (T2).
- Recognised in the category of Role Model Safety Behaviour in the Airport Safety Recognition Scheme 2020 / 2021 by the Airport Authority Hong Kong for the Terminal 2 Foundations and Substructure works at the HKIA.
- Recognised in the category of Good Safety Suggestion in the Airport Safety Recognition Scheme 2020 / 2021 by the Airport Authority Hong Kong for the Terminal 2 Foundations and Substructure works at HKIA.
- Recognised in the Accident Prevention Measures in the Airport Safety Recognition Scheme 2020 / 2021 from the Airport Authority Hong Kong for the Terminal 2 Foundations and Substructure works at the HKIA.
- Recognised in the category of Best Safety Supervisor in the Airport Safety Recognition Scheme 2020 / 2021 from the Airport Authority Hong Kong for the Terminal 2 Foundations and Substructure works at the HKIA.
- Acknowledged as the 'MTR Extension Projects Millionaire Safety Quiz 2021 Champion' at SCL Contract 1123 Exhibition Centre Station and Western Approach Tunnel project in Hong Kong.
- Commended as a Mental Health Friendly Organisation by the HK Government's Advisory Committee on Mental Health
- Received a Silver Safety Award and Silver Environmental Award of the 2021 MTR Capital Works Business Unit Quality, Safety, Environmental and Stakeholder Engagement Awards for the SCL Contract 1123 of the SCL project.
- All 3 projects in Singapore awarded the Safety and Health Award Recognition and the internationally renowned Royal Society for the Prevention of Accidents 2021 Gold Health and Safety Award.

UGL

- UGL Unipart awarded the Safe Work NSW 2021 Large Regional Business Award for 'Outstanding solution to a high-risk work health and safety issue for workers at risk'.

INTEGRITY

CPB Contractors

- Recognised for Apex Park and awarded the winner of the 2021 IAP2 Core Values Award for Infrastructure (Construction) alongside Rail Projects Victoria and Design Jam, as part of the Gippsland Line Upgrade.

Leighton Asia

- Recognised as a 'Caring Company 2021/2022' by the Hong Kong Council of Social Service.

CULTURE

CIMIC

- Ranked 7th in the 'Most Popular Engineering and Resources Employer Award' category in a survey of Top 100 Graduate Employers of 2021 by GradConnection / Financial Review / Chandler Macleod.
- Ranked 30th in the 'AFR Top 100 Employers Ranking' category in a survey of Top 100 Graduate Employers of 2021 by GradConnection / Financial Review / Chandler Macleod.
- A finalist in the Financial Review's Most Popular Engineering and Resources Employee Award 2021.

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[120] Dow Jones Sustainability Indices.

CPB Contractors

- Cross River Rail JV named 2021 QLD Large Employer of the Year at the 2021 Queensland Training Awards (Metropolitan Region).
- Received the Corporate Plus Award, recognising its best practice implementation of the CareerTrackers Indigenous internship program.
- Laura Barnes, a Senior Project Engineer within the NEWest Alliance was awarded the 2021 National Association of Women in Construction (NAWIC) WA Outstanding Achievement in Construction Award.
- Jenny Lai, an Environmental Coordinator at South Flank Mac, was awarded a 2021 NAWIC WA Award for Excellence in Sustainability.
- Carmen Tasker-Watson, a SHEQ[121] Adviser for Broad Construction, received the 2021 NAWIC WA Creating Best Project Award for her contribution to the safety outcomes on the Casuarina prisons project.
- Anna Htun, a Graduate Engineer for Broad Construction, was awarded the 2021 NAWIC WA Emerging Talent Award recognising her contribution to the projects she has been working on including Woolworths Highgate and the Casuarina prisons project.
- Jessica Manteit, a Project Engineer was awarded Emerging Professional of the Year at the Queensland Major Contractors Association (QMCA) Innovation and Excellence Awards.
- Natalie Korokoro, an Undergraduate Engineer received a CareerTrackers academic excellence 'Gold Diaries' award.

INNOVATION

CPB Contractors

- Awarded the top honour in the Health Facilities over $20 million category of the Master Builders (North Queensland) Awards for the Mater Private Hospital Stage 1 redevelopment in Townsville.
- Skyway Joint Venture, including CPB Contractors, awarded Project of the Year over $100m+ at the Queensland Major Contractors Association (QMCA) Innovation and Excellence Awards for Brisbane Airport's New Parallel Runway.
- Melanie Bowden, a Project Manager, was awarded the Permanent Way Institution - New South Wales (PWI-NSW) Young Achiever Award for her exceptional leadership and management of the Northern Connection Permanent Down Shore Works, delivered as part of the Sydney Metro City and Southwest project (Line-wide Works).

Leighton Asia

- Liantang / Heung Yuen Wai Boundary Control Point project won the Grand Award of the Hong Kong Institution of Engineers' Structural Division – Structural Excellence Award 2021 under the Non-Residential category.
- Recognised with a Bronze Award from the Hong Kong Institute of Building Information Modelling in the Mega Projects category for the Terminal 2 (T2) foundation and substructure works project at the Hong Kong International Airport.
- Received an honorable mention at the Autodesk Hong Kong Building Information Modelling Awards 2021 for the East Kowloon Cultural Centre project.

UGL

- The NSM JV (including UGL) was awarded an Essington Lewis Award for a Major Sustainment of over $20 million for their work on the upgrade of HMAS Canberra.

CULTURE

Leighton Asia

- Recognised as one of the top three contractors in Hong Kong providing the greatest amount of training to trade workers under the Construction Industry Council's collaboration scheme.

ENVIRONMENT

CPB Contractors

- CPB Contractors, as part of the Metropolitan Roads Improvement Alliance (MRIA), was awarded the 2021 CCF WA Earth Award in the category of projects valued at more than $75m.

Leighton Asia

- Awarded Hong Kong Green Building Council's Building Environmental Assessment Method Platinum Plus rating for the Columbarium and Garden of Remembrance project.
- Awarded the Chartered Institution of Building Services Engineers Project of the year Award: Public Use Building – Merit for the Tin Shui Wai Hospital project.
- Received a 'WasteWi$e Certificate (Excellent Level)' from the Hong Kong Green Organisation Certification Scheme for the East Kowloon Cultural Centre and Shatin to Central Link Contract 1123 Exhibition Centre Station and Western Approach Tunnel projects.
- Received a 'EnergyWi$e Certificate (Basic Level)' from the Hong Kong Green Organisation Certification Scheme for the East Kowloon Cultural Centre project.

[121] Safety, Health, Environment and Quality.

GRI INDEX

Legend

● Covered in full ◕ Covered for the most part ◑ Covered in part ◎ Not covered
Code = Covered in the Code of Conduct

	GRI Standard	Annual Report section, Page number/s and/or URL	Application level / omission
	Universal standards		
	General Disclosures		
102-1	Name of the organisation	Shareholder information (SI), www.cimic.com.au	●
102-2	Activities, brands, products, and services	Operating and Financial Review (OFR), www.cimic.com.au	●
102-3	Location of headquarters	Shareholder information (SI), www.cimic.com.au	●
102-4	Location of operations	Introduction (intro), www.cimic.com.au	●
102-5	Ownership and legal form	Financial Report (FR), www.cimic.com.au	●
102-6	Markets served	OFR, www.cimic.com.au	●
102-7	Scale of the organization	OFR, FR, 72 - 73, 105	●
102-8	Information on employees and other workers	72, 105 - 120	●
102-9	Supply chain	93 - 98	◑
102-10	Significant changes to the organization and its supply chain	OFR, 93 - 98	◑
102-11	Precautionary Principle or approach	Code, Sustainability Policy, Environmental Policy, 140	●
102-12	External initiatives	68, 106, Group Policies	●
102-13	Membership of associations	132	●
	Strategy		
102-14	Statement from senior decision-maker	Executive Chairman Chief Executive's Review	●
102-15	Key impacts, risks, and opportunities	OFR, 68 - 71	●
	Ethics and integrity		●
102-16	Values, principles, standards, and norms of behaviour	67, Group Policies, Code	●
102-17	Mechanisms for advice and concerns about ethics	87 - 90, Code, Ethics Line[122]	●
	Governance		
102-18	Governance structure	2021 Governance Statement, Corporate Governance[123]	●
102-19	Delegating authority	Corporate Governance	●
102-20	Executive-level responsibility for economic, environmental, and social topics	2021 Sustainability Report, www.cimic.com.au	●
102-21	Consulting stakeholders on economic, environmental, and social topics	68 - 71	●
102-22	Composition of the highest governance body and its committees	Directors' Report, 2021 Governance Statement	●
102-23	Chair of the highest governance body	Directors' Report, 2021 Governance Statement, www.cimic.com.au	●
102-24	Nominating and selecting the highest governance body	2021 Governance Statement	●
102-25	Conflicts of interest	Directors' Report, 2021 Governance Statement, www.cimic.com.au	●
102-26	Role of highest governance body in setting purpose, values, and strategy	2021 Governance Statement, Board & committee charters[124]	●
102-27	Collective knowledge of highest governance body	2021 Governance Statement	●
102-28	Evaluating the highest governance body's performance	2021 Governance Statement	●
102-29	Identifying and managing economic, environmental, and social impacts	2021 Governance Statement, Board & committee charters	●
102-30	Effectiveness of risk management processes	2021 Governance Statement, Board & committee charters	●

[122] The CIMIC Group Ethics Line can be accessed at: http://www.cimic.com.au/ethics-line.
[123] The Group's approach to Corporate Governance can be accessed at: http://www.cimic.com.au/our-approach/corporate-governance.
[124] The Board and Committee Charters can be accessed at: http://www.cimic.com.au/our-approach/corporate-governance.

	GRI Standard	Annual Report section, Page number/s and/or URL	Application level / omission
102-31	Review of economic, environmental, and social topics	74 - 156, 2021 Governance Statement, Board & committee charters	●
102-32	Highest governance body's role in sustainability reporting	67, Director's Report, 2021 Governance Statement, Board & committee charters	●
102-33	Communicating critical concerns	87 -90, 2021 Governance Statement, Board & committee charters	●
102-34	Nature and total number of critical concerns	89, 2021 Governance Statement, Board & committee charters	●
102-35	Remuneration policies	Remuneration Report	●
102-36	Process for determining remuneration	Remuneration Report	●
102-37	Stakeholders' involvement in remuneration	Remuneration Report, 2021 AGM Results[125]	●
102-38	Annual total compensation ratio	Remuneration Report, 121 - 121	●
102-39	Percentage increase in annual total compensation ratio	Remuneration Report, 121 - 121	●
	Stakeholder engagement		
102-40	List of stakeholder groups	68 - 71, 98 - 99	●
102-41	Collective bargaining agreements	110	●
102-42	Identifying and selecting stakeholders	68 - 71, 98 - 99	●
102-43	Approach to stakeholder engagement	68 - 71, 98 - 99	●
102-44	Key topics and concerns raised	68 - 71, 98 - 99	●
	Reporting practice		
102-45	Entities included in the consolidated financial statements	67, Financial Report	●
102-46	Defining report content and topic boundaries	67	●
102-47	List of material topics	68 - 71	●
102-48	Restatements of information	71, 72 - 73, Operating and Financial Review, Financial Report	●
102-49	Changes in reporting	67, Operating and Financial Review, Financial Report	●
102-50	Reporting period	67, Operating and Financial Review, Financial Report	●
102-51	Date of most recent report	Operating and Financial Review, Financial Report	●
102-52	Reporting cycle	67, Operating and Financial Review, Financial Report	●
102-53	Contact point for questions regarding the report	Justin Grogan, EGM Investor Relations & Sustainability	●
102-54	Claims of reporting in accordance with the GRI Standards	67	●
102-55	GRI content index	159 - 163	●
102-56	External assurance	Not externally assured	◎
	Management Approach		
103-1	Explanation of the material topic and its Boundary	68 - 71 (see references to sections of Annual Report)	●
103-2	The management approach and its components	68 - 71 (see references to sections of Annual Report)	●
103-3	Evaluation of the management approach	67 - 71 (see references to sections of Annual Report)	●
	Economic Topic-specific Disclosures		
	Economic performance		
201-1	Direct economic value generated and distributed	99	●
201-2	Financial implications and other risks and opportunities due to climate change	2015 Sustainability Report; 2016 Sustainability Report; 2017	◕

[125] The results of the 2020 AGM (held 1 April 2020) can be accessed at: https://www.cimic.com.au/en/investors/asx-announcements.

	GRI Standard	Annual Report section, Page number/s and/or URL	Application level / omission
201-2	Financial implications and other risks and opportunities due to climate change	2015 Sustainability Report; 2016 Sustainability Report; 2017 Sustainability Report; 2018 Sustainability Report; 119, 120-123, 127 of 2019 Sustainability Report; 2020 Sustainability Report; 2021 Sustainability Report, CIMIC Climate Change Paper (www.cimic.com.au)	◕
201-3	Defined benefit plan obligations and other retirement plans	120	●
201-4	Financial assistance received from government	93	●
	Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed	◎
202-2	Proportion of senior management hired from the local community	118 - 120	◕
	Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	68, 98 - 99	●
203-2	Significant indirect economic impacts	98 - 99	●
	Procurement Practices		
204-1	Proportion of spending on local suppliers	93 - 98	●
	Anti-corruption		
205-1	Operations assessed for risks related to corruption	93 - 98	●
205-2	Communication and training about anti-corruption policies and procedures	72, 91 - 92	●
205-3	Confirmed incidents of corruption and actions taken	89	●
	Anti-competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	92 - 93	●
	Tax		
207-1	Approach to tax	93	●
207-2	Tax governance, control, and risk management	93	●
207-3	Stakeholder engagement and management of concerns related to tax	93, 132 - 134	◕
207-4	Country-by-country reporting	Not disclosed	◎
	Environmental Topic-specific Disclosures		
	Materials		
301-1	Materials used by weight or volume	152 - 153	●
301-2	Recycled input materials used	149 - 153	◕
301-3	Reclaimed products and their packaging materials	149 - 153	◑
	Energy		
302-1	Energy consumption within the organization	73, 142 - 149	●
302-2	Energy consumption outside of the organization	73, 142 - 149	●
302-3	Energy intensity	73,	●
302-4	Reduction of energy consumption	73, 142 - 149	●
302-5	Reductions in energy requirements of products and services	73, 142 - 149	●
	Water and Effluents		
303-1	Interactions with water as a shared resource	150 - 152	●
303-2	Management of water discharge-related impacts	150 - 152	●
303-3	Water withdrawal	73, 150 - 152	●
303-4	Water discharge	73, 150 - 152	◕
303-5	Water consumption	73, 150 - 152	◕
	Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	153 - 155	◑
304-2	Significant impacts of activities, products, and services on biodiversity	153 - 155	◕
304-3	Habitats protected or restored	153 - 155	●
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not disclosed	◎
	Emissions		
305-1	Direct (Scope 1) GHG emissions	73, 142 - 148	●

	GRI Standard	Annual Report section, Page number/s and/or URL	Application level / omission
305-2	Energy indirect (Scope 2) GHG emissions	73, 142 - 148	●
305-3	Other indirect (Scope 3) GHG emissions	73, 142 - 148	●
305-4	GHG emissions intensity	73, 142 - 148	●
305-5	Reduction of GHG emissions	73, 142 - 148	●
305-6	Emissions of ozone-depleting substances (ODS)	73, 142 - 148	◑
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not disclosed	◎
	Waste		
306-1	Waste generation and significant waste-related impacts	149, 149 - 150	●
306-2	Management of significant waste related impacts	149, 149 - 150	●
306-3	Waste generated	149 - 150	●
306-4	Waste diverted from disposal	149 - 150	◑
306-5	Waste directed to disposal	149 - 150	◑
	Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	73, 141 - 142, Directors' Report	●
	Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	93 - 98	◑
308-2	Negative environmental impacts in the supply chain and actions taken	93 - 98	◑
	Social Topic-specific Disclosures		
	Employment		
401-1	New employee hires and employee turnover	72, 114	●
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not disclosed	◎
401-3	Parental leave	115 - 117	●
	Labour/Management Relations		
402-1	Minimum notice periods regarding operational changes	As per statutory obligations	◎
	Occupational Health and Safety		
403-1	Occupational health and safety management system	74 - 86	●
403-2	Hazard identification, risk assessment, and incident investigation	74 - 86, 89	●
403-3	Occupational health services	83 - 84	●
403-4	Worker participation, consultation, and communication on occupational health and safety	As per statutory obligations on a country by country basis	◎
403-5	Worker training on occupational health and safety	74 - 86	●
403-6	Promotion of worker health	74 - 86	●
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	74 - 86	●
403-8	Workers covered by an occupational health and safety management system	74 - 86	●
403-9	Work-related injuries	64, 72, 75 - 78	●
403-10	Work-related ill health	83 - 84	◕
	Training and Education		
404-1	Average hours of training per year per employee	110 - 113	●
404-2	Programs for upgrading employee skills and transition assistance programs	110 - 113	●
404-3	Percentage of employees receiving regular performance and career development reviews	121	●
	Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	72, 114 - 120, Directors' Report, 2021 Governance Statement	●
405-2	Ratio of basic salary and remuneration of women to men	115 - 117	◑
	Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Not disclosed	◎
	Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	106 - 110	●
	Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	106 – 109	●

	GRI Standard	Annual Report section, Page number/s and/or URL	Application level / omission
	Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	106 – 109	●
	Security Practices		
410-1	Security personnel trained in human rights policies or procedures	Not disclosed	◎
	Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	89, 114 - 120	●
	Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	106 - 109	●
412-2	Employee training on human rights policies or procedures	106 - 109	●
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	106 - 109	◑
	Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	98 - 103	●
413-2	Operations with significant actual and potential negative impacts on local communities	98 - 103	●
	Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	93 - 98	◕
414-2	Negative social impacts in the supply chain and actions taken	93 - 98	◑
	Public Policy		
415-1	Political contributions	91	●
	Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	86 - 86	●
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	86 - 86	●
	Marketing and Labelling		
417-1	Requirements for product and service information and labelling	86 - 86	●
417-2	Incidents of non-compliance concerning product and service information and labelling	86 - 86, 93 - 93	●
417-3	Incidents of non-compliance concerning marketing communications	93 - 93	●
	Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	92	●
	Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	91, 93 - 93	●

Extending Australia's biggest public transport project

CPB Contractors, UGL and Pacific Partnerships, Sydney, Australia

CPB Contractors has designed and constructed twin tunnels and associated civil works for Stage 2 of Sydney Metro – Australia's biggest public transport project.

The team has used sustainable design and construction methodologies, achieved opportunities for local workers and businesses, and delivered a socially inclusive procurement strategy.

The work includes twin 15.5km tunnels travelling under Sydney Harbour using five tunnel boring machines; 57 cross passages between the tunnels; excavation of six new underground stations; a cavern to allow trains to cross from one track to another; and the design and manufacture of about 99,000 precast concrete segments to line the tunnels.

In 2016, CPB Contractors completed tunnels and station civil works for the $8.3 billion Sydney Metro Northwest project (Stage 1 of Sydney Metro) seven months ahead of the contract program.

As well, CPB Contractors and UGL are providing major rail systems for the project and Pacific Partnerships and UGL are part of the PPP to operate and maintain the full metro line – in total 66 kilometres of rail and 31 metro stations.

FINANCIAL REPORT

Financial Report

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Consolidated Statement of Profit or Loss

for the 12 months to 31 December 2021

	Note	12 months to December 2021 $m	12 months to December 2020 $m
Continuing Operations			
Revenue	2	9,686.6	7,802.4
Expenses	3	(9,307.1)	(9,412.8)
Finance income	4	12.7	19.8
Finance costs	4	(140.5)	(179.8)
Share of profits of associates and joint ventures	27, 28	185.7	69.0
Other gains	31	60.3	-
Profit / (loss) before tax		497.7	(1,701.4)
Income tax (expense) / benefit	6	(93.7)	434.2
Profit / (loss) for the year from continuing operations		404.0	(1,267.2)
Discontinued Operations			
Profit for the year from discontinued operations	31	-	1,883.9
Profit for the year		404.0	616.7
(Profit) / loss for the year attributable to non-controlling interests		(1.9)	3.4
Profit for the year attributable to shareholders of the parent entity		402.1	620.1
Dividends per share - Final	25	36.0¢	60.0¢
Dividends per share - Interim	25	42.0¢	-
Earnings per share from continuing operations			
Basic earnings per share	26	129.2¢	(395.1¢)
Diluted earnings per share	26	129.2¢	(395.1¢)
Earnings per share from continuing and discontinued operations			
Basic earnings per share	26	129.2¢	195.0¢
Diluted earnings per share	26	129.2¢	195.0¢

The consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated financial report.

Consolidated Statement of Other Comprehensive Income

for the 12 months to 31 December 2021

	Note	12 months to December 2021 $m	12 months to December 2020 $m
Profit for the year attributable to shareholders of the parent entity		402.1	620.1
Other comprehensive income attributable to shareholders of the parent entity:			
Items that may be reclassified to profit or loss:			
- Foreign exchange translation differences (net of tax)	23	55.0	(123.0)
- Effective portion of changes in fair value of cash flow hedges (net of tax)	23	70.5	(64.9)
- Gains / (losses) reclassified to profit or loss on disposal of subsidiary	31	-	58.5
Other comprehensive income / (expense) for the year		125.5	(129.4)
Total comprehensive income for the year attributable to shareholders of the parent entity		527.6	490.7
Total comprehensive income / (expense) for the year attributable to shareholders of the parent entity:			
Total comprehensive income for the year		529.5	487.3
Total comprehensive (income) / expense for the year attributable to non-controlling interests		(1.9)	3.4
Continuing operations		527.6	(1,285.7)
Discontinued operations		-	1,776.4
Total comprehensive income for the year attributable to shareholders of the parent entity		527.6	490.7

The consolidated statement of other comprehensive income is to be read in conjunction with the notes to the consolidated financial report.

Consolidated Statement of Financial Position

as at 31 December 2021

	Note	31 December 2021 $m	31 December 2020 $m
Assets			
Cash and cash equivalents	7	1,939.7	3,082.5
Short term financial assets and investments	8	4.5	4.5
Trade and other receivables	9	2,308.2	1,929.8
Current tax assets	10	126.6	1.0
Inventories: consumables and development properties	11	232.4	185.2
Asset held for sale	32	44.3	-
Total current assets		4,655.7	5,203.0
Trade and other receivables	9	123.5	89.8
Inventories: development properties	11	80.6	84.8
Investments accounted for using the equity method	12	1,700.5	1,378.2
Other investments	13	84.2	57.1
Deferred tax assets	14	608.9	757.9
Property, plant and equipment	15	639.6	814.2
Intangibles	16	915.4	912.3
Total non-current assets		4,152.7	4,094.3
Total assets		8,808.4	9,297.3
Liabilities			
Trade and other payables	17	4,344.2	4,569.8
Current tax liabilities	18	63.8	16.5
Provisions	19	249.0	218.3
Financial liability	28	68.9	151.2
Interest bearing liabilities	20	275.7	210.0
Lease liabilities	21	70.1	69.7
Total current liabilities		5,071.7	5,235.5
Trade and other payables	17	253.7	195.3
Provisions	19	30.3	42.7
Interest bearing liabilities	20	2,166.4	2,686.6
Lease liabilities	21	207.1	245.1
Total non-current liabilities		2,657.5	3,169.7
Total liabilities		7,729.2	8,405.2
Net assets		1,079.2	892.1
Equity			
Share capital	22	1,458.7	1,458.7
Reserves	23	(617.2)	(658.0)
Retained earnings	24	241.0	165.7
Total equity attributable to equity holders of the parent		1,082.5	966.4
Non-controlling interests		(3.3)	(74.3)
Total equity		1,079.2	892.1

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial report.

Consolidated Statement of Changes in Equity

for the 12 months to 31 December 2021

	Note	Share capital $m	Reserves $m	Retained earnings $m	Attributable to equity holders $m	Non-controlling interests $m	Total equity $m
Total equity at 1 January 2020		1,738.4	(527.0)	(454.4)	757.0	(34.0)	723.0
Profit for the year		-	-	620.1	620.1	(3.4)	616.7
Other comprehensive income		-	(129.4)	-	(129.4)	-	(129.4)
Transactions with shareholders in their capacity as shareholders:							
- Dividends		-	-	-	-	(18.6)	(18.6)
- Share buy backs		(279.7)	(1.6)	-	(281.3)	-	(281.3)
- Acquisitions		-	-	-	-	5.1	5.1
- Disposal of subsidiary		-	-	-	-	(21.2)	(21.2)
- Other		-	-	-	-	(2.2)	(2.2)
Total transactions with shareholders		(279.7)	(1.6)	-	(281.3)	(36.9)	(318.2)
Total equity at 31 December 2020		1,458.7	(658.0)	165.7	966.4	(74.3)	892.1

		Share capital $m	Reserves $m	Retained earnings $m	Attributable to equity holders $m	Non-controlling interests $m	Total equity $m
Total equity at 31 December 2020		1,458.7	(658.0)	165.7	966.4	(74.3)	892.1
Impact of change in accounting policy[1]		-	-	(9.3)	(9.3)	-	(9.3)
Total equity at 1 January 2021		1,458.7	(658.0)	156.4	957.1	(74.3)	882.8
Profit for the year		-	-	402.1	402.1	1.9	404.0
Other comprehensive income		-	125.5	-	125.5	-	125.5
Transactions with shareholders in their capacity as shareholders:							
- Dividends	25	-	-	(317.5)	(317.5)	-	(317.5)
- Acquisitions	31	-	(15.6)	-	(15.6)	-	(15.6)
- Other	31	-	(69.1)	-	(69.1)	69.1	-
Total transactions with shareholders		-	(84.7)	(317.5)	(402.2)	69.1	(333.1)
Total equity at 31 December 2021		1,458.7	(617.2)	241.0	1,082.5	(3.3)	1,079.2

[1]Refer to Note 1: *Basis of Preparation*

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial report.

Consolidated Statement of Cash Flows

for the 12 months to 31 December 2021

	Note	12 months to December 2021 $m	12 months to December 2020 $m
Cash flows from operating activities			
Cash receipts in the course of operations (including GST)		10,739.4	13,807.5
Cash payments in the course of operations (including GST)		(10,764.9)	(13,754.4)
Cash flows from operating activities		(25.5)	53.1
Interest received		10.6	22.7
Finance costs paid		(107.1)	(167.5)
Income taxes paid		(15.8)	(173.5)
Net cash (outflow) / inflow from operating activities	30 (a)	(137.8)	(265.2)
Cash flows from investing activities			
Payments for intangibles		(4.6)	(18.4)
Payments for property, plant and equipment		(63.3)	(579.7)
Payments for investments in controlled entities and businesses	31	-	(10.9)
Proceeds from sale of property, plant and equipment		28.9	30.5
Proceeds from sale of investments	31	32.0	2,223.4
Cash acquired from acquisition of investments in controlled entities and businesses		-	16.3
Cash disposed from sale of investments in controlled entities and businesses	31	-	(127.7)
Payments for investments		(50.3)	-
Net cash (outflow) / inflow from investing activities		(57.3)	1,533.5
Cash flows from financing activities			
Cash payments for share buy backs	22	-	(281.3)
Repayment of financial liability	28, 30 (b)	(84.5)	(1,398.4)
Payments to acquire non-controlling interest	31	(15.6)	-
Proceeds from borrowings	30 (b)	2,188.3	4,910.0
Repayment of borrowings	30 (b)	(2,655.7)	(2,752.9)
Repayment of leases	30 (b)	(88.5)	(317.8)
Dividends paid to shareholders of the Company	25	(317.5)	-
Dividends paid to non-controlling interests		-	(11.4)
Net cash (outflow) / inflow from financing activities		(973.5)	148.2
Net (decrease) / increase in cash held		(1,168.6)	1,416.5
Cash and cash equivalents at the beginning of the period		3,082.5	1,750.0
Effects of exchange rate fluctuations on cash held		25.8	(84.0)
Cash and cash equivalents at reporting date	7	1,939.7	3,082.5

The 12 months to December 2020 consolidated statement of cash flows includes cash flows from both continuing and discontinued operations. Refer to Note 31: *Acquisitions, disposals and discontinued operations* for cash flows relating to discontinued operations.

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial report.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

CIMIC Group Limited (the Company) is a company domiciled in Australia. The consolidated financial statements of the Company comprise the Company and its controlled entities (the Consolidated Entity or Group) and the Consolidated Entity's interest in associates and joint arrangements.

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and in accordance with the *Corporations Act 2001*. The financial report of the Consolidated Entity also complies with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB).

The standards, amendments to standards and interpretations available for early adoption at reporting date that have not been applied in preparing this financial report are detailed in Note 41: *New accounting standards.*

The consolidated financial report was authorised for issue by the Directors on 9 February 2022.

Basis of preparation

Presentation

The financial report is presented in Australian dollars, which is the Company's functional currency. All amounts disclosed in the financial report relate to the Group unless otherwise stated. The financial report has been prepared on the historical cost basis, except for financial instruments that have been measured at fair value. These financial statements have been prepared on a going concern basis, after taking into consideration all drawn and undrawn facilities.

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191* and in accordance with that ASIC Instrument, amounts in the financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

COVID-19

The COVID-19 pandemic continues in all major jurisdictions in which we operate. On-going focus by clients on business continuity and the designation of construction, services and mining services as essential activities across all these jurisdictions has helped safeguard the operational continuity of projects.

However, as part of Government responses to the Delta COVID-19 strain, temporary site closures occurred during 3Q FY21 in NSW, Victoria and New Zealand. Financial performance includes the revenue and margin impacts from the shutdowns and are reflected in the financial performance in the year considered in the Group's most recent financial forecasts. In most cases COVID-19 related costs have been recovered from clients or mitigated by cost reduction strategies. In addition to the 3Q FY21 site closures, various operations within the Group have been affected both domestically and overseas since the start of the pandemic. Management continues to monitor the risk across the Group's existing portfolio of contracts, including new COVID strains and infection rates. Increasing rates of government led vaccination program along with established control measures and mitigation strategies within CIMIC are now in place to maximise business resilience.

Notwithstanding possible future uncertainties, such as further potential site closure, supply-side disruption and macro-economic conditions from the current COVID-19 situation, the outlook across the Group's core markets remains positive with strong levels of work in hand. The mining market also proves resilient along with stimulus packages announced by governments in the core markets of construction and services with additional opportunities through a strong PPP pipeline.

During the year CIMIC voluntarily returned the JobKeeper subsidies it received in total, amounting to $20.5 million.

The Group continues to monitor COVID-19 related risk factors and considers possible impacts to liquidity assessments, asset valuation and contract cost forecasts. A significant portion of customer receivables are due from Government clients with limited immediate COVID-19 related credit risk.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Basis of preparation continued

New and amended standards adopted by the Company

Change in accounting policy

Implementation of IFRIC agenda decision relating to Software as a Service (SaaS) arrangements
During the year, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The new accounting policy is presented in Note 1(l): *Intangible Assets- IT Systems.*

Impact on adoption
As part of the preparation of the Group's financial report the Group has assessed that the capitalised value of costs incurred to implement, customise or configure a cloud provider's application software at 1 January 2020 was $8.4 million and at 31 December 2020 was $13.3 million, partially offset by deferred tax of $4.0 million.

The Group has assessed that the impact of restating the primary statements for the year ended 31 December 2020 would be immaterial and therefore has recognised the write off of the capitalised costs as an opening retained earnings adjustment in the 31 December 2021 financial report. The assessment performed resulted in an after tax decrease in net assets and retained earnings as at 1 January 2021 of $9.3 million.

Other new and amended standards adopted by the Company

In the current year, the Company has applied a number of new and revised accounting standards and amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2021, as follows:

- AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 – Related Rent Concessions;
- AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts; and
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.

While these standards introduce new disclosure requirements, they do not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements. In assessing this the Group has considered that it has no borrowings exposed to Interbank Offered Rate ("IBOR").

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and are believed to be reasonable under the circumstances. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

CIMIC integrates environmental, social and governance (ESG) factors, and specifically the risks and opportunities of climate change, into its business operations. ESG is integrated in terms of governance, strategy, risk management, and the setting of - and measuring against - metrics and targets. The possible impacts of ESG factors have been considered in the financial report. CIMIC is committed to operating sustainably and detailed reporting on its ESG performance and progress is set out in the Operational and Financial Review and the Sustainability Report section of this Annual Report.

Judgements made in the application of AASBs that could have a significant effect on the financial report and estimates with a risk of adjustment in the next year are as follows:

- Construction and services projects:
  - Determination of stage of completion;
  - Estimation of total contract costs;
  - Estimation of total contract revenue, including recognising revenue on contract variations and claims only to the extent it is highly probable that a significant reversal in the amount recognised will not occur in the future;
  - Estimation of project completion date; and
  - Assumed levels of project execution productivity.
- Determination of control or joint control:

We continually reassess facts and circumstances based on currently available information to consider, under Australian Accounting Standards, if changes are required to previous conclusions regarding control or joint control determinations. Reassessments undertaken in the current year, include the Company's investments in BIC Contracting, Ventia Services Group Limited ("Ventia") and Thiess Group Holdings Pty Limited ("Thiess"). BIC Contracting is classified as an asset held for sale as discussed further in Note 28: *Joint venture entities*. Changes to joint control determinations arose in respect of Ventia.

On 19 November 2021, Ventia, a joint venture between the Group and funds managed by affiliates of Apollo Global Management, LLC ("Apollo"), completed an initial public offering on the Australian Securities Exchange. As a result, 30% of Ventia's share capital was listed comprising 26% from the issuance of new shares to fund a reduction in borrowings on improved terms. A further 4% sell down, being 2% each, by Ventia's existing major shareholders (CIMIC and Apollo) also occurred to reach a 30% free float. CIMIC retains a 32.8% interest in Ventia and, in accordance with AASB 10: *Consolidated Financial Statements* and AASB 11: *Joint Arrangements*, the Group no longer jointly controls Ventia. Instead CIMIC has significant influence over the investment, which has been reclassified from a joint venture to an associate in accordance with the Group's accounting policy. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Accounting estimates and judgements continued

During the prior year CIMIC and Elliott Advisors (UK) Ltd ("Elliott") entered into an agreement whereby funds advised by Elliott acquired a 50% equity interest in Thiess, with CIMIC retaining the other 50% equity interest. The sale completed on 31 December 2020. The transaction agreements contemplate future share transfer options including a potential initial public offering or sale to a third party, and an option ("Put Option") for Elliott to sell all or part of its interest in Thiess to CIMIC between three and six years from completion, as outlined in Note 37: *Financial Instruments*. The Shareholders Agreement also prescribes a minimum distribution to each shareholder of $180 million per annum for the first six years, with Elliott receiving preferential payment. CIMIC has provided business warranties and indemnities as part of the transaction which are subject to customary limitations.

Judgement was required in determining whether the transaction should be accounted for as a sale under the Australian Accounting Standards resulting in the deconsolidation of Thiess and recognition of a joint venture for CIMIC's retained interest in Thiess or that CIMIC continued to control Thiess following the disposal of the 50% equity interest to Elliott. Consideration has been given our assessment of the decision making process prescribed in the Shareholders Agreement and the various parties' exposure to variable returns.

We have concluded that, in accordance with the contractual agreements in place between the parties, CIMIC cannot solely control the relevant activities or key decision outcomes of Thiess, as the Shareholders Agreement prescribes equal representation on the Board and the requirement for the consent of both shareholders (or their board appointees) on relevant business activities.

CIMIC and Elliott are exposed to the variable returns of Thiess. Elliott is exposed to equity risks and rewards while it holds the equity interest including during the period that the Put Option is exercisable. The pricing of the Put Option does not provide Elliott the ability to take advantage of any positive changes in the fair value of Thiess. Any changes in the fair value of the Put Option going forward will be recognised in CIMIC's statement of profit of loss.

As CIMIC does not have the current ability to direct Thiess' relevant activities, and given Elliott is exposed to variable returns, we determined that CIMIC lost control of Thiess as at 31 December 2020 and is therefore recognised the sale of Thiess as a subsidiary and the recognition of the retained interest in Thiess as a joint venture at 31 December 2020, refer to Note 28: *Joint venture entities*. In the year ended 31 December 2021, the Group continues to account for Thiess as a joint venture.

The operations of Thiess were classified as a discontinued operation in accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations* for the year ended 31 December 2020

- Recognition of deferred tax assets for carried forward tax losses:

Recognition of deferred tax assets is only to the extent that it is probable future taxable profits will be available so as the tax asset will be realised. Deferred tax assets may include deductible temporary differences, unused tax losses and unused tax credits. Management has considered the estimation of future taxable profits a key judgement as a change in the assumptions used could have an impact on the ability to recover the deferred tax asset. The performance of the Group is influenced by a variety of general economic and business conditions that are outside of the control of the Group.

- Estimation of allowance for expected credit losses:

It is reasonably possible on the basis of existing knowledge that actual outcomes within the next financial year that are different from the estimates and assumptions made could require a material adjustment to the carrying value of contract assets, contract liabilities and amounts receivable from and payable to related parties. Refer to Note 9: *Trade and other receivables* and Note 39: *Related party disclosures.*

- Leasing:
  - Determination of the existence of leases;
  - Estimation of residual value guarantees and buy out options of lease liabilities; and
  - Estimation of lease extension options, refer to Note 21: *Lease liabilities*.

- Asset disposals:
  - Other assets: determination as to whether the significant risks and rewards of ownership have transferred, refer to Note 1: *Summary of significant accounting policies*.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Accounting estimates and judgements continued

- Estimation of the economic life of property, plant and equipment and intangibles, refer to Note 15: *Property, plant and equipment* and Note 16: *Intangibles.*
- Asset impairment testing, including assumptions in value in use calculations, refer to Note 16: *Intangibles*.
- Assessment of measurement and classification of financial instruments including fair values and trade finance arrangements, refer to Note 37: *Financial instruments*.
- Determination of the fair value of assets and liabilities arising from business combinations.

Basis of consolidation

Subsidiaries
The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Results of controlled entities are included in the consolidated statement of profit or loss from the date control is obtained or excluded from the date the entity is no longer controlled. Intragroup balances and transactions, and any unrealised gains or losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the controlled entity.

Any difference between the amount of the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognised in the equity reserve. When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss.

Controlled entities
Investments in controlled entities are carried in the Company’s financial statements at cost less impairment.

Investments in associates
Associates are those entities in which the Group has significant influence, but not control or joint control, over the entity. Significant influence is presumed to exist when the Group owns between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and recognised initially at cost. The cost of the investments includes transaction costs and goodwill on acquisition.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity accounted investments, after adjustments for impairment and after aligning the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group’s share of losses exceeds its interest in an equity accounted investment, the carrying value of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further loss is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint arrangements
Under AASB 11: *Joint Arrangements,* investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Company has assessed the nature of its joint arrangements and determined to have both joint operations and joint ventures.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Basis of consolidation continued

Joint operations

The Group recognises its direct right, and its share of, jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings. Details of joint operations are set out in Note 29: *Joint operations*.

Joint ventures

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated statement of financial position at cost, including transaction costs and goodwill on acquisition, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

Where a joint venture held by the Group has outstanding cumulative preference shares, which are held by parties other than the Group and are classified as equity by the joint venture, the Group computes its share of profit or loss from the joint venture after adjusting for the dividends on the cumulative preference shares, whether or not the dividends have been declared. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been adjusted where necessary, to ensure consistency with the policies adopted by the Group.

Other investments

Other investments are accounted for as fair value through profit and loss financial assets.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

a) Revenue recognition

Construction revenue

The Group derives revenue from the long-term construction of major infrastructure projects, including roads, railways, tunnels, airports, buildings, social infrastructure, water, energy and resources facilities across Australia and Asia. Contracts entered into may be for the construction of one or several separate inter-linked pieces of large infrastructure. The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for the building of several projects the total transaction price is allocated across each project based on stand-alone selling prices. The transaction price is normally fixed at the start of the project. It is normal practice for contracts to include bonus and penalty elements based on timely construction or other performance criteria known as variable consideration, discussed below.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed, they are controlled by the customer and have no alternative use to the CIMIC Group, with the Group having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on the measured output of each process based on appraisals that are agreed with the customer on a regular basis.

Revenue earned is typically invoiced monthly or in some cases on achievement of milestones or to match major capital outlay. Invoices are paid on normal commercial terms, which may include the customer withholding a retention amount until finalisation of the construction. Certain construction projects entered into receive payment prior to work being performed in which case revenue is deferred on the balance sheet.

Services revenue

The Group performs maintenance, mineral processing and other services for a variety of different industries. Contracts entered into can cover servicing of related assets which may involve various different processes. These processes and activities tend to be highly inter-related and the Group provides a significant service of integration for these assets under contract. Where this is the case, these are taken to be one performance obligation. The total transaction price is allocated across each service or performance obligation and, where linked, the construction of the relevant asset. The transaction price is allocated to each performance obligation based on contracted prices. The total transaction price may include variable consideration.

Performance obligations are fulfilled over time as the Group enhances assets which the customer controls, for which the Group does not have an alternative use and for which the Group has right to payment for performance to date. Revenue is recognised in the accounting period in which the services are rendered based on the amount of the expected transaction price allocated to each performance obligation. Customers are in general invoiced on a monthly basis for an amount that is calculated on either a schedule of rates or a cost plus basis that are aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms.

Variable consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as "constraint" requirements. The Group assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

Contract assets and liabilities

AASB 15: *Revenue from Contract with Customers* uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Contract receivables are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets set out in Note 1(e): *Non-derivative financial instruments*. Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

a) Revenue recognition continued

Contract fulfilment costs

Costs incurred prior to the commencement of a contract may arise due to mobilisation/site setup costs, feasibility studies, environmental impact studies and preliminary design activities as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the course of the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Warranties and defect periods

Generally construction and services contracts include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and therefore the associated costs are estimated and included in the total costs of the contracts. Where required, amounts are recognised in accordance with AASB 137: *Provisions, contingent liabilities and contingent assets.*

Loss making contracts

Loss making contracts are recognised in accordance with AASB 137: *Provisions, contingent liabilities and contingent assets* as onerous contracts.

Other revenue

Property revenue is recognised when control over the property has been transferred to the customer. This is generally at the point when legal title has transferred to the customer as properties are not developed based on the specific needs of individual customers. The revenue is measured at the transaction price agreed under the contract.

Rental income is recognised on a straight line basis over the term of the operating lease.

Government grant income when recognised relates to incentives received by the Group as allowed under AASB 120: *Accounting for Government grants and disclosure of Government assistance*.

Interest revenue is recognised on an accruals basis, other than related party interest, which is calculated using the effective interest rate method.

Dividend income is recognised when the dividend is declared.

b) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. The capitalisation rate used to determine the amount of finance costs to be capitalised to qualifying assets is the weighted average interest rate applicable to the entity’s borrowings during the period.

Finance costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, lease liability charges and certain exchange differences arising from foreign currency borrowings.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

c) Income tax

Income tax expense on the profit or loss for the period comprises current and deferred tax expense. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Group adopts the statement of financial position liability method to provide for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Taxable temporary differences are not provided for the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Company is the head entity in the Tax Consolidated Group comprising the Australian wholly-owned subsidiaries. The head entity recognises all of the current tax assets and liabilities and deferred tax assets in respect of tax losses of the Tax Consolidated Group (after elimination of intra-group transactions). Deferred tax assets and liabilities in respect of temporary differences are recognised in the subsidiaries' financial statements.

The Tax Consolidated Group has entered into a tax funding agreement that requires wholly-owned subsidiaries to make contributions to the head entity for current tax assets and liabilities occurring after the implementation of tax consolidation. Under the tax funding agreement, the contributions are calculated using the "group allocation" approach so that the contributions are equivalent to the current tax balances generated by transactions entered into by wholly-owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to current tax assets.

d) Earnings per share

Basic earnings per share
Basic earnings per share is determined by dividing profit attributable to shareholders of the parent entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

e) Non-derivative financial instruments

Non-derivative financial assets

(i) Classification
The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e) Non-derivative financial instruments continued

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Measurement of cash and cash equivalents and trade and other receivables remains at amortised cost consistent with the comparative period.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank and call deposits. For the purposes of the statement of cash flows, net cash includes cash on hand, at bank and short term deposits at call, net of bank overdrafts where there is an ability to offset and an intention to settle.

Short term equivalent liquid assets

Short term equivalent liquid assets include liquid assets that are readily convertible or converted to cash subsequent to period end.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments as follows:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collecting contractual cash flows on specific dates and through sales. A gain or loss on a debt investment that is subsequently measured at FVOCI is recognised in other comprehensive income. None are currently held by the Group or at any point during the year.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and the net gain or loss is presented in the statement of profit or loss within other gains/(losses) in the period in which it arises. None are currently held by the Group or at any point during the year.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other expenses in the statement of profit or loss as applicable.

(iii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, contract debtors and lease receivables, the Group applies the simplified approach permitted by AASB 9: *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The methodology and basis for credit risk evaluation and impairment is detailed in Note 37(b): *Financial instruments – Financial risk management.*

Non-derivative financial liabilities

Interest bearing liabilities

All loans and borrowings are initially recognised at fair value, being the amount received less attributable transaction costs. After initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Trade and other payables

Liabilities are recognised for amounts to be paid for goods or services received. Trade payables are settled on terms aligned with the normal commercial terms in the Group's countries of operation.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

f) Derivative financial instruments

Derivative financial instruments are stated at fair value, with changes in fair value recognised in the profit or loss. Where derivative financial instruments qualify for hedge accounting, recognition of changes in fair value depends on the nature of the item being hedged. Hedge accounting is discontinued when the hedging relationship is revoked, the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting.

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other expenses.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedge reserve in equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve in equity. The change in the forward element of the contract that relates to the hedged item is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

When cross-currency contracts are used to hedge cross-currency risk for both principal and interest for the life of the exposure, the Group typically uses cross currency interest rate swaps to convert long term foreign currency borrowings into AUD to meet the principal and interest obligations under the swaps. The change in the currency basis spread element of the contract that relates to the hedged item is recognised within other comprehensive income in the costs of hedging reserve within equity.

When cross-currency contracts are used to hedge forecast transactions, the Group typically will designate the change in fair value of the cross-currency contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the cross-currency contracts are recognised in the cash flow hedge reserve in equity. The change in the currency basis spread element of the contract that relates to the hedged item is recognised within other comprehensive income in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows.

- The gain or loss relating to the effective portion of forward and option contracts are ultimately recognised in profit or loss as the hedged item affects profit or loss within expenses.
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance cost' as the hedged item affects profit or loss within expenses.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss. Hedge ineffectiveness is recognised in profit or loss within other expenses.

Put options to acquire assets

Put options are accounted for as a derivative in accordance with AASB 9 and will therefore be held at fair value through profit and loss in the financial statements each period.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

g) Inventories

Inventories are carried at the lower of cost and net realisable value and comprise of the following.

Property developments
Cost includes the costs of acquisition, development and holding costs such as rates, taxes and finance costs. Holding costs on property developments not under active development are expensed as incurred.

Raw materials and consumables
Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

h) Assets held for sale and liabilities associated with assets held for sale

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use, and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised.

Assets classified as held for sale are presented separately from the other assets in the statement of financial position. Assets are not depreciated or amortised while they are classified as held for sale.

Interest and other expenses attributable to the liabilities associated with assets held for sale continue to be recognised.

i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. The balance includes right of use assets as discussed in j) *Leases* below.

Depreciation and amortisation
Depreciation and amortisation is calculated so as to write-off the net book values of property, plant and equipment over their estimated effective useful lives as follows:

- freehold buildings: straight line method - up to 40 years;
- major plant and equipment: cumulative number of hours worked - up to 10 years;
- major plant and equipment: component parts: cumulative number of hours worked - up to 10 years;
- leased plant and equipment: cumulative number of hours worked - up to 10 years;
- office and other equipment: diminishing value method - up to 10 years; and
- leasehold buildings and improvements: straight line method, over the terms of the leases - up to 40 years.

Subsequent costs
Subsequent expenditure is included in the carrying amount of property, plant and equipment only when it is probable that the associated future economic benefits will flow to the Group. All other costs are recognised in the statement of profit or loss.

j) Leases

The Group as Lessee
The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In such instances, the Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements, except for short term leases, cancellable leases that if cancelled by the lessee the losses associated with the cancellation are borne by the lessor and low value leased assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group has a significant lease portfolio, comprising predominately property, plant, mining equipment and fleet vehicle rentals. The Group's operational involvement includes construction and services for which leased equipment is an important component of the business.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

j) Leases continued

Measurement and presentation of lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The following items are also included in the measurement of the lease liability:

- fixed lease payments offset by any lease incentives;
- variable lease payments, for lease liabilities, which are tied to a floating index;
- the amounts expected to be payable to the lessor under residual value guarantees;
- the exercise price of purchase options (if it is reasonably certain that the option will be exercised); and
- payments of penalties for terminating leases, if the lease term reflects the lease terminating early.

The lease liability is separately disclosed on the statement of financial position. The liabilities which will be repaid within twelve months are recognised as current and the liabilities which will be repaid in excess of twelve months are recognised as non-current.

The lease liability is subsequently measured by reducing the balance to reflect the principal lease repayments made and increasing the carrying amount by the interest on the lease liability.

The Group is required to remeasure the lease liability and make an adjustment to the right-of-use asset in the following instances:

- The term of the lease has been modified or there has been a change in the Group's assessment of the purchase option being exercised, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- The lease payments are adjusted due to changes in the index or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. However, if a change in lease payments is due to a change in a floating interest rate, a revised discount rate is used.

Measurement and presentation of right-of-use asset

The right-of-use assets recognised by the Group comprise the initial measurement of the related lease liability, any lease payments made at or before the commencement of the contract, less any lease incentives received and any direct costs. Costs incurred by the Group to dismantle the asset, restore the site or restore the asset are included in the cost of the right-of-use asset.

It is subsequently measured under the cost model with any accumulated depreciation and impairment losses applied against the right-of-use asset. If the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the asset over the shorter period of either the useful life of the asset or the lease term. The depreciation starts at the commencement date of the lease and the carrying value of the asset is adjusted to reflect the accumulated depreciation balance.

Any remeasurement of the lease liability is also applied against the right-of-use asset value.

The right-of-use assets are presented within Property, Plant and Equipment in the statement of financial position.

The Group as Lessor

The Group enters into lease agreements as a lessor with respect to some property subleases as well as renting equipment to its partners, suppliers and contractors.

The leases entered into by the Group are recognised as either finance or operating leases. If the terms of the lease agreement transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. If this is not the case, then the lease is recognised as an operating lease. The income received from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are included in the carrying amount of the leased asset. Amounts due from lessees under finance leases are recognised as receivables.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

k) Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration for the acquisition of a controlled entity comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any pre-existing equity interest in the controlled entity. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree’s net identifiable assets. The excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

Where the consideration is less than the fair value of the net identifiable assets of the controlled entity acquired, the difference is recognised directly in the statement of profit or loss as a gain on acquisition of a controlled entity.

l) Intangible assets

Goodwill
Goodwill arising from business combinations is included in intangible assets. Goodwill on acquisition of associates is included in equity accounted investments. Goodwill is not amortised but it is tested for impairment annually or more frequently if there is an indication that it might be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Brand names
Brand names acquired as part of a business combination are recognised separately from goodwill. Brand names are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Where brand names’ useful lives are assessed as indefinite, the brand names are not amortised but are tested for impairment annually, or more frequently whenever there is an indication that it might be impaired. Where brand names’ useful lives are assessed as finite, the brand names are amortised over their estimated useful lives.

Customer contracts
Customer contracts acquired as part of a business combination are recognised separately from goodwill. Customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Where customer contracts’ useful lives are assessed as indefinite, the customer contract is not amortised but is tested for impairment annually, or more frequently whenever there is an indication that it might be impaired. Where customer contracts’ useful lives are assessed as finite, the customer contracts are amortised over their estimated useful lives.

IT systems
Costs incurred in developing systems and in acquiring software and licenses that are controlled by the Group that will provide future economic benefits are capitalised to other intangible assets. Costs capitalised include external direct costs of materials and services and directly attributable internal labour.

IT systems are amortised over their estimated useful lives of up to 10 years. IT systems are carried at cost less accumulated amortisation and any impairment losses.

Costs related to access, configuration and customisation of unrestricted use Software as a Service arrangements are recognised as an operating expense.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

m) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of goodwill and indefinite life intangible assets are reviewed at each reporting date irrespective of an indication of impairment.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount for an asset that does not generate largely independent cash flows is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised in the statement of profit or loss unless the asset has been previously revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the statement of profit or loss. Reversals of impairment losses, other than in respect of goodwill and FVOCI instruments, are recognised in the statement of profit or loss.

n) Employee benefits

Liabilities in respect of employee benefits, which are not due to be settled within twelve months are discounted at period end using rates that most closely match the terms of maturity of the related liabilities. Corporate bond rates are utilised where a deep market exists. Rates from national government securities are utilised where a deep market for corporate bonds does not exist.

Wages, salaries, annual and long service leave
The provision for employee entitlements to wages, salaries and annual and long service leave represents the amount which the Group has a present obligation to pay resulting from employees' services provided up to the reporting date. Provisions have been calculated based on expected wage and salary rates and include related on-costs. In determining the liability for these employee entitlements, consideration is given to estimated future increases in wage rates, and the Group's experience with staff departures.

Superannuation
Defined contribution superannuation plans exist to provide benefits for eligible employees or their dependants. Contributions by the Group are expensed to the statement of profit or loss as incurred.

Share-based payment transactions
Ownership based remuneration is provided to employees via the plans outlined in Note 38: *Employee benefits*. The fair value of share options and share rights are recognised as an expense over the vesting period.

Shares are recognised when either options are exercised and the proceeds received or shares are issued to settle share rights.

Retention arrangements
Retention arrangements are in place ranging from three years to retirement for certain key employees which are payable upon completion of the retention period.

The provisions are accrued on a pro-rata basis during the retention period and have been calculated based on salary rates, including related on-costs.

Annual bonus and deferred incentive arrangements
Annual bonuses and deferred incentives are provided at reporting date and include related on-costs. The Group recognises a provision where there is a contractual or constructive obligation.

o) Share capital

Ordinary share capital
Issued and paid up capital is recognised at its par value, being the consideration received by the Company.

Dividends
Provision is not made for dividends unless the dividend has been declared by the Directors, but not distributed, at or before the end of the period.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

p) Foreign currency translation

Functional and presentation currency
The consolidated financial statements are presented in Australian dollars.

Transactions
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value are translated using the exchange rates at the date the fair value was determined.

Translation of controlled foreign entities
Assets and liabilities of controlled foreign entities are translated into the presentation currency at the rates of exchange at reporting date and the statement of profit or loss is translated at the rates approximating foreign exchange rates ruling at the dates of the transactions. The resulting exchange differences are taken directly to the foreign currency translation reserve. Exchange gains and losses on transactions which form part of the net investments in foreign controlled entities together with any related income tax effect are recognised in the foreign currency translation reserve on consolidation. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign entity is recognised in the statement of profit or loss as part of the gain or loss on sale.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

2. REVENUE

	Note	12 months to December 2021 $m	12 months to December 2020 $m
Construction revenue[1]		6,875.8	5,445.7
Services revenue		2,756.9	2,351.4
Other revenue		53.9	5.3
Total revenue from continuing operations[2]	31	9,686.6	7,802.4

[1]31 December 2020: Total revenue from continuing operations includes a one off reversal of revenue recognised in the period of $1.15 billion in accordance with the variable consideration requirements of AASB 15. Refer to the 2020 CIMIC Group financial report.

[2]31 December 2020: Total revenue from continuing operations excludes $3,606.2 million of revenue from discontinued operations. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

3. EXPENSES

	Note	12 months to December 2021 $m	12 months to December 2020 $m
Materials		(1,903.8)	(1,871.5)
Subcontractors		(3,565.5)	(3,498.0)
Plant costs		(513.3)	(511.5)
Personnel costs		(2,619.4)	(2,577.1)
Depreciation and impairment of property, plant and equipment	15, 33	(266.8)	(255.7)
Amortisation of intangibles	16, 33	(16.9)	(36.4)
Net gain on sale of assets		8.9	8.0
Foreign exchange gains / (losses)		4.2	(7.0)
Lease payments		(93.0)	(101.2)
Design, engineering and technical consulting fees		(30.3)	(37.5)
Voluntary return of jobkeeper subsidies		(20.5)	-
Other expenses		(290.7)	(524.9)
Total expenses from continuing operations[1]		(9,307.1)	(9,412.8)

[1]31 December 2020: Total expenses from continuing operations excludes $3,051.7 million of expenses from discontinued operations. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

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for the 12 months to 31 December 2021

4. NET FINANCE INCOME / (COSTS)

	12 months to December 2021 $m	12 months to December 2020 $m
Finance income		
Interest and other	12.7	19.8
Total finance income	12.7	19.8
Finance costs		
Debt interest expense	(68.8)	(83.5)
Finance charge for lease liabilities	(14.6)	(18.2)
Facility fees, bonding and other finance costs	(46.4)	(66.9)
Impact of discounting	(10.7)	(11.2)
Total finance costs	(140.5)	(179.8)
Net finance costs from continuing operations[1]	(127.8)	(160.0)

[1] 31 December 2020: Net finance costs from continuing operations excludes $27.8 million of net finance costs from discontinued operations. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

5. AUDITORS' REMUNERATION

	12 months to December 2021 $'000	12 months to December 2020 $'000
Deloitte Touche Tohmatsu and related network firms		
Audit or review of financial reports:		
- Group	2,950	4,938
- Subsidiaries and joint operations	157	237
Audit or review of financial reports	3,107	5,175
Statutory assurance services required by legislation to be provided by the auditor	75	281
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	3	3
Other services	92	-
Total services	3,277	5,459
Other auditors and their related network firms		
Audit or review of financial reports:		
- Subsidiaries and joint operations	43	232
Audit or review of financial reports	43	232
Total services	43	232

The Group may use its auditor, Deloitte Touche Tohmatsu for non-statutory audit related services to utilise their expertise and experience with the Group. These assignments are assessed and approved in accordance with the Group's External Auditor Independence Charter.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

6. INCOME TAX EXPENSE

	12 months to December 2021 $m	12 months to December 2020 $m
Income tax expense recognised in the statement of profit or loss		
Current tax expense	(56.4)	(92.0)
Deferred tax expense	(49.9)	(280.2)
Over / (under) provision in prior periods	12.6	(2.9)
Total income tax expense in statement of profit or loss	(93.7)	(375.1)
Deferred tax recognised directly in equity		
Revaluation of cash flow and net investment hedges	(26.0)	28.2
Total deferred tax (expense) / benefit recognised in equity	(26.0)	28.2
Reconciliation of prima facie tax to income tax expense		
Profit / (loss) from continuing operations	497.7	(1,701.4)
Profit from discontinued operations	-	2,693.2
Profit before tax	497.7	991.8
Prima facie income tax expense at 30% (31 December 2020: 30%)	(149.3)	(297.5)
The following items have affected income tax expense for the year:		
Tax losses not recognised	(27.6)	(61.1)
Overseas income tax differential and foreign exchange	4.7	21.8
Movement in provision for taxes on retained earnings of controlled entities	(2.5)	(15.7)
Equity accounted and joint venture income tax differential	58.2	12.5
Other items in relation to Thiess divestment	-	(26.9)
Other	10.2	(5.3)
Current period income tax expense	(106.3)	(372.2)
Over / (under) provision in prior periods	12.6	(2.9)
Income tax expense[1]	(93.7)	(375.1)

[1]31 December 2020: Income tax (expense) / benefit includes $434.2 million of income tax benefit from continuing operations and includes $809.3 million of income tax expense from discontinued operations. Refer to Note 31: *Acquisitions, disposals and discontinued operations.*

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

7. CASH AND CASH EQUIVALENTS

	December 2021 $m	December 2020 $m
Funds on deposit	191.4	232.0
Cash at bank and on hand	1,748.3	2,850.5
Cash and cash equivalents[1]	1,939.7	3,082.5

[1]31 December 2020: During the reporting period, the Group disposed of $127.7 million of cash and cash equivalents. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

As at 31 December 2021: $432.9 million (31 December 2020: $447.5 million) of cash at bank is restricted. It includes cash subject to certain operational restrictions of $173.7 million (31 December 2020: $229.5 million) as well as cash in relation to the sale of receivables of $259.2 million (31 December 2020: $218.0 million). The receivables only include certified amounts with the factoring done on a non-recourse basis.

8. SHORT TERM FINANCIAL ASSETS AND INVESTMENTS

	December 2021 $m	December 2020 $m
Short term financial assets and investments	4.5	4.5

This balance represents liquid assets converted or readily convertible to cash subsequent to period end.

	Note	December 2021 $m	December 2020 $m
Additional information on cash, cash equivalents and short term financial assets and investments:			
Cash and cash equivalents	7	1,939.7	3,082.5
Short term financial assets and investments		4.5	4.5
Cash and equivalent liquid assets		1,944.2	3,087.0

	December 2021 $m	December 2020 $m
Cash flows from operating activities	(25.5)	53.1
Change in short term assets and investments	-	-
Total cash from operating activities and changes in equivalent liquid assets	(25.5)	53.1

Notes to the Consolidated Financial Statements

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9. TRADE AND OTHER RECEIVABLES

	Note	December 2021 $m	December 2020 $m
Contract receivables		228.5	247.2
Contract assets		1,288.9	944.4
Retentions and capitalised costs to fulfil contracts		124.1	130.4
Total contract debtors		1,641.5	1,322.0
Trade debtors		163.2	133.7
Other amounts receivable		509.2	434.5
Prepayments		68.1	78.3
Derivative financial assets	37	13.8	2.9
Amounts receivable from related parties	39 (b)	35.9	42.5
Non-current tax asset[1]		-	5.7
Total trade and other receivables[2]		2,431.7	2,019.6
Current		2,308.2	1,929.8
Non-current[1]		123.5	89.8
Total trade and other receivables[2]		2,431.7	2,019.6

[1]31 December 2020: The non-current tax asset of $5.7 million represents the amount of income taxes recoverable from the payment of tax in excess of the amounts due to the relevant tax authority not expected to be received within twelve months after reporting date.
[2]31 December 2020: During the reporting period, the Group disposed of $828.4 million of trade and other receivables. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

	December 2021 $m	December 2020 $m
Additional information on contract debtors		
Total contract debtors - trade and other receivables	1,641.5	1,322.0
Total contract liabilities - trade and other payables	(1,975.0)	(1,616.7)
Net contract debtors	(333.5)	(294.7)

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for the 12 months to 31 December 2021

9. TRADE AND OTHER RECEIVABLES CONTINUED

Significant changes in contract assets and liabilities

Contract assets are balances due from customers under long term contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the entity's right to consideration for the services transferred to date. Amounts are generally reclassified to contract receivables when these have been certified or invoiced to a customer.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was $1,354.5 million (31 December 2020: $982.4 million). Revenue recognised in the reporting period from performance obligations satisfied or partially satisfied in previous periods was $20.1 million (31 December 2020: $(1,279.8) million). Partially satisfied performance obligations continue to incur revenue and costs in the period.

Remaining performance obligations (Work in hand)

Contracts with remaining performance obligations as at 31 December 2021 are set out below.

	December 2021 $m	December 2020 $m
Construction	15,660	12,526
Services	9,284	8,825
Corporate and Investments	8,234	8,728
Work in hand[1]	33,178	30,079

[1]Includes $10,690 million (31 December 2020: $11,368 million) of CIMIC's share of work in hand from joint ventures and associates which are equity accounted investments.

Contracts in the different sectors have different lengths. The average duration of contracts is given below, however some contracts will vary from these typical lengths. Revenue is typically earned over these varying timeframes, however more of the revenue noted above is expected to be earned in the earlier years.

Construction	1-4 years
Services	4-10 years
Corporate and Investments	3-7 years

10. CURRENT TAX ASSETS

The current tax asset of $126.6 million (31 December 2020: $1.0 million) represents the amount of income taxes recoverable from the payment of tax in excess of the amounts due to the relevant tax authority.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

11. INVENTORIES

	December 2021 $m	December 2020 $m
Property developments		
Cost of acquisition	17.7	18.5
Development expenses capitalised[1]	69.0	60.7
Rates, taxes, finance and other costs capitalised[1,3]	22.9	20.0
Total property developments	109.6	99.2
Other inventories		
Raw materials and consumables at cost	203.4	170.8
Total raw materials and consumables	203.4	170.8
Total inventories	313.0	270.0
Current	232.4	185.2
Non-current	80.6	84.8
Total inventories[2]	313.0	270.0

[1]31 December 2020: has been re-presented for an immaterial re-classification of certain other capitalised costs between development expenses capitalised and rates, taxes, finance and other costs capitalised.
[2]31 December 2020: During the reporting period, the Group disposed of $137.0 million of inventories. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.
[3]Finance costs capitalised to property developments during the period were $0.6 million (31 December 2020: $0.8 million).

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	December 2021 $m	December 2020 $m
Associates	27	256.2	55.3
Joint venture entities	28	1,444.3	1,322.9
Total investments accounted for using the equity method		1,700.5	1,378.2

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for the 12 months to 31 December 2021

13. OTHER INVESTMENTS

	Note	December 2021 $m	December 2020 $m
Financial assets at fair value through profit or loss			
Listed investments		3.8	0.5
Unlisted investments		80.4	56.6
Total other financial assets at fair value through profit or loss	37 (c)	84.2	57.1
Current		-	-
Non-current		84.2	57.1
Total other investments[1]		84.2	57.1

[1] During the year $44.3 million (31 December 2020: $nil) was transferred to asset held for sale relating to the Group's 15% interest in the Transmission Gully Public Private Partnership (comprising Wellington Gateway Partnership No.1 Limited and Wellington Gateway General Partner No.1 Limited, incorporated in New Zealand), where the terms of sale have been agreed subject to finalisation. Accordingly the investment has been reclassified to held for sale as the value is expected to be realised within 12 months. Refer to Note 32: *Held for sale.*

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

14. DEFERRED TAXES

	December 2021 $m	December 2020 $m
Recognised deferred tax assets / (liabilities)		
Deferred tax assets are attributed to the following:		
Contract debtors	228.9	261.6
Property developments	33.0	34.0
Other inventories	12.4	4.1
Property, plant and equipment	7.7	9.1
Employee benefits	78.4	70.9
Contract profit differential	(11.3)	(47.7)
Withholding tax on retained earnings of non-resident and controlled entities	(13.0)	(17.6)
Investment revaluations	(17.4)	50.3
Joint ventures and associates	(52.9)	(25.0)
Foreign exchange	7.0	8.1
Tax losses[1,3]	232.3	273.0
Other	103.8	137.1
Total deferred taxes[2]	608.9	757.9
Comprising of:		
Deferred tax assets	608.9	757.9
Deferred tax (liabilities)	-	-
Total deferred taxes	608.9	757.9
Unrecognised deferred tax assets		
Deferred tax assets which have not been recognised in respect of tax losses	189.2	160.6

[1] 31 December 2021 includes $121.2 million (31 December 2020: $150.7 million) relating to carried forward capital losses with no expiry date. In recognising deferred tax assets the Group considers the expected future performance of the business in line with the Group strategy, Board approved business plans as well as future capital allocation opportunities.

[2] 31 December 2020: During the reporting period, the Group disposed of $56.6 million of deferred tax assets and deferred tax liability of $13.4 million. Refer to Note 31: *Acquisitions, disposals and discontinued operations.*

[3] 31 December 2021 includes $66.5 million (31 December 2020: $103.3 million) of carried forward tax losses with no expiry date in respect of an overseas tax jurisdiction that incurred taxable losses in the year. Utilisation of these losses through future taxable profits is supported by forecast performance, with reference to the current levels of work in hand and pipeline.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings $m	Leasehold land, buildings and improvements $m	Plant and equipment $m	Right-of-use land and buildings $m	Right-of-use plant and equipment $m	Total property, plant and equipment $m
At 1 January 2020						
Cost or fair value	0.1	82.3	3,690.6	664.9	766.1	5,204.0
Accumulated depreciation	-	(47.9)	(2,221.9)	(340.2)	(314.9)	(2,924.9)
Net book amount	0.1	34.4	1,468.7	324.7	451.2	2,279.1
Year ended 31 December 2020						
Opening net book amount	0.1	34.4	1,468.7	324.7	451.2	2,279.1
Additions	-	5.0	578.4	29.7	163.3	776.4
Acquisitions	-	-	9.3	0.1	22.3	31.7
Disposals	(0.1)	(0.1)	(14.9)	(0.1)	(14.7)	(29.9)
Depreciation[2]	-	(7.2)	(607.7)	(67.0)	(214.9)	(896.8)
Divestment of a subsdiairy[1]	-	(2.0)	(802.1)	(72.6)	(381.0)	(1,257.7)
Effects of FX fluctuations	-	-	(84.1)	(1.6)	(2.9)	(88.6)
Closing net book amount	-	30.1	547.6	213.2	23.3	814.2
Year ended 31 December 2020						
Cost or fair value	-	79.4	1,213.0	503.3	68.1	1,863.8
Accumulated depreciation and impairment	-	(49.3)	(665.4)	(290.1)	(44.8)	(1,049.6)
Net book amount[1]	-	30.1	547.6	213.2	23.3	814.2
Year ended 31 December 2021						
Opening net book amount	-	30.1	547.6	213.2	23.3	814.2
Additions	-	2.0	61.1	33.1	5.5	101.7
Acquisitions	-	0.3	6.1	1.3	-	7.7
Disposals	-	(0.1)	(21.2)	(1.5)	(0.8)	(23.6)
Depreciation	-	(7.5)	(192.5)	(55.3)	(11.5)	(266.8)
Effects of FX fluctuations	-	-	5.5	0.8	0.1	6.4
Closing net book amount	-	24.8	406.6	191.6	16.6	639.6
Year ended 31 December 2021						
Cost or fair value	-	74.3	1,088.6	490.6	64.3	1,717.8
Accumulated depreciation and impairment	-	(49.5)	(682.0)	(299.0)	(47.7)	(1,078.2)
Net book amount	-	24.8	406.6	191.6	16.6	639.6

[1] 31 December 2020: During the reporting period, the Group disposed of $1,257.7 million of property, plant and equipment. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

[2] 31 December 2020: Plant and equipment depreciation includes depreciation and impairments during the period of $51.7 million that arose due to a decline in the recoverable amount of the Leighton Offshore legacy marine fleet that was idle in the Construction segment. Depreciation includes $641.1 million which relates to discontinued operations. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

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16. INTANGIBLES

	Goodwill $m	Other intangibles[1] $m	Total intangibles $m
At 1 January 2020			
Cost or fair value	992.8	397.6	1,390.4
Accumulated amortisation and impairment	(13.6)	(272.4)	(286.0)
Net book amount	979.2	125.2	1,104.4
Year ended 31 December 2020			
Opening net book amount	979.2	125.2	1,104.4
Additions / acquisitions	19.9	35.3	55.2
Disposals	-	(1.2)	(1.2)
Amortisation[2]	-	(39.7)	(39.7)
Effects of FX fluctuations	(41.3)	(2.4)	(43.7)
Divestment of a subsidiary[2]	(130.1)	(32.6)	(162.7)
Closing net book amount	827.7	84.6	912.3
Year ended 31 December 2020			
Cost or fair value	841.3	379.3	1,220.6
Accumulated amortisation and impairment	(13.6)	(294.7)	(308.3)
Net book amount	827.7	84.6	912.3
Change in accounting policy[3]	-	(13.3)	(13.3)
At 1 January 2021			
Cost or fair value	841.3	362.7	1,204.0
Accumulated amortisation and impairment	(13.6)	(291.4)	(305.0)
Net book amount	827.7	71.3	899.0
Year ended 31 December 2021			
Opening net book amount	827.7	71.3	899.0
Additions / acquisitions	12.2	10.6	22.8
Disposals	-	(1.3)	(1.3)
Amortisation	-	(16.9)	(16.9)
Effects of FX fluctuations	11.4	0.4	11.8
Closing net book amount	851.3	64.1	915.4
Year ended 31 December 2021			
Cost or fair value	864.9	381.9	1,246.8
Accumulated amortisation and impairment	(13.6)	(317.8)	(331.4)
Net book amount	851.3	64.1	915.4

[1]Other intangibles include:
- IT software systems of $23.1 million with a useful life of up to 10 years (31 December 2020: $40.5 million up to 10 years);
- Customer contracts and other intangibles with useful lives of: 1 to 5 years $4.6 million (31 December 2020: $5.9 million); 6 to 15 years $25.2 million (31 December 2020: $27.4 million); and indefinite useful lives $11.2 million (31 December 2020: $10.8 million)

[2]31 December 2020: Amortisation includes $3.3 million related to discontinued operations. During the reporting period, the Group disposed of $162.7 million of intangibles Refer to Note 31: *Acquisitions, disposals and discontinued operations*.
[3]Refer to Note 1: *Basis of Preparation.*

Notes to the Consolidated Financial Statements

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16. INTANGIBLES CONTINUED

	December 2021 $m	December 2020 $m
Impairment tests for cash generating units containing goodwill		
Goodwill is attributable to cash generating units in the following segments:		
Construction	423.4	416.5
Services	427.9	411.2
Balance at reporting date	851.3	827.7

The recoverable amount of all cash-generating units is based on value in use calculations, using five year cash flow projections based on forecast operating results. The recoverable amount of each cash-generating unit exceeds its carrying amount.

The key assumptions used in the value in use calculations and the approach to determining the recoverable amount of all cash-generating units in the current and previous period are:

Market / segment growth:	Economic forecasts, taking into account the Group's participation in each market
Inflation / CPI rates and foreign currency rates:	Economic forecasts
Discount rate:	Risk in the industry and country in which each unit operates
Growth rate:	Relevant to the market conditions and business plan

Cash-generating units	Discount rate	Growth rate
Construction	11%	3%
Services	7%	3%

Sensitivity to changes in assumptions

The recoverable amount of intangible assets exceeds their carrying values at 31 December 2021. Based on information available and market conditions at 31 December 2021, a reasonably foreseeable change in the assumptions made in these assessments would not result in an impairment. The on-going COVID-19 pandemic was considered when determining a reasonably foreseeable change in the assumptions. The Group considers that for the carrying value to equal the recoverable amount, there would have to be unreasonable changes to key assumptions. The Group considers the chances of these changes occurring as unlikely.

Notes to the Consolidated Financial Statements

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17. TRADE AND OTHER PAYABLES

	Note	December 2021 $m	December 2020 $m
Trade creditors and accruals		3,943.3	4,314.4
Other creditors		557.5	396.6
Amounts payable to related parties	39 (b)	83.4	6.4
Trade and other payables	37 (a,b)	4,584.2	4,717.4
Derivative financial liabilities	37 (a,b)	13.7	47.7
Total trade and other payables		4,597.9	4,765.1
Current		4,344.2	4,569.8
Non-current		253.7	195.3
Total trade and other payables[1]		4,597.9	4,765.1

[1]31 December 2020: During the reporting period, the Group disposed of $980.8 million of trade and other payables. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

18. CURRENT TAX LIABILITIES

The current tax liability of $63.8 million (31 December 2020: $16.5 million) represents the amounts payable in respect of current and prior periods.

19. PROVISIONS

	December 2021 $m	December 2020 $m
Employee benefits		
Current	249.0	218.3
Non-current	30.3	42.7
Total provisions[1]	279.3	261.0

[1]31 December 2020: During the reporting period, the Group disposed of $144.5 million of provisions. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

The provision for employee benefits relates to annual leave, long service leave and retirement benefits.

Notes to the Consolidated Financial Statements

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20. INTEREST BEARING LIABILITIES

	Note	December 2021 $m	December 2020 $m
Current interest bearing loans		275.7	210.0
Non-current interest bearing loans		2,166.4	2,686.6
Total interest bearing liabilities	37	2,442.1	2,896.6

21. LEASE LIABILITIES

	Note	December 2021 $m	December 2020 $m
Current lease liabilities		70.1	69.7
Non-current lease liabilities		207.1	245.1
Total lease liabilities[1]	37	277.2	314.8

[1]31 December 2020: During the reporting period, the Group disposed of $484.3 million of lease liabilities. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

Extension options

Certain leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility.

The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options, and where it is reasonably certain, the extension period has been included in the lease liability. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

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22. SHARE CAPITAL

	Company	
	December 2021 No. of shares	December 2020 No. of shares
Issued and fully paid share capital		
Balance at beginning of reporting period	311,296,286	323,726,756
Shares bought back	-	(12,430,470)
Balance at reporting date	311,296,286	311,296,286

	Company	
	12 months to December 2021 $m	12 months to December 2020 $m
Share capital		
Balance at beginning of reporting period	1,458.7	1,738.4
Issue value of shares bought back[1]	-	(279.7)
Balance at reporting date	1,458.7	1,458.7

[1]On 13 December 2019, the CIMIC Group Board approved an on-market share buy-back of up to 10% of CIMIC's fully paid ordinary shares for a period of 12 months commencing 29 December 2019 and concluded on 28 December 2020. As at 31 December 2020, 12,430,470 shares were bought back for $281.3 million and subsequently cancelled. The associated issue value of the shares cancelled totalling $279.7 million reduced share capital with the total premium paid over issue value of $1.6 million taken to the share buy-back reserve in 2020.

On 14 December 2020, the CIMIC Group Board approved an on-market share buy-back of up to 10% of CIMIC's fully paid ordinary shares for a period of 12 months commencing 29 December 2020. No shares have been bought back under this scheme.

Holders of ordinary shares are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

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23. RESERVES

	12 months to December 2021 $m	12 months to December 2020 $m
Foreign currency translation reserve		
Balance at beginning of reporting period	139.6	207.5
Included in statement of other comprehensive income	55.0	(123.0)
Gain reclassified to profit or loss on disposal of subsidiary	-	55.1
Balance at reporting date	194.6	139.6
Hedging reserve		
Balance at beginning of reporting period	(76.7)	(15.2)
Included in statement of other comprehensive income	70.5	(64.9)
Gain reclassified to profit or loss on disposal of subsidiary	-	3.4
Balance at reporting date[1]	(6.2)	(76.7)
Equity reserve		
Balance at beginning of reporting period	(619.6)	(619.6)
Acquisition of non-controlling interests	(84.7)	-
Balance at reporting date	(704.3)	(619.6)
Share buy-back reserve		
Balance at beginning of reporting period	(130.1)	(128.5)
Premium paid over issue value on share buy-back	-	(1.6)
Balance at reporting date	(130.1)	(130.1)
Share based payments reserve		
Balance at beginning of reporting period	28.8	28.8
Included in statement of profit or loss	-	-
Balance at reporting date	28.8	28.8
Total reserves at reporting date	(617.2)	(658.0)

[1]*Includes cost of hedging reserve of $5.5 million (31 December 2020: $nil) as a result of the change in the currency basis spread on the Group's derivative contracts.*

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

23. RESERVES CONTINUED

Nature and purpose of reserves

Foreign currency translation reserve
The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of operations where their functional currency is different to the presentation currency of the Group, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to future transactions.

Equity reserve
The equity reserve accounts for the differences between the fair value of, and the amounts paid or received for, equity transactions with non-controlling interests.

Share buy-back reserve
The share buy-back reserve represents the excess above issue value of CIMIC shares that were purchased and subsequently cancelled. The cancellation of the shares creates a non-distributable reserve.

Share based payments reserve
The share based payments reserve is used to recognise the fair value of share based payments issued to employees over the vesting period, and to recognise the value attributable to the share based payments during the reporting period.

24. RETAINED EARNINGS

	Note	12 months to December 2021 $m	12 months to December 2020 $m
Closing balance of previous reporting period		165.7	(454.4)
Change in accounting policy[1]		(9.3)	-
Balance at beginning of reporting period		156.4	(454.4)
Profit included in statement of profit or loss		402.1	620.1
Dividends paid	25	(317.5)	-
Balance at reporting date		241.0	165.7

[1]Refer to Note 1: *Basis of Preparation*

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

25. DIVIDENDS

	Cents per share	$m
2021 final dividend		
Subsequent to reporting date the Company announced an unfranked final dividend in respect of the year ended 31 December 2021. The dividend is payable on 5 July 2022 and is to be paid out of the profits of the Company for the year ended 31 December 2021. This dividend has not been provided for in the statement of financial position[1]	36.0	112.1
Dividends recognised in the reporting period to 31 December 2021		
30 June 2021 interim ordinary dividend	42.0	130.7
31 December 2020 final dividend	60.0	186.8
Total dividends recognised in reporting period to 31 December 2021		317.5
Dividends recognised in the reporting period to 31 December 2020		
30 June 2020 interim ordinary dividend	-	-
31 December 2019 final dividend	-	-
Total dividends recognised in reporting period to 31 December 2020		-

[1]The Board has determined a final dividend of 36.0 cents per share. The total dividend payable is an estimate only, based on the number of shares on issue as at the date of this financial report. The final payable amount is based on the number of shares on issue at the record date.

	Company	
	December 2021 $m	December 2020 $m
Dividend franking account		
Balance of the franking account, adjusted for franking credits / debits which arise from the payment / refund of income tax provided for in the financial statements	-	7.1

The impact of the 2021 final dividend, determined after the reporting date, on the dividend franking account is expected to be a reduction of $nil (2020: $16.0 million).

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for the 12 months to 31 December 2021

26. EARNINGS PER SHARE

	12 months to December 2021	12 months to December 2020
Basic earnings per share		
From continuing operations	129.2¢	(395.1¢)
From discontinued operations	-	590.1¢
Total basic earnings per share	129.2¢	195.0¢
Diluted earnings per share		
From continuing operations	129.2¢	(395.1¢)
From discontinued operations	-	590.1¢
Total diluted earnings per share	129.2¢	195.0¢
Profit / (loss) attributable to shareholders of the parent entity used in the calculation of basic and diluted earnings per share ($m)		
From continuing operations	402.1	(1,256.1)
From discontinued operations	-	1,876.2
	402.1	620.1
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	311,296,286	317,950,285
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	311,296,286	317,950,285

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

27. ASSOCIATES

The Group has the following investments in associates:

			Ownership interest	
Name of entity	Principal activity	Country	December 2021 %	December 2020 %
Canberra Metro Holdings Pty Ltd[1]	Construction	Australia	30	30
Canberra Metro Holdings Trust[1]	Investment	Australia	30	30
Dunsborough Lakes Village Syndicate[1]	Development	Australia	20	20
LCIP Co-Investment Unit Trust[2]	Investment	Australia	-	11
Metro Trains Australia Pty Ltd[1]	Services	Australia	20	20
Metro Trains Sydney Pty Ltd[1]	Services	Australia	20	20
On Talent Pty Ltd	Recruitment	Australia	30	30
Shaped NZ Hold GP Limited[3]	Investment	New Zealand	-	23
Shaped NZ Hold LP[3]	Investment	New Zealand	-	23
Torrens Connect Pty Ltd	Services	Australia	23	23
Ventia Services Group Limited[4]	Services	Australia	33	47

All associates have a statutory reporting date of 31 December with the following exceptions:

[1]*Entities have a 30 June statutory reporting date.*

[2]*31 December 2020: The Group's investment was equity accounted as a result of the Group's active participation on the Board and the Group's ability to impact decision making, leading to the assessment that significant influence existed.*

[3]*Entities have a 31 March statutory reporting date.*

[4]*Ventia was reclassified to associates from joint ventures during the year, refer to Note 31: Acquisitions, disposals and discontinued operations.*

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

27. ASSOCIATES CONTINUED

The Group's share of associates' results, assets and liabilities are as follows:

	12 months to December 2021 $m	12 months to December 2020 $m
Revenue	2,564.5	465.0
Expenses	(2,492.8)	(454.6)
Profit before tax	71.7	10.4
Income tax expense	(20.4)	(1.9)
Profit for the period from continuing operations	51.3	8.5

	December 2021 $m	December 2020 $m
Current assets	514.0	195.3
Non-current assets	748.6	213.4
Total assets	1,262.6	408.7
Current liabilities	491.8	179.3
Non-current liabilities	514.6	174.1
Total liabilities	1,006.4	353.4
Equity accounted associates at reporting date[1]	256.2	55.3

[1]Movement includes the impact of profit for the period, the transfer of Ventia from Joint Ventures (refer to Note 1: *Accounting estimates and judgements*), and the impact of other comprehensive income.

There were no impairments of equity accounted associates during the reporting period (31 December 2020: $nil).

In the opinion of the directors, there are no individually material associates as at 31 December 2021.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

28. JOINT VENTURE ENTITIES

The Group has the following joint venture entities:

			Ownership interest	
Name of entity	Principal activity	Country	December 2021 %	December 2020 %
Adelaide Metro Operations Pty Ltd	Services	Australia	50	50
Australian Terminal Operations Management Pty Ltd	Services	Australia	50	50
BIC Contracting LLC	Construction	United Arab Emirates	45	45
Canberra Metro Operations Pty Ltd	Services	Australia	50	50
CIP Holdings General Partner Limited[1]	Investment	New Zealand	40	40
Cornerstone Infrastructure Partners Holding LP[1]	Investment	New Zealand	40	40
GSJV Guyana Inc[1]	Contract Mining	Guyana	50	50
GSJV SCC (formerly GSJV Limited (Barbados))[1]	Contract Mining	Barbados	50	50
IC Integrity Pty Ltd	Services	Australia	49	-
Kings Square No.4 Unit Trust[1]	Development	Australia	50	50
Kings Square Pty Ltd[1]	Development	Australia	50	50
Leighton Abigroup Joint Venture[1]	Construction	Australia	50	50
Leighton-Infra 13 Joint Venture[2]	Construction	India	50	50
Leighton-Ose Joint Venture[2]	Construction	India	50	50
Mode Apartments Pty Ltd (act as trustee of Mode Apartments Unit Trust)	Development	Australia	49	30
Mode Apartments Unit Trust	Development	Australia	49	30
Momentum Trains Holding Pty Ltd[1]	Investment	Australia	49	49
Momentum Trains Holding Trust[1]	Investment	Australia	49	49
Mpeet Pty Limited	Services	Australia	50	50
Mulba Mia Leighton Broad Joint Venture[1]	Construction	Australia	50	50
Naval Ship Management (Australia) Pty Ltd[2]	Services	Australia	50	50
Pulse Partners Agent Pty Ltd[1]	Investment	Australia	49	49
Pulse Partners Holding Pty Ltd[1]	Investment	Australia	49	49
Pulse Partners Holding Trust[1]	Investment	Australia	49	49
Thiess Group Holdings Pty Ltd[3]	Investment	Australia	50	50
U-Go Mobility Pty Ltd	Services	Australia	50	50
Wallan Project Pty Ltd[1] (act as trustee of Wallan Project Trust)	Investment	Australia	49	30
Wallan Project Trust[1]	Investment	Australia	49	30
WSO M7 Stage 3 JV	Construction	Australia	50	50

All joint venture entities have a statutory reporting date of 31 December with the following exceptions as they are aligned with the joint venture partners' reporting date and / or the reporting date is prescribed by local statutory requirements:

[1]*Entities have a 30 June statutory reporting date.*

[2]*Entities have a 31 March statutory reporting date.*

[3]*Thiess Group Holdings Pty Ltd is an intermediate holding company of Thiess Pty Ltd. The principal activity of Thiess Pty Ltd is contract mining.*

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

28. JOINT VENTURE ENTITIES CONTINUED

BIC Contracting ("BICC")

On 15 February 2021 the Group announced it had signed a share purchase agreement ("SPA") with SALD Investment LLC ("SALD") for the sale of CIMIC's investment in the Middle East. SALD, a privately owned, UAE based investment company, will purchase CIMIC's 45% investment in BICC for nominal consideration. SALD is also acquiring the remaining 55% of BICC held by CIMIC's co-shareholder, also for a nominal amount. The sale covers all of CIMIC's investments in the Middle East. On completion, SALD will own all BICC's businesses in the UAE, Qatar, Oman and Saudi Arabia.

The completion of the share purchase agreement is still on-going. It is subject to satisfaction of conditions precedent, including obtaining all necessary jurisdictional transfer approvals. As part of the completion steps CIMIC representative directors were replaced by SALD representatives on 17 May 2021 and a power of attorney was also granted to SALD to manage the company. The sale of the Qatar based business has been completed.

While CIMIC has agreed with the purchaser to contribute a certain amount of funds into BICC, the transaction does not increase CIMIC's financial exposure to the Middle East. In the period to 31 December 2021, $84.5 million (US$ 63.5 million) have been paid in respect of CIMIC's financial guarantees and other payments under the amended SPA. These amounts have been funded by the financial liability and other amounts payable recognised in the year ended 31 December 2019.

The parties continue to work together to achieve the satisfaction of the remaining outstanding conditions precedent and obtaining all necessary approvals. Accordingly the investment is classified as an asset held for sale in accordance with AASB 5. The investment has nil book value and therefore is not in the Consolidated Statement of Financial Position.

Thiess Group Holdings Joint Venture ("Thiess Joint Venture")

On 31 December 2020, the Group sold 50% of its share in Thiess to funds advised by Elliott and entered into a joint venture arrangement with Elliott, as detailed in Note 31: Acquisitions, disposals and discontinued operations.

The Thiess results were classified as a discontinued operation in the segment reporting at 31 December 2020 to reflect this and the results of the Thiess Group Holdings joint venture ("Thiess Joint Venture") are now equity accounted within the Corporate and Investments segment in the 31 December 2021 financial report. Given the significance of the change and of the financial information of the Thiess Joint Venture to understanding the financial performance and position of the Group, additional disclosure has been made of certain financial information of the Thiess joint venture.

The following table provides summarised financial information and reconciles the carrying amount of the Group's interest, and its share of profit or loss of its equity accounted investment in the Thiess Joint Venture. The information has been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and differences in accounting policies.

In the opinion of the directors, at 31 December 2021, there were no material joint ventures other than the Thiess Joint Venture.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

28. JOINT VENTURE ENTITIES CONTINUED

Immaterial joint ventures

The Group's share of joint venture entities' results, assets and liabilities are as follows:

Individually immaterial joint ventures	12 months to December 2021 $m	12 months to December 2020 $m
Summarised profit or loss		
Revenue	782.8	2,303.8
Expenses	(711.2)	(2,115.7)
Finance income	11.5	13.2
Finance costs	(48.5)	(123.4)
Profit before tax	34.6	77.9
Income tax expense	(2.3)	(17.4)
Profit for the period from continuing operations[1]	32.3	60.5

[1]Total profit for the period from continuing operations for the year ended 31 December 2020 excludes $2.1 million which has been separately presented in share of profit / (loss) of associates and joint ventures from discontinued operations. Refer to Note 31: *Acquisitions, disposals and discontinued operations*.

Individually immaterial joint ventures	December 2021 $m	December 2020 $m
Summarised balance sheet		
Current assets	234.7	1,751.8
Non-current assets	1,537.9	2,065.6
Total assets	1,772.6	3,817.4
Current liabilities	162.3	1,799.6
Non-current liabilities	1,409.3	1,826.9
Total liabilities	1,571.6	3,626.5
The Group's share of joint venture entities' net assets at reporting date	201.0	190.9

There were no impairments of investments in joint ventures during the reporting period (31 December 2020: $nil).

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

28. JOINT VENTURE ENTITIES CONTINUED

Material joint venture

On 31 December 2020, the Group sold 50% of its share in its previously wholly-owned subsidiary Thiess to funds advised by Elliott and entered into a joint venture arrangement with Elliott, as detailed in Note 31: *Acquisitions, disposals and discontinued operations*. The Thiess results were classified as a discontinued operation in the segment reporting at 31 December 2020 to reflect this and the results of the Thiess Joint Venture are now equity accounted within the Corporate and Investments segment in the 31 December 2021 financial report, as detailed in Note 1: *Accounting estimates and judgements.*

The table below provides summarised financial information for those joint ventures that are material to the Group. Material joint ventures have been determined by comparing individual investment net book value with the total equity accounted investment carrying value and share of profit, along with consideration of relevant qualitative factors.

The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and, where indicated, the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and differences in accounting policies.

Thiess Joint Venture (at 100%)	12 months to December 2021 $m
Summarised profit or loss^	
Revenue	3,351.2
Other expenses	(2,274.2)
Depreciation and amortisation	(619.1)
Finance income	1.1
Finance costs	(60.5)
Profit before tax	398.5
Income tax expense	(111.2)
Profit for the period	287.3
Non- controlling interest	(5.2)
Profit for the year attributable to members of the parent entity	282.1
Other comprehensive income	18.4
Total comprehensive income	300.5
Group's ownership interest	50%
Group's total share of:	
Profit for the period[1]	102.1
Other comprehensive income	9.2
Total comprehensive income	111.3
Dividends received	-

^On 31 December 2020, the Group sold 50% of its share in Thiess to funds advised by Elliott and entered into a joint venture arrangement. Therefore, there is no comparative summarised profit of loss to present.

[1]The Thiess Shareholders Agreement prescribes a minimum distribution to each shareholder of $180.0 million per annum for the first six years, with Elliott receiving preferential payment. Under accounting standards preferential returns must be attributable first in the full year result. Consequently, CIMIC's profit share for the period is $102.1 million. CIMIC's shortfall profit amounts have protective rights and are expected to be recovered through future earnings.

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28. JOINT VENTURE ENTITIES CONTINUED

Material joint venture continued

Thiess Joint Venture (at 100%)	31 December 2021 $m	31 December 2020[1] $m
Summarised balance sheet		
Current assets		
Cash and cash equivalents	206.6	127.7
Other current assets	784.6	605.6
Total current assets	991.2	733.3
Non-current assets	4,584.1	4,614.4
Total non-current assets	4,584.1	4,614.4
Current liabilities		
Financial liabilities (excluding trade payables)	178.0	280.7
Other current liabilities	678.2	672.3
Total current liabilities	856.2	953.0
Non-current liabilities		
Financial liabilities (excluding trade payables)	1,849.2	1,820.7
Other non-current liabilities	284.3	288.8
Total non-current liabilities	2,133.5	2,109.5
Net assets (100%)	2,585.6	2,285.2
Less: non-controlling interests	(21.0)	(21.2)
Net assets attributable to members of the parent entity	2,564.6	2,264.0
Group's share of net assets	1,243.3	1,132.0

[1] 31 December 2020: The Thiess Joint Venture balance sheet has been restated to reflect the finalisation of the purchase price allocation (PPA) performed at a Thiess level in accordance with AASB 3: *Business Combinations*.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

29. JOINT OPERATIONS

The Group has the following interest in joint operations:

			Ownership interest	
Name of arrangement	Principal activity	Country	December 2021 %	December 2020 %
Acciona Infrastructure & CPB Contractors Joint Venture (formerly Leighton Abigroup Consortium (Epping to Thornleigh))	Construction	Australia	50	50
Baulderstone Leighton Joint Venture	Construction	Australia	50	50
Bintai- Leighton JV[1]	Construction	Singapore	49	-
Casey Fields Joint Venture[1]	Development	Australia	54	33
CH2-UGL JV	Construction	Australia	50	50
CHT Joint Venture	Construction	Australia	50	50
CPB & BMD JV	Construction	Australia	50	50
CPB & Bombardier JV	Construction	Australia	50	50
CPB & JHG JV	Construction	Australia	50	50
CPB BAM Ghella UGL Joint Venture	Construction	Australia	54	54
CPB Black & Veatch Joint Venture[1]	Construction	Australia	50	50
CPB Downer EDI JV	Construction	Australia	50	-
CPB Dragados Samsung Joint Venture	Construction	Australia	40	40
CPB Ghella UGL JV	Construction	Australia	78	-
CPB John Holland Dragados Joint Venture	Construction	Australia	50	50
CPB Samsung John Holland Joint Venture	Construction	Australia	33	33
CPB Seymour Whyte JV	Construction	Australia	50	50
CPB Southbase JV	Construction	New Zealand	60	60
Gammon - Leighton Joint Venture	Construction	Hong Kong	50	50
Gateway WA	Construction	Australia	68	68
Henry Road Edenbrook Joint Venture[1]	Development	Australia	49	30
HYLC Joint Venture[1]	Construction	Australia	50	50
IEC Boardwalk JV	Construction	Hong Kong	34	-
Innovative Asset Solutions Pty Ltd & UGL Operations and Maintenance (Services) Pty Limited[2]	Services	Australia	-	70
JH & CPB & Ghella JV	Construction	Australia	45	45
JHCPB JV	Construction	Australia	50	50
John Holland Pty Ltd, UGL Engineering Pty Ltd and GHD Pty Ltd trading as Malabar Alliance	Construction	Australia	50	50
Leighton - Able Joint Venture	Construction	Hong Kong	51	51
Leighton - China State - Van Oord Joint Venture	Construction	Hong Kong	45	45
Leighton - China State Joint Venture	Construction	Hong Kong	51	51
Leighton - China State Joint Venture	Construction	Hong Kong	51	51
Leighton - Chubb E&M Joint Venture	Construction	Hong Kong	50	50
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	84	84
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	60	60
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	70	70
Leighton - Gammon Joint Venture	Construction	Hong Kong	50	50
Leighton - HEB Joint Venture	Construction	New Zealand	80	80
Leighton - John Holland Joint Venture	Construction	Hong Kong	55	55
Leighton - Total Joint Operation	Construction	Indonesia	67	67
Leighton China State Joint Venture (Wynn Resort)	Construction	Macau	50	50

Notes to the Consolidated Financial Statements

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29. JOINT OPERATIONS CONTINUED

Name of arrangement	Principal activity	Country	Ownership interest December 2021 %	Ownership interest December 2020 %
Leighton Contractors Downer Joint Venture[1]	Construction	Australia	50	50
Leighton Fulton Hogan Joint Venture (Sapphire to Woolgoolga)[1]	Construction	Australia	50	50
Leighton Fulton Hogan Joint Venture (Sh16 Causeway Upgrade)	Construction	New Zealand	50	50
Leighton John Holland Joint Venture	Construction	Singapore	50	50
Leighton M&E – Southa Joint Venture	Construction	Hong Kong	50	50
Leighton Yongnam Joint Venture	Construction	Singapore	70	70
Leighton York Joint Venture	Construction	Australia	75	75
LLECPB Crossing Removal JV	Construction	Australia	50	50
Metropolitan Road Improvement Alliance	Construction	Australia	71	71
Murray & Roberts Marine Malaysia - Leighton Contractors Malaysia Joint Venture[1]	Construction	Malaysia	50	50
NRT - Design & Delivery JV	Construction	Australia	50	50
NRT - Infrastructure Joint Venture	Construction	Australia	50	50
NRT Systems JV	Services	Australia	40	40
OWP Joint Venture (Optus Wireless JV)	Services	Australia	50	50
PTA Radio	Services	Australia	44	44
Rizzani CPB Joint Venture	Construction	Australia	50	50
Spark NEL DC JV	Construction	Australia	28	-
Swietelsky CPB Rail Joint Venture[1]	Services	Australia	50	50
UGL Cape	Services	Australia	50	50
UGL Kentz	Construction	Australia	50	50
Veolia Water - Leighton - John Holland Joint Venture	Construction	Hong Kong	24	24

All joint operations have a reporting date of 31 December with the following exceptions:

[1]Arrangements have a 30 June reporting date. These entities have different statutory reporting dates to the Group as they are aligned with the joint operations partners' reporting date and / or the reporting date is prescribed by local statutory requirements.

[2]As detailed in Note 31: *Acquisitions, Disposals and Discontinued Operations,* on 11 June 2021, CIMIC through its wholly owned subsidiary UGL Operations and Maintenance (Services) Pty Ltd acquired Innovative Assets Solution Group Ltd and therefore this arrangement ceased to be a joint operation and is now a subsidiary of the Group.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

30. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of profit for the year to net cash from operating activities

	12 months to December 2021 $m	12 months to December 2020 $m
Profit for the year	404.0	616.7
Adjustments for:		
- Depreciation of property, plant and equipment	266.8	896.8
- Amortisation of intangibles	16.9	39.7
- Net gain on sale of controlled entities	-	(2,164.4)
- Net gain on sale of investments	(60.3)	-
- Net gain on fair value investments	(17.4)	(14.0)
- Net gain on sale of assets	(8.9)	(8.0)
- Foreign exchange (gain) / loss	(4.2)	7.0
- Interest on lease liabilities	14.6	31.8
- Net amounts set aside to provisions	148.8	282.0
- Contract assets revenue reversal	-	1,201.9
- Share of profits of associates	(185.7)	(69.0)
Net changes in assets / liabilities:		
- Increase in receivables	(349.1)	(484.8)
- Decrease in joint ventures	37.8	84.0
- Decrease / (increase) in inventories	(41.7)	104.2
- Decrease in payables	(293.6)	(661.0)
- Decrease in provisions	(133.1)	(268.2)
- Decrease in financial liability	(3.6)	(28.7)
- Current and deferred income tax movement	70.9	168.8
Net cash from operating activities[1]	(137.8)	(265.2)

[1]12 months to December 2020: balances include cash flows relating to both continuing and discontinued operations.

b) Reconciliation of liabilities arising from financing activities

Interest bearing loans and financial liabilities

	December 2020 $m	Cash flows $m	Amortisation of borrowing costs $m	Foreign exchange and other movements $m	December 2021 $m
Interest bearing loans	2,896.6	(467.4)	5.0	7.9	2,442.1
Financial liability	151.2	(84.5)	-	2.2	68.9

Lease liabilities

	December 2020 $m	Cash flows $m	Addition / acquisitions $m	Interest charged $m	Disposals $m	Other $m	December 2021 $m
Lease liabilities	314.8	(88.5)	40.2	14.6	(4.7)	0.8	277.2

Notes to the Consolidated Financial Statements

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31. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS

31 December 2021 acquisitions and disposals of controlled entities and businesses

Acquisitions

Innovative Asset Solutions

On 11 June 2021, CIMIC through its wholly owned subsidiary UGL Operations and Maintenance (Services) Pty Ltd acquired Innovative Assets Solution Group Ltd ("IAS"). IAS is a technology enabled fabric maintenance business predominantly servicing the Australian Oil and Gas industry and adjacent markets. The purchase consideration was $24.0 million cash, of which $4.7 million was deferred. The acquisition has been accounted for under AASB 3: *Business Combinations*.

The contribution by IAS to the Group from either the acquisition date or 1 January 2021 to the end of the period ended 31 December 2021 was immaterial. IAS is now reported within the Services segment (refer to Note 33: *Segment information*).

Devine

On 24 May 2021, CIMIC Residential Investments Pty Limited ("CRI"), a controlled entity within the Group, announced its intention to acquire the non-controlling interest shares of Devine Limited ("Devine") that it did not already own, at a price of $0.24 per share, through an unconditional off-market takeover offer. On 9 July CRI increased its shareholding in Devine to 90% and exercised its right to compulsorily acquire the remaining shares in Devine. The total purchase consideration was $15.6 million. This has been treated as a transaction with shareholders in accordance with AASB 10: *Consolidated Financial Statements* and the previously accumulated losses attributable to the non-controlling interests of $69.1 million have been transferred to the owners of the parent entity.

Disposals

Ventia Joint Venture

On 19 November 2021, Ventia Services Group Limited ("Ventia"), a joint venture between the Group and funds managed by affiliates of Apollo Global Management, LLC ("Apollo"), completed an initial public offering on the Australian Securities Exchange. As a result, 30% of Ventia's share capital was listed comprising 26% from the issuance of new shares to fund an improved debt structure and a 4% sell down, being 2% each, by Ventia's existing major shareholders (CIMIC and Apollo). CIMIC retains a 32.8% interest in Ventia and as the Group no longer jointly controls Ventia the investment has been reclassified from a joint venture to an associate in accordance with the Group's accounting policy.

The partial disposal results in a gain before tax of $60.3 million.

Total consideration receivable net of transaction costs was $95.0 million and included non-cash consideration for the gain on dilution of the Group's interest in Ventia on issuance of the new shares. The cash consideration has been received in the year ended 31 December 2021.The carrying value disposed of $33.9 million comprises the portion of the Group's shares that were sold and a proportion of the carrying value of the Group's investment that corresponded to the dilution occurring through the issuance of the new shares. $0.8 million of reserves were recycled as part of the transaction.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

31. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS CONTINUED

31 December 2020 acquisitions and disposals of controlled entities and businesses

Acquisitions

RTL

On 28 August 2020 CIMIC, through its then subsidiary Thiess, acquired an additional 44% stake in RTL Mining and Earthworks Pty Ltd ("RTL") from Downer EDI Mining Pty Ltd ("Downer") for cash and non-cash consideration of $18.9 million. RTL was a 44% owned joint venture between Thiess (44%), Downer (44%), and Linfox Resources Pty Ltd (12%), with this transaction bringing CIMIC's total ownership to 88%. RTL provides mining, plant hire and maintenance services to the major electricity generators in the Latrobe Valley, Victoria.

The acquisition was accounted for under AASB 3: *Business Combinations*. The contribution by the acquired company to the Group from either the acquisition date or 1 January 2020 to the end of the period ended 31 December 2020 was immaterial.

Pekko Engineers

On 28 February 2020, CIMIC through its wholly owned subsidiary Leighton Asia Pty Ltd acquired Pekko Engineers Ltd ("Pekko Engineers"). This company is a Hong Kong based engineering company that provides electrical services on infrastructure projects. The purchase consideration was $4.3 million cash, of which $1.7 million was deferred. Subsequent to the acquisition, $0.7 million of the $1.7 million deferred amount has been paid. The acquisition has been accounted for under AASB 3: *Business Combinations*.

The contribution by the acquired company to the Group from either the acquisition date or 1 January 2020 to the end of the period ended 31 December 2020 was immaterial. Pekko Engineers is now reported within the Construction segment (refer to Note 33: *Segment information*).

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31. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS CONTINUED

31 December 2020 acquisitions and disposals of controlled entities and businesses continued

Disposals

On 31 December 2020, the Group sold 50% of its share in its wholly-owned subsidiary Thiess to funds advised by Elliott Advisors (UK) Ltd ("Elliott") and entered into a joint venture arrangement with Elliott. As the Group no longer controls Thiess, the transaction was recorded as a disposal of controlled entities and the acquisition of an interest in a joint venture entity during the period to 31 December 2020. Refer to 31 December 2020 CIMIC Annual Report for full details of disposal.

Gain on disposal	$m
Total cash consideration net of transaction costs[1]	2,016.8
Non-cash consideration	1,132.0
Carrying amount on disposal	(925.9)
Recycling of reserves	(58.5)
Net gain on disposal of controlled entities before tax	2,164.4
Carrying value of assets and liabilities of entities and businesses disposed	
Cash and cash equivalents	127.7
Trade and other receivables	828.4
Inventories: consumables and development properties	137.0
Deferred tax assets	56.6
Property, plant and equipment	1,257.7
Intangibles	162.7
Trade and other payables	(980.8)
Provisions	(144.5)
Lease liabilities	(484.3)
Deferred tax liabilities	(13.4)
Non-controlling interest	(21.2)
Net assets disposed	925.9
Cash flows resulting from sale	
Cash consideration net of transaction costs[1]	2,223.4
Cash disposed	(127.7)
Net cash inflow	2,095.7

[1]As at 31 December 2020, certain transaction costs remained unpaid and were accrued in the trade and other payables balance.

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31. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS CONTINUED

31 December 2020 acquisitions and disposals of controlled entities and businesses continued

Disposals continued

The following controlled entities were disposed as part of the sale of Thiess:

- Ausindo Holdings Pte. Ltd.
- FleetCo Canada Rentals Ltd
- FleetCo Chile SpA
- FleetCo Holdings Pty Limited
- FleetCo Management Pty Limited
- FleetCo Rentals 2017 Pty Limited
- FleetCo Rentals AN Pty Limited
- FleetCo Rentals CT Pty. Limited
- FleetCo Rentals Enzo Pty Ltd
- FleetCo Rentals HD Pty. Limited
- FleetCo Rentals Magni Pty Ltd
- FleetCo Rentals No. 1 Pty Limited
- FleetCo Rentals Omega Pty Ltd
- FleetCo Rentals OO Pty. Limited
- FleetCo Rentals Pty Limited
- FleetCo Rentals RR Pty. Limited
- FleetCo Rentals UG Pty Limited
- FleetCo Services Pty Limited
- Hunter Valley Earthmoving Co Pty Ltd
- HWE Cockatoo Pty Ltd
- HWE Mining Pty Limited
- Majwe Mining Joint Venture (Pty) Ltd
- Oil Sands Employment Ltd
- PT Thiess Contractors Indonesia (TCI)
- RTL Mining and Earthworks Pty Ltd
- Thiess (Mauritius) Pty Ltd
- Thiess Africa Investments (Proprietary) Limited
- Thiess Botswana (Pty) Ltd
- Thiess Chile SpA
- Thiess Contractors (Malaysia) Sdn. Bhd.
- Thiess Contractors (PNG) Ltd
- Thiess Contractors Canada Ltd
- Thiess India Private Limited
- Thiess Khishig Arvin JV LLC
- Thiess Minecs India Pvt Ltd
- Thiess Mining Canada Ltd
- Thiess Mining Maintenance Pty Ltd
- Thiess Mongolia LLC
- Thiess Mozambique, Limitada
- Thiess NZ Limited
- Thiess Pty Ltd
- Thiess South Africa (Proprietary) Limited
- Wood Buffalo Employment Ltd

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for the 12 months to 31 December 2021

31. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS CONTINUED

31 December 2020 acquisitions and disposals of controlled entities and businesses continued

Discontinued operations of controlled entities and businesses

As a result of the disposal, Thiess was classified as a discontinued operation.

The results of the discontinued operation included in the profit for the prior year are set out below.

	12 months to December 2020 $m
Profit for the period from discontinued operations	
Revenue	3,606.2
Expenses	(3,051.7)
Net finance costs	(27.8)
Share of profits of associates and joint venture entities	2.1
Profit before tax before gain on sale of discontinued operations	528.8
Gain on sale of discontinued operations	2,164.4
Profit before tax	2,693.2
Income tax expense from sale of discontinued operations	(133.1)
Income tax expense on gain on sale of discontinued operations	(676.2)
Income tax expense from discontinued operations	(809.3)
Profit for the year from discontinued operations	1,883.9
Loss attributed to non-controlling interests	(7.7)
Profit attributable to the shareholders of parent entity	1,876.2
Cash flows from discontinued operations	
Net cash from operating activities	113.5
Net cash used in investing activities	(405.7)
Net cash from financing activities	223.7
Net cash flow for the year	(68.5)

32. HELD FOR SALE

Asset held for sale of $44.3 million (31 December 2020: $nil) relates to the Group's 15% interest in Wellington Gateway Partnership No.1 Limited and Wellington Gateway General Partner No.1 Limited, incorporated in New Zealand, where the terms of sale have been agreed subject to finalisation. Accordingly, the investment has been reclassified to held for sale as the value is expected to be realised within 12 months.

As outlined in Note 28: *Joint venture entities*, the completion of SALD's acquisition of CIMIC's 45% investment in BICC is subject to satisfaction of certain conditions precedent and obtaining all necessary approvals. Accordingly, the investment is classified as an asset held for sale in accordance with AASB 5. The investment has nil book value.

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for the 12 months to 31 December 2021

33. SEGMENT INFORMATION

Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the CIMIC CEO and Executive Chairman, who is also the Chief Operating Decision Maker (CODM). The CIMIC Group is structured on a decentralised basis comprising the following main segments:

- Construction
- Services
- Corporate and Investments

The performance of each segment forms the primary basis for all management reporting to the CODM. Consistent with prior years, PPPs, Engineering, BICC and Commercial & Residential segments are included within the Corporate and Investments segment results.

As a result of the 50% sale of Thiess as outlined in Note 31: *Acquisitions, disposals and discontinued operations,* the Mining & Mineral Processing segment did not meet the size threshold of a reportable segment at 31 December 2020 as Thiess was classified as a discontinued operation. The continuing operations results of Sedgman were presented within the Services segment results.

The types of activities from which segments derive revenue, are included in Note 1(a): *Significant accounting policies – revenue recognition*. The Group's share of revenue from associates and joint ventures is included in the revenue reported for each applicable operating segment. Performance is measured based on segment result. The Corporate and Investments segment represents the corporate head office and includes transactions relating to Group finance, taxation, treasury, corporate secretarial and certain strategic investments, including Thiess Group Holdings. Included within the corporate segment disclosed are the results of the non-reportable segments.

Geographical information

	Revenue		Non-current assets	
Geographical information	12 months to December 2021 $m	12 months to December 2020 $m	December 2021 $m	December 2020 $m
Australia Pacific	8,642.9	6,531.4	1,207.1	1,342.7
Asia, Middle East, Americas & Africa	1,043.7	1,271.0	428.5	468.6
Total	9,686.6	7,802.4	1,635.6	1,811.3

Revenue is allocated based on the geographical location of the entity generating the revenue. Assets are allocated based on the geographical location of the assets. Geographical non-current assets comprise: inventories; development properties; property, plant and equipment; and intangibles.

Major customers

No revenue from transactions with a single external customer amount to 10% or more of the Group's revenue.

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for the 12 months to 31 December 2021

33. SEGMENT INFORMATION CONTINUED

12 months to December 2021	Construction	Services	Corporate and Investments	Total Continuing Operations	Discontinued Operations	Total
	$m	$m	$m	$m	$m	$m
Revenue						
Segment revenue	6,880.9	3,372.2	4,456.4	14,709.5	-	14,709.5
Segment associates and joint venture revenue	(5.1)	(615.3)	(4,402.5)	(5,022.9)	-	(5,022.9)
Revenue	6,875.8	2,756.9	53.9	9,686.6	-	9,686.6
Result						
Operating profit	462.9	150.5	12.1	625.5	-	625.5
Segment EBIT	462.9	150.5	12.1	625.5	-	625.5
Net finance costs	(21.3)	(10.1)	(96.4)	(127.8)	-	(127.8)
Segment result	441.6	140.4	(84.3)	497.7	-	497.7
Income tax expense				(93.7)	-	(93.7)
Profit for the year				404.0	-	404.0
Profit for the year attributable to non-controlling interests				(1.9)	-	(1.9)
Profit for the year attributable to shareholder of the parent entity				402.1	-	402.1
Other						
Share of profit of associates and joint venture entities	24.6	38.3	122.8	185.7	-	185.7
Depreciation & amortisation	(221.5)	(53.5)	(8.7)	(283.7)	-	(283.7)
Other material non-cash expenses	-	(2.2)	(45.4)	(47.6)	-	(47.6)

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

33. SEGMENT INFORMATION CONTINUED

12 months to December 2020	Construction	Services	Corporate and Investments	Total Continuing Operations	Discontinued Operations	Total
	$m	$m	$m	$m	$m	$m
Revenue						
Segment revenue	5,461.4	2,952.3	2,157.5	10,571.2	3,641.0	14,212.2
Segment associates and joint venture revenue	(15.7)	(600.9)	(2,152.2)	(2,768.8)	(34.8)	(2,803.6)
Revenue	5,445.7	2,351.4	5.3	7,802.4	3,606.2	11,408.6
Result						
Operating profit / (loss)	(1,173.0)	35.2	(403.6)	(1,541.4)	2,721.0	1,179.6
Segment EBIT	(1,173.0)	35.2	(403.6)	(1,541.4)	2,721.0	1,179.6
Net finance costs	(48.2)	(15.3)	(96.5)	(160.0)	(27.8)	(187.8)
Segment result	(1,221.2)	19.9	(500.1)	(1,701.4)	2,693.2	991.8
Income tax (expense) / benefit				434.2	(809.3)	(375.1)
Profit / (loss) for the year				(1,267.2)	1,883.9	616.7
(Profit) / loss for the year attributable to non-controlling interests				11.1	(7.7)	3.4
Profit / (loss) for the year attributable to shareholder of the parent entity				(1,256.1)	1,876.2	620.1
Other						
Share of profit of associates and joint venture entities	8.6	12.2	48.2	69.0	2.1	71.1
Depreciation & amortisation	(224.2)	(46.0)	(21.9)	(292.1)	(644.4)	(936.5)
Other material non-cash expenses	(1,135.9)	-	(234.3)	(1,370.2)	-	(1,370.2)

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34. COMMITMENTS

Capital expenditure contracted for at reporting date but not recognised as liabilities is as follows:

	December 2021 $m	December 2020 $m
Property, plant and equipment		
Payable:		
- within one year	8.6	36.7
- later than one year but not later than five years	-	-
- later than five years	-	-
Total	8.6	36.7
Investments		
Payable:		
- within one year	-	15.1
- later than one year but not later than five years	-	-
- later than five years	-	-
Total	-	15.1
Share of Joint Ventures' commitments - property, plant and equipment		
Payable:		
- within one year	21.2	20.3
- later than one year but not later than five years	-	-
- later than five years	-	-
Total	21.2	20.3
Share of Associates' commitments - property, plant and equipment		
Payable:		
- within one year	1.9	1.3
- later than one year but not later than five years	0.1	-
- later than five years	-	-
Total	2.0	1.3

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35. CONTINGENT LIABILITIES

Bank guarantees, insurance bonds and letters of credit

Indemnities given by third parties on behalf of controlled entities and equity accounted investments are as follows:

	December 2021 $m	December 2020 $m
Bank guarantees	2,892.4	3,066.2
Insurance, performance and payment bonds	1,595.3	1,686.2
Letters of credit	367.3	259.9

Other contingencies

i. The Company gives, in the ordinary course of business, guarantees and indemnities in respect of the performance by controlled entities, associates and related parties of their contractual and financial obligations. The value of these guarantees and indemnities is indeterminable in amount.

ii. There exists in some entities within the Group the normal design liability in relation to completed design and construction projects.

iii. Certain entities within the Group have the normal contractor's liability in relation to construction contracts. This liability may include litigation by or against the Group and / or joint arrangements in which the Group has an interest. It is not possible to estimate the financial effect of these claims should they be successful.

iv. Controlled entities have entered into joint arrangements under which the controlled entity may be jointly and severally liable for the liabilities of the joint arrangement.

v. Under the terms of the CIMIC Group Class Order, the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.

vi. On 13 February 2012, CIMIC announced that it had reported to the Australian Federal Police ("AFP") a possible breach by the Leighton International business of its Code of Ethics that, if substantiated, may have contravened Australian laws. The matter, has been, and in some cases continues to be, subject to the investigations below:

- In March 2014, the Australian Securities and Investment Commission ("ASIC") commenced a formal investigation into potential breaches of the Corporations Act relating to a number of matters being investigated by the AFP. In March 2017, ASIC advised CIMIC that its investigation has concluded and it will take no further action.
- On 22 May 2018, the UK Serious Fraud Office ("SFO") announced it has charged individuals, none of whom are CIMIC employees, and on 26 June 2018 announced it has charged a company, which is not a member of the CIMIC Group. On 19 July 2019 the SFO announced that one individual had pleaded guilty to charges. Following trials in 2020 and 2021 the individuals were convicted on some charges. However, some of those convictions have been overturned on appeal. None of the juries' guilty findings relate to charges involving the CIMIC Group company contracts.
- On 1 March 2019, CIMIC entered into an investigation agreement with the Department of Justice ("DOJ"). On 30 October 2019 the US DOJ announced that in March 2019 three individuals not employed by CIMIC pleaded guilty to a charge of conspiracy to violate the Foreign Corrupt Practices Act.
- On 18 November 2020 the AFP advised CIMIC that it had charged an ex-employee with alleged offences relating to foreign bribery and related matters and on 23 February 2021 the AFP announced it had brought an additional charge in relation to foreign bribery. On 11 January 2021 the AFP informed CIMIC that it had charged a second ex-employee with related offences. The AFP has also indicated it may charge a further ex-employee and that its investigations continue. CIMIC does not know when the charges will be heard or the outcome of any investigation.

No CIMIC Group company has been charged.

CIMIC continues to cooperate with all official investigations.

Notes to the Consolidated Financial Statements

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35. CONTINGENT LIABILITIES CONTINUED

Other contingencies continued

vii. On 25 August 2020 the Company announced to the ASX that a group of shareholders initiated proceedings on 24 August 2020 relating to the period 7 February 2018 – 22 January 2020 with regards to disclosures about the Company's non-controlling 45% investment in the Middle East as well as the reporting of the Company's cash flows in the context of factoring arrangements. The Company denies there is a proper basis for the claim and will defend the proceedings.

viii. UGL, a wholly owned subsidiary of CIMIC, together with its consortium partners CH2M Hill Companies Limited (CH2M) and General Electric Company, were contracted by JKC Australia LNG Pty Ltd (JKC) to carry out works relating to the construction of a combined cycle power plant for the Ichthys LNG Project in the Northern Territory. In January 2017, the UGL-CH2M JV Consortium terminated their contract with JKC for the design, construction, and commissioning of the combined cycle power plant (CCPP Contract). Arbitration hearings in respect of the termination of the CCPP Contract are scheduled to take place in April 2022 and a decision is currently expected in 2023.

ix. CIMIC's wholly owned subsidiary, CPB Contractors, and its joint venture partner John Holland, are contracted to provide the Westgate Tunnel for Transurban and the State of Victoria. Due to an inability to remove spoil from the site as a result of soil contaminates, a dispute has arisen between the parties primarily as to the disclosure of soil contaminants and which party is liable for the cost of the disposing thereof and the resultant delays. Following mediation in December 2021, terms of settlement have been agreed by the parties. The terms of settlement require the parties to conform the project documents to the settlement terms and to comply with the relevant project legislation in order for the settlement to come into full effect. This is expected to be completed in early 2022.

x. CIMIC's wholly owned subsidiary, CPB Contractors, and its joint venture partner Hansen Yuncken, in a 50/50 JV, were awarded the design and construction of the new Royal Adelaide Hospital for the South Australian State Government. The project experienced difficulties and delays arising from the complex interdependencies between the State's works and the JV's works and a dispute between the parties arose. An arbitration to settle the dispute between the parties was commenced but has been delayed with hearings only likely to commence in 2022 with a decision in 2023.

36. CAPITAL RISK MANAGEMENT

Capital planning forms part of the business and strategic plans of the Group. Decisions relating to obtaining and investing capital are made following consideration of the Group's key financial objectives including total shareholder return and the maintenance of an investment grade credit rating. Performance measures include return on revenue, return on equity, earnings growth, liquidity and borrowing capacity. The Group has access to numerous sources of capital both domestically and internationally, including cash balances, equity, bank debt, capital markets, insurance, lease facilities and trade finance facilities.

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37. FINANCIAL INSTRUMENTS

a) Classification of financial assets and financial liabilities

Financial assets	12 months to December 2021 $m	12 months to December 2020 $m
Financial assets at amortised cost:		
Cash and cash equivalents	1,939.7	3,082.5
Short term financial assets and investments	4.5	4.5
Trade and other receivables[1]	936.8	863.6
Financial assets at fair value through profit or loss	84.2	57.1
Derivative financial instruments:		
Used for hedging	13.8	2.9
Held for trading at fair value through profit or loss	-	-
Balance at reporting date	2,979.0	4,010.6

[1]Excludes prepayments of $68.1 million (31 December 2020: $78.3 million).

Financial liabilities	12 months to December 2021 $m	12 months to December 2020 $m
Financial liabilities at amortised cost:		
Trade and other payables	4,584.2	4,717.4
Financial liability	68.9	151.2
Interest bearing liabilities	2,442.1	2,896.6
Lease liabilities	277.2	314.8
Derivative financial instruments:		
Used for hedging	0.7	34.7
Held for trading at fair value through profit or loss	13.0	13.0
Balance at reporting date	7,386.1	8,127.7

The Group's exposure to various risks associated with the financial instruments is discussed in Note 37(b): *Financial risk management – Credit risk*. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

Where carrying amounts differ from fair value, these amounts are shown in Note 37(c): *Financial instruments – Fair value hierarchy*. All other assets and liabilities in the Group's consolidated statement of financial position approximate fair values.

Notes to the Consolidated Financial Statements

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37. FINANCIAL INSTRUMENTS CONTINUED

a) Classification of financial assets and financial liabilities continued

The Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the consolidated statement of profit or loss:

Income, expenses and gains and losses recognised in the statement of profit or loss:	12 months to December 2021 $m	12 months to December 2020 $m
Interest from assets held at amortised cost	12.7	19.8
Net fair value gain on equity investments mandatorily measured at FVPL	17.4	14.0
Loss on de-recognition of financial assets	(10.9)	(31.5)
Net foreign exchange gain / (losses) recognised in profit before income tax for the period	4.2	(7.0)

b) Financial risk management

The activities of the Group result in exposure to credit, liquidity and market risk (equity price, foreign currency and interest rate). To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts, are used to hedge certain foreign currency risk exposures. These instruments reduce the uncertainty of foreign currency transactions.

Financial risk management is controlled by a central treasury department based on financial policies approved by the Board. The central treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The written principles for overall risk management cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through OCI and will be recognised in profit or loss when the hedged item affects profit or loss. This will effectively result in recognising non-financial assets at the fixed foreign currency rate for the hedged purchases.

Derivatives used for hedging

The Group has the following derivative financial instruments used for hedging:

	12 months to December 2021 $m	12 months to December 2020 $m
Current and non-current assets		
Forward foreign exchange contracts – cash flow hedges	0.6	2.9
Cross currency interest rate swap- cash flow hedges	13.2	-
Current and non-current liabilities		
Forward foreign exchange contracts – cash flow hedges	0.7	34.7
Cross currency interest rate swap- cash flow hedges	-	-

The Group's accounting policy for its cash flow hedges is set out in Note 1(f): *Derivative financial instruments*. For hedged forecast transactions that result in the recognition of a non-financial asset, the related hedging gains and losses are included in the initial measurement of the cost of the asset.

Notes to the Consolidated Financial Statements

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37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

i) Credit risk

Credit risk represents the risk that a counterparty will not complete its obligations under a financial instrument resulting in a financial loss to the Group. The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The Group minimises concentrations of credit risk by undertaking transactions with a large number of customers in various countries. Derivative and deposit counterparties are limited to investment grade financial institutions.

The ageing of the Group's receivables at the reporting date was: $233.8 million not due (31 December 2020: $276.1 million); $129.3 million past due (31 December 2020: $121.9 million). Past due is defined under AASB 9: *Financial Instruments* to mean any amount outstanding for one or more days after the contractual due date. Past due receivables aged greater than 60 days: $110.9 million or 4.9% (31 December 2020: $98.4 million or 5.2%). Past due receivables aged greater than 90 days: $108.5 million or 4.8% (31 December 2020: $95.8 million or 5.1%).

Impairment of financial assets

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In particular, AASB 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk of that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. The Group has elected to apply this simplified approach, applying the accounting policy set out in Note 1(e)(iii): *Non-derivative financial instruments – impairment*.

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables, amounts due from customers, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Low credit risk financial instruments

Some financial instruments are considered low credit risk due to contracts held with certain counterparties, including government organisations with strong capacity to meet contractual cash flow obligations in the near term and not expected to be affected by changes in economic and business conditions.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

i) Credit risk continued

Measuring movements in credit risk
A summary of the categories used to measure credit risk are as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default, no past due amounts.	12 month expected losses or Lifetime expected losses (simplified approach) where asset life is less than 12 months
Underperforming	Amount is initially past due (unless there is reasonable and supportable information to prove otherwise) or there has been a significant increase in credit risk since initial recognition.	Lifetime expected losses – not credit impaired
Non-performing	Amount is significantly past due (unless there is reasonable and supportable information to prove otherwise) and there is evidence indicating the asset is credit impaired.	Lifetime expected losses – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Asset is written off

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations. In particular, the following information is taken into account when assessing significant movements in credit risk:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower; and
- macroeconomic information such as market interest rates and growth rates.

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37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

i) Credit risk continued

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:
- if there is a material breach of financial covenants by the counterparty and this is not expected to be remedied in the foreseeable future; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is significantly past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk exposure
The information below details the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by categories.

Contract debtors, trade and other receivables
The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. There were no significant concentrations of credit risk in the current or prior year. The Group's maximum exposure to credit risk for receivables at the reporting date was $2,349.8 million (31 December 2020: $2,016.7 million). Across all segments, there were no material operational movements over the last 12 months. The split by geography was: Australia Pacific $1,103.3 million (31 December 2020: $1,055.6 million) and Asia, Middle East, Americas & Africa $1,246.5 million (31 December 2020: $961.1 million).

Contract debtors, trade and other receivables are rated performing, assessed under the lifetime ECL simplified method and have a net carrying amount of $2,313.9 million (31 December 2020: $1,974.2 million). The loss allowance recognised is $1.6 million (31 December 2020: $0.3 million). Related party receivables and loans to joint ventures and associates excluding BICC are rated performing, assessed under the 12 month ECL and have a carrying amount of $35.9 million (31 December 2020: $42.5 million). The loss allowance recognised is $nil (31 December 2020: $nil).

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

ii) Liquidity risk

Liquidity risk is the risk of having insufficient funds to settle financial liabilities when they fall due. This includes having insufficient levels of committed credit facilities. The Group's objective is to maintain efficient use of cash and debt facilities in order to balance the cost of borrowing and ensuring sufficient availability of credit facilities to meet forecast capital requirements. The Group adopts a prudent approach to cash management which ensures sufficient levels of cash and committed credit facilities are maintained to meet working capital requirements. Liquidity is reviewed continually by the Group's treasury departments through daily cash monitoring, review of available credit facilities and forecasting and matching of cash flows.

Contractual maturities are outlined below, however, we are not currently aware of any circumstances where the outflows could be significantly different or occur earlier than indicated.

Contractual maturities of financial liabilities and cash flow hedge contracts as at 31 December 2021 are as follows:

31 December 2021	Carrying amount $m	Contractual cash flows $m	Less than 1 year $m	1-5 years $m	More than 5 years $m
Non-derivative financial liabilities					
Interest bearing loans	2,442.1	(2,740.5)	(327.9)	(1,343.2)	(1,069.4)
Lease liabilities	277.2	(309.0)	(81.9)	(200.8)	(26.3)
Total interest bearing liabilities	2,719.3	(3,049.5)	(409.8)	(1,544.0)	(1,095.7)
Financial liability	68.9	(68.9)	(68.9)	-	-
Trade and other payables	4,584.2	(4,584.2)	(4,343.5)	(240.7)	-
Derivative financial liabilities / (assets)					
Forward exchange contracts used for foreign currency hedging:					
Net derivative financial liabilities / (assets)[1]	0.1				
Inflow		172.1	172.1	-	-
Outflow		(172.2)	(172.2)	-	-
Cross currency interest rate swap:					
Net derivative financial liabilities / (assets)	(13.2)				
Inflow		1,101.2	14.7	59.0	1,027.5
Outflow		(1,242.8)	(34.6)	(138.4)	(1,069.8)
Total net derivative financial liabilities / (assets)	(13.1)	(141.7)	(20.0)	(79.4)	(42.3)

[1]Net derivative financial liabilities / (assets) relating to foreign currency hedging includes $0.6 million (31 December 2020: $2.9 million) of derivatives in an asset position and $0.7 million (31 December 2020: $34.7 million) of derivatives in a liability position.

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for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

ii) Liquidity risk continued

Contractual maturities of financial liabilities and cash flow hedge contracts as at 31 December 2020:

31 December 2020	Carrying amount $m	Contractual cash flows $m	Less than 1 year $m	1-5 years $m	More than 5 years $m
Non-derivative financial liabilities					
Interest bearing loans	2,896.6	(2,942.3)	(228.7)	(2,713.6)	-
Lease liabilities	314.8	(360.2)	(84.8)	(224.8)	(50.6)
Total interest bearing liabilities	3,211.4	(3,302.5)	(313.5)	(2,938.4)	(50.6)
Financial liability	151.2	(151.2)	(151.2)	-	-
Trade and other payables	4,717.4	(4,717.4)	(4,522.1)	(195.3)	-
Derivative financial liabilities / (assets)					
Forward exchange contracts used for foreign currency hedging:					
Net derivative financial liabilities / (assets)[1]	31.8				
Inflow		753.0	735.8	17.2	-
Outflow		(784.8)	(767.1)	(17.7)	-
Other cashflow hedges:					
Net derivative financial liabilities / (assets)	-				
Inflow		-	-	-	-
Outflow		-	-	-	-
Total net derivative financial liabilities / (assets)	31.8	(31.8)	(31.3)	(0.5)	-

[1]Net derivative financial liabilities / (assets) relating to foreign currency hedging includes $2.9 million (31 December 2019: $9.3 million) of derivatives in an asset position and $34.7 million (31 December 2019: $12.6 million) of derivatives in a liability position.

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for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

ii) Liquidity risk continued

Trade finance arrangements

The Group enters into factoring agreements with banks and financial institutions. These agreements only relate to certified receivables, on a non-recourse basis, acknowledged by the client with payment only being subject to the passage of time. Under the factoring agreements:

- the certified receivables are de-recognised where the risks and rewards of the receivables have been transferred, as the cash flow is only derived when there are goods or services provided or work performed by the Group for which it is entitled to be paid;
- the cash flow to the Group only arises when there is an amount certified by the client and contractually due to be paid to the Group; there are no disputes on the amounts due and the customer has acknowledged this by way of certification; and
- the receipt by the Group irrevocably removes the Group's right to the certified receivable due from the customers.

The factoring of these receivables is therefore done on a non-recourse basis. The level of non-recourse factoring across the Group was $434.1 million as at 31 December 2021 (31 December 2020: $975.8 million).

Prior to discontinuation of the program in the current year, the Group entered into supply chain finance arrangements with financial institutions for suppliers who may elect to receive early payment for goods and services to improve their liquidity. The supply chain finance program was offered on a voluntary basis and suppliers could opt-in and opt-out at their discretion at any point in time.

The level of supply chain finance across the Group was $nil million as at 31 December 2021 (31 December 2020: $144.0 million). The Group does not consider there to be a concentration of credit risk from a financial institution.

iii) Equity price risk

Equity price risk is the risk that the fair value of either a listed or unlisted equity investment, derivative equity instrument, or a portfolio of such financial instruments decreases in the future. The Group invests in equity investments through its participation in major PPP infrastructure projects. Investments may also be made as part of its strategic plans to form alliances or to invest in specialised but complementary businesses to access specialised skills, markets, or additional capacity.

Fair values

For the fair values of listed and unlisted investments and derivative equity instruments, see section (c) of this note.

Sensitivity analysis of listed and unlisted investments

The price risk for the listed and unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity.

iv) Foreign currency risk

Foreign currency risk is the risk that the value of a financial commitment, a recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's foreign currency risk arises primarily from net investments in foreign operations. The Group uses non-derivative financial instruments, such as borrowings in the foreign currencies, to hedge its investments in foreign operations. Foreign currency gains and losses arising from translation of net investments in foreign operations are recognised in the foreign currency translation reserve until realised.

Shareholders of the Group are exposed to foreign currency risk on project receipts and expenditure on plant and equipment denominated in currencies other than their functional currency. Where this foreign currency risk is considered to be significant, shareholders of the Group enter into forward exchange contracts to hedge their foreign currency risk. These hedges are classified as cash flow hedges and measured at fair value.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

iv) Foreign currency risk continued

Cash flow hedges

Forward exchange contracts
The Group's forward exchange contracts protect against foreign exchange rate fluctuations on highly probable forecast transactions. As at reporting date the fair value of these outstanding designated derivatives recognised in equity is $0.1 million (31 December 2020: $31.8 million). It is expected that the current hedged forecast transactions will occur during the periods outlined in section (b(ii)) above and will affect the statement of profit or loss in the same periods. There are no gains or losses recognised in the statement of profit or loss during the period due to hedge ineffectiveness.

Cross currency interest rate swap
On 20 May 2021 and 2 June 2021, CIMIC Finance Pty Limited issued a total of EUR625.0 million of 8-Year Fixed-Rate corporate bonds in the Euro Medium Term Note market.

The notes bear interest from 28 May 2021 at the rate of 1.5% per annum and mature on 28 May 2029. Interest on the notes is paid annually on the 28th day of May in each year. Carrying amount at 31 December 2021: EUR625.0 million, equivalent to $976.9 million. The average Australian dollar to Euro exchange rate is 0.64. There are $8.3 million of capitalised borrowing and other costs recognised against the loan facility.

In order to hedge the exposure to movements in foreign exchange between the Australian Dollar and the Euro, the Group entered into a Cross Currency Interest Rate Swap ("CCIRS"). The terms match the term and value of the underlying debt and CIMIC has designated and documented this as a hedge relationship and swap the fixed rate Euro debt into fixed rate Australian Dollar Debt with an interest rate of 3.5%.

The notional principal of the CCIRS receive leg is EUR625.0 million at a rate of 1.5% and of the pay leg is AUD $983.3 million at a rate of 3.5%. The Group applies the maturity date approach to classify derivative financial instruments.

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss consistent with the timing of recognition of the hedged item through profit or loss.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

iv) Foreign currency risk continued

Cross currency interest rate swap	12 months to December 2021 $m	12 months to December 2020 $m
Derivative financial liabilities		
Assets	13.2	-
Liabilities	-	-
Balance at reporting date	13.2	-
As at reporting date		
Cumulative fair value adjustment on hedged item	(13.2)	-
Effective portion recognised in reserves	(13.2)	-
Changes during the reporting period		
Change in fair value of the hedging instrument	13.2	-
Change in fair value of the hedged item	(13.2)	-
Cumulative fair value adjustment on hedged item	(13.2)	-
Amount reclassified from cash flow hedge reserve to profit and loss	(6.4)	-
Effective portion recognised in cash flow hedge reserve from change in fair value of hedging instrument after FX movement	(19.6)	-
Tax impact	5.9	-
Cash flow hedge reserve balance	(13.7)	

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

iv) Foreign currency risk continued

Forward exchange contracts	12 months to December 2021 $m	12 months to December 2020 $m
Derivative financial liabilities		
Assets	0.6	2.9
Liabilities	(0.7)	(34.7)
Balance at reporting date	(0.1)	(31.8)
As at reporting date		
Cumulative fair value adjustment on hedged item	-	-
Effective portion recognised in reserves	(0.1)	(31.8)
Changes during the reporting period		
Change in fair value of the hedging instrument	31.7	(28.5)
Change in fair value of the hedged item	(31.7)	28.5
Effective portion recognised in cash flow hedge reserve from change in fair value of hedging instrument after foreign exchange movement	(31.7)	28.5
Amount reclassified from cash flow hedge reserve to profit and loss	(5.4)	(7.3)

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

v) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in the market interest rates. The Group uses derivative financial instruments to assist in managing its interest rate exposure. Speculative trading is not undertaken. The Group's interest rate risk arises from the interest receivable on *'Cash and cash equivalents',* interest payable on *'Interest bearing loans'* and interest payable on *'Lease liabilities'*.

Profile
At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	December 2021 $m	December 2020 $m
Fixed rate instruments		
Financial liabilities	(1,244.3)	(261.4)
Lease liabilities	-	-
Total fixed rate instruments	(1,244.3)	(261.4)
Variable rate instruments		
Financial assets	1,939.7	3,082.5
Financial liabilities	(1,197.8)	(2,635.2)
Lease liabilities	(277.2)	(314.8)
Total variable rate instruments	464.7	132.5

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

vi) Sensitivity analysis

Foreign currency

The most significant foreign currencies the Group is exposed to is the United States dollar (US$) along with the Hong Kong dollar (HKD), which is pegged to the US$. The applicable Australian dollar to US$ exchange rates during or at the end of the relevant reporting period, were as follows - assets and liabilities: December 2021 0.73 (December 2020: 0.77), statement of profit or loss: 12 months to December 2021 0.74 (12 months to December 2020: 0.69).

At 31 December 2021, the share of the Group's assets and liabilities denominated in US$ was: assets US$1,523.1 million (31 December 2020: US$1,556.0 million); liabilities US$641.1 million (31 December 2020: US$721.1 million). The majority of these US$ balances are held in entities with a US$ functional currency.

A movement in the US$ against the Australian dollar at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for the period ended 31 December 2020.

	Equity		Statement of Profit or Loss	
	December 2021 $m	December 2020 $m	12 months to December 2021 $m	12 months to December 2020 $m
US$ depreciates by 5% against AU$ (AU$ appreciates)	(60.4)	(54.2)	(4.4)	(8.9)
US$ appreciates by 5% against AU$ (AU$ depreciates)	60.4	54.2	4.0	8.1

Interest rate

At the reporting date it is estimated that an increase of 100bps in floating interest rates would have increased the Group's profit after tax and retained earnings by $3.2 million (31 December 2020: increased by $8.1 million). A 100bps decrease in interest rates would have an equal and opposite effect.

As a result of the CCIRS entered into during the year, at the reporting date it is estimated than an increase of 100bps in floating interest rate would have increased the Group's other comprehensive income after tax and reserves by $51.6m. There would be no impact to the Group's profit after tax. A 100bps decrease in the floating interest rate would have an equal and opposite effect.

c) Net fair values of financial assets and liabilities

Fair value hierarchy

AASB 13: *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy. The fair values of financial assets and liabilities held at fair value have been determined based on either the listed price or the net present value of cash flows using current market rates of interest.

The table below analyses other financial instruments carried at fair value, listed in order of valuation method. The different levels have been identified as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

c) Net fair values of financial assets and liabilities continued

Fair value hierarchy continued

31 December 2021	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Financial assets at fair value through profit or loss				
- Listed	3.8	-	-	3.8
- Unlisted	-	-	80.4	80.4
Derivatives				
- Forward foreign exchange contracts- cash flow hedges	-	0.6	-	0.6
- Cross currency interest rate swap contracts- cash flow hedges	-	13.2	-	13.2
Total assets	3.8	13.8	80.4	98.0
Liabilities				
Financial liability at fair value through profit of loss				
- Put option	-	-	(13.0)	(13.0)
Derivatives				
- Forward foreign exchange contracts- cash flow hedges	-	(0.7)	-	(0.7)
- Cross currency interest rate swap contracts- cash flow hedges	-	-	-	-
Total liabilities	-	(0.7)	(13.0)	(13.7)

31 December 2020	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Financial assets at fair value through profit or loss				
- Listed	0.5	-	-	0.5
- Unlisted	-	-	56.6	56.6
Derivatives				
- Forward foreign exchange contracts- cash flow hedges	-	2.9	-	2.9
Total assets	0.5	2.9	56.6	60.0
Liabilities				
Financial liability at fair value through profit or loss				
- Put option	-	-	(13.0)	(13.0)
Derivatives				
- Forward exchange contracts- cash flow hedges	-	(34.7)	-	(34.7)
Total liabilities		(34.7)	(13.0)	(47.7)

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

c) Net fair values of financial assets and liabilities continued

Fair value hierarchy continued

During the period there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies. Level 3 instruments comprise unlisted equity and stapled securities and unlisted financial assets at fair value through profit and loss; the determination of the fair value of these securities is discussed below. The tables below analyse the changes in Level 3 instruments as follows:

	12 months to December 2021 $m	12 months to December 2020 $m
Financial assets at fair value through profit or loss		
Balance at beginning of reporting period	57.1	112.2
Additions	62.8	9.9
Disposals	(9.0)	(79.0)
Transferred to held for sale	(44.3)	-
Gains recognised through profit or loss	17.4	14.0
Foreign exchange recognised in other comprehensive income	0.2	-
Balance at reporting date	84.2	57.1

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets, total liabilities or total equity.

Methods and valuation techniques

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Listed and unlisted investments
The fair values of listed investments are determined on an active market valuation basis using observable market data such as current bid prices. The fair values of unlisted investments are determined by the use of internal valuation techniques using discounted cash flows. Where practical the valuations incorporate observable market data. Assumptions are generally required with regard to future expected revenues and discount rates.

Listed and unlisted debt
Fair value has been determined based on either the listed price or the net present value of cash flows using current market rates of interest.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

c) Net fair values of financial assets and liabilities continued

Methods and valuation techniques continued

The fair value of interest bearing liabilities is:

- 10-Year-Fixed-Rate Guaranteed Notes - fair value US$205.3 million, equivalent to $281.3 million; carrying value US$201.3 million, equivalent to $275.7 million (fair value 31 December 2020: US$208.6 million, equivalent to $270.9 million; carrying value US$201.3 million, equivalent to $261.4 million).
- Euro Medium Term Notes - fair value EUR624.2 million, equivalent to $975.6 million; carrying value EUR625.0 million, equivalent to $976.9 million.

The carrying amounts of other financial assets and liabilities in the Group's statement of financial position approximate fair values.

Cash flow hedges

The Group's foreign currency forward contracts are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates are included in Level 2 of the fair value hierarchy. Cross currency interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates that reflect the credit risk of various counterparties.

Put option

As part of the Thiess divestment, the transaction agreement includes an option for Elliott to sell all or part of its 50% interest in Thiess to CIMIC after the third anniversary, between four and six years from completion on 31 December 2020. The exercise price will be the lower of a cost price or a price referable to movements in the S&P / ASX 200 Total Return index plus the accrued value of any shortfall in agreed minimum distributions. This option has no current impact on the control of the company.

The put option is accounted for as a derivative financial instrument in accordance with AASB 9 and is therefore held at fair value through profit and loss in the financial statements of CIMIC. External independent valuation advisors have been utilised in determining the fair value of the put option.

The fair value of the put option cannot be observed from a market price. A Probability Weighted Expected Returns Methodology is used to derive the value of the put option proceeds based on future potential payoffs if the option is exercised, adjusted for the minimum annual distributions per the Shareholders Agreement, and compares this to the estimated strike price to determine a fair value. As at 31 December 2021 the fair value of the put option was determined to be $13.0 million (31 December 2020: $13.0 million).

Valuation process

The internal valuation process for unlisted investments, unlisted debt and cash flow hedges is managed by a team in the Group finance department which performs the valuations required for financial reporting purposes. The valuation team reports to the CIMIC CFO. Discussions on valuation processes and outcomes are held between the valuation team and CFO as required. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

c) Net fair values of financial assets and liabilities continued

Valuation inputs

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements. There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Financial asset / liabilities	Significant unobservable inputs	Range of inputs	Relationship of inputs to fair value
Unlisted investments	Growth rates	2.5% - 3.0%	The impact on a change in the unobservable inputs would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.
	Internal rate of return	9%	
	Discount rates	8% - 15%	
Put option	Expected exercise period	2 – 5 years	
	EBITDA multiple	3.5 – 4.5 times	
	Discount rates	10% - 15%	

d) Interest bearing loans

Syndicated loans

CIMIC Finance Limited, a wholly owned subsidiary of the Company, has three core syndicated bank debt facilities. The maturity of the facilities are as follows:

- $1,300.0 million maturing on 18 September 2022
- $950.0 million maturing on 25 September 2023
- $950.0 million maturing on 25 September 2024

The total carrying amount at 31 December 2021 was $1,130.0 million (carrying amount at 31 December 2020: $2,400.0 million). There are $7.2 million of capitalised borrowing costs recognised against the loan facilities (31 December 2020: $11.5 million). No amounts drawn under the syndicated loans are classified as current.

At 31 December 2021, the Group had undrawn bank facilities of $2,445.0 million (31 December 2020: $1,101.4 million), and undrawn guarantee facilities of $590.9 million (31 December 2020: $550.1 million).

Guaranteed Senior Notes

CIMIC Finance (USA) Pty Limited (2012)
On 13 November 2012, CIMIC Finance (USA) Pty Limited issued US$500.0 million of 10-Year Fixed-Rate Guaranteed Senior Notes.

The notes bear interest from 13 November 2012 at the rate of 5.95% per annum and mature on 13 November 2022. Interest on the notes is paid semi-annually on the 13th day of May and November in each year. The Group repurchased US$298.7 million, equivalent to $409.2 million of Guaranteed Senior Notes on 24 June 2015. Carrying amount at 31 December 2021: US$201.3 million (31 December 2020: US$201.3 million) equivalent to $275.7 million (31 December 2020: $261.4 million).

Euro Medium Term Notes

CIMIC Finance Pty Limited (2021)
On 20 May 2021 and 2 June 2021, CIMIC Finance Pty Limited issued a total of EUR625.0 million of 8-Year Fixed-Rate corporate bonds in the Euro Medium Term Note market.

The notes bear interest from 28 May 2021 at the rate of 1.50% per annum and mature on 28 May 2029. Interest on the notes is paid annually on the 28th day of May in each year. Carrying amount at 31 December 2021: EUR625.0 million, equivalent to $976.9 million. There are $8.3 million of capitalised borrowing costs recognised against the notes.

Bilateral loans

At 31 December 2021, bilateral and other unsecured loan facilities outstanding were $75.0 million (31 December 2020: $246.7 million).

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

37. FINANCIAL INSTRUMENTS CONTINUED

e) Assets pledged as security

The total carrying value of financial assets pledged as security as at 31 December 2021: $nil (31 December 2020: $nil).

f) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the balance sheet are disclosed in the table below.

	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts of bank accounts with a debit balance (financial asset) $m	Gross amounts of bank accounts with a credit balance (financial liability) $m	Net cash amount $m	Amounts subject to master netting arrangements $m	Net amount $m
December 2021					
Cash[1]	64.2	(31.8)	32.4	-	-
December 2020					
Cash[1]	-	-	-	-	-

[1]The Group has transactional banking facilities that notionally pool grouped bank accounts with credit and debit balances.

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38. EMPLOYEE BENEFITS

a) Rights plans

There were no active right plans in the current or corresponding financial periods.

b) Share Appreciation Rights

All share appreciation rights were fully exercised by 31 December 2019 with no further outstanding options or impacts recognised in the current period.

c) Options

Long-Term Incentive Plan – 2015 Award
Board approval was obtained on 28 October 2015 for a discretionary award of options over unissued ordinary shares in the Company to be made to selected executives. The award of options was made under the legal framework of the Employee Incentive Plan (EIP). The exercise price is the volume weighted average price of fully paid ordinary shares in CIMIC over the five trading days following Board approval of the award (excluding the date of the approval).

All options issued expire on the earlier of their expiry date or termination of the individual's employment except in certain circumstances. Options vest two years after the grant date, subject to individual service and contribution hurdles approved by the Company. Any options that do not vest will immediately lapse. No more than 40% of the options can be exercised each year for the first two years after vesting, and any remaining options can be exercised in the final year of the exercise period. All options must be exercised prior to the expiry date.

The performance hurdles were met in full at the test date in October 2017 and as a result 100% of outstanding options vested in November 2017.

In accordance with the terms of the award, the Company determined on 31 October 2017 that all options available to be exercised in the first year (year 1 options) after vesting to 28 October 2018 will be paid in cash in lieu of an allocation of shares. In accordance with AASB 2: *Share-based payment*, this decision to cash settle is considered a modification of these year 1 options from equity-settled to cash-settled.

On 23 October 2018, the Company determined that all options available to be exercised in years 2 and 3 of the exercise window will be paid in cash in lieu of an allocation of shares. In accordance with AASB 2, this decision to cash settle is considered a modification of the year 2 and 3 options from equity-settled to cash-settled.

Accordingly, a liability was recognised for cash settlement at each of the dates of modification, with a corresponding adjustment to equity. There was no incremental fair value granted to option holders as a result of this modification.

In accordance with the terms of the award all unexercised options lapsed on 29 October 2020.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

38. EMPLOYEE BENEFITS CONTINUED

c) Options continued

Amount recognised during the reporting period: $nil (31 December 2020: Gain $0.5 million).

	Options – 2015 Long-Term Incentive
Date of grant	29 October 2015
Date of expiry	29 October 2020
Grant date fair value[1]	$4.53
Original grant	735,636
Unexercised options	
Unexercised options at 31 December 2018	178,513
- Granted	-
- Exercised[2]	(74,508)
- Lapsed	-
Unexercised options at 31 December 2019	104,005
- Granted	-
- Exercised[3]	(14,552)
- Lapsed[4]	(89,453)
Unexercised options at 31 December 2020	-
Exercisable options	
- At 31 December 2020	-
- At 31 December 2021	-
Non-exercisable options	
- At 31 December 2020	-
- At 31 December 2021	-

[1]The fair values were calculated at grant date using Black Scholes pricing models. Volatility in share prices and expected dividend levels were estimated based on historic levels for a period consistent with the relevant performance period.
[2]The volume weighted average share price during the reporting period to 31 December 2019 was $38.52.
[3]The volume weighted average share price during the reporting period to 31 December 2020 was $23.29.
[4]All remaining unexercised vested options lapsed in 29 October 2020.

Other information

No further offers will be made under the Short-Term Incentive Plan (STI) Deferral.

d) Defined contribution superannuation funds

During the period, the Group recognised $162.6 million (31 December 2020: $212.2 million) of defined contribution expenses.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

39. RELATED PARTY DISCLOSURES

a) Key management personnel (KMP) and Directors

KMP compensation:

	12 months to December 2021 $'000	12 months to December 2020 $'000
Short-term employee benefits	10,235	5,715
Post-employment benefits	121	114
Share-based payments	-	-
Total KMP compensation	10,356	5,829

The terms and conditions of transactions with KMP and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

Directors:

D Robinson is a partner of ESV Accounting and Business Advisors and Principal of Harveys Consulting, both of which received fees from HOCHTIEF Australia Holdings Limited for services provided to that company, which is a related party.

D Robinson also received directors' fees from Devine Limited as a result of his appointment on 27 May 2015. D Robinson resigned as non-executive director of Devine on 27 August 2021.

R Seidler received fees from HOCHTIEF Australia Holdings Limited, for services provided to that company.

Loans to KMP

There were no loans to KMP in the current or prior reporting period.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

39. RELATED PARTY DISCLOSURES CONTINUED

b) Transactions with other related parties

Unless otherwise disclosed, transactions with other related parties are made on normal commercial terms and conditions. The aggregate of related party transactions was not material to the overall operations of the Group.

	December 2021 $'000	December 2020 $'000
Aggregate amounts receivable from related parties at reporting date		
Associates	14,200	14,200
Joint venture entities	26,200	32,814
Aggregate amounts payable to related parties at reporting date		
Associates	(2,377)	(1,625)
Joint venture entities	(81,023)	(4,777)

	12 months to December 2021 $'000	12 months to December 2020 $'000
Revenue – income from related parties		
Associates	2,605	10,679
Joint venture entities	29,928	16,566
Revenue - interest received / receivable from related parties		
Associates	900	-
Joint venture entities	-	-
Revenue - unwinding of discounts on non-current receivables - related parties		
Associates	-	-
Joint venture entities	-	-
Finance costs – interest paid / payable to related parties		
Associates	-	-
Joint venture entities	(800)	-
Finance costs - impact of discounting - related parties		
Associates	-	(50)

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

39. RELATED PARTY DISCLOSURES CONTINUED

b) Transactions with other related parties continued

	December 2021 Number of employees	December 2020 Number of employees
Number of employees		
Number of employees at reporting date[1]	29,000	31,900

[1]Includes a proportional share of employees of Thiess and Ventia (31 December 2020: Thiess, Ventia and BICC). Refer to Note 27: Associates and Note 28: Joint Venture entities.

c) Company information

CIMIC Group Limited is domiciled in Australia and is a company listed on the ASX. The Company was incorporated in Victoria, Australia. The address of the registered office is 177 Pacific Highway, North Sydney, NSW, Australia, 2060. Number of employees at reporting date: 6 (31 December 2020: 6).

The Group operates in the infrastructure, resources and property markets. Principal activities of the Group within these markets are construction, mining and mineral processing, public private partnerships, engineering and other services (including environmental, telecommunications and operations and maintenance).

d) Ultimate parent entity

The ultimate Australian parent entity is HOCHTIEF Australia Holdings Limited and the ultimate parent entity is Actividades de Construcción y Servicios, SA (ACS) incorporated in Spain.

CIMIC Directors, Mr D Robinson, Mr P Sassenfeld and alternate director Mr R Seidler were directors of HOCHTIEF Australia Holdings Limited during the period.

CIMIC Directors Messrs del Valle Pérez and López Jiménez were officers of ACS during the period.

At the date of this financial report, being 9 February 2022, HOCHTIEF Australia Holdings Limited held 244,624,024 shares in the Company.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES

a) Parent entity disclosures

As at, and throughout, the financial year ended 31 December 2021 the parent entity of the Group was CIMIC Group Limited. A summarised statement of profit or loss and summarised statement of financial position at 31 December 2021 is set out below:

	Company	
	12 months to December 2021 $m	12 months to December 2020 $m
Comprehensive income		
Profit for the period	763.0	2,255.5
Other comprehensive income	6.8	-
Total comprehensive income for the period	769.8	2,255.5

	December 2021 $m	December 2020 $m
Statement of Financial Position		
Current assets	7.3	18.2
Non-current assets	4,170.5	3,647.3
Total assets	4,177.8	3,665.5
Current liabilities	161.2	1,509.5
Non-current liabilities	3,134.4	1,726.1
Total liabilities	3,295.6	3,235.6
Net assets	882.2	429.9
Equity		
Share capital	1,458.7	1,458.7
Reserves	(91.5)	(98.3)
Retained earnings / (accumulated losses)[1]	(485.0)	(930.5)
Total equity	882.2	429.9

The prior year was impacted by the sale of Thiess Pty Limited, refer to Note 31: *Acquisitions, disposals and discontinued operations.*

[1]31 December 2021: Retained earnings of $(485.0) million includes, for the purpose of this report, current year profits of $763.0 million which stands alone as a separate account that is not offset against the retained earnings account.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

b) Controlled entities

Name of entity		Interest held	Place of incorporation
512 Wickham Street Pty Ltd	(B)	100%	NSW
512 Wickham Street Trust	(B)	100%	NSW
A.C.N. 126 130 738 PTY LTD	(B)	100%	VIC
A.C.N. 151 868 601 PTY. LTD.	(B)	100%	VIC
Alloy Fab Pty Ltd		100%	WA
Arus Tenang Sdn Bhd		100%	Malaysia
BCJHG Nominees Pty Ltd	(B)	100%	VIC
BCJHG Trust	(B)	100%	VIC
Broad Construction Pty Ltd[1]	(B)	100%	QLD
Broad Construction Services (NSW / VIC) Pty Ltd	(B)	100%	WA
Broad Construction Services (WA) Pty Ltd	(B)	100%	WA
Broad Group Holdings Pty Ltd[1]	(B)	100%	WA
Capstone Infrastructure Finance Pty Ltd		100%	QLD
CIMIC Admin Services Pty Limited[1]	(B)	100%	NSW
CIMIC Finance (USA) Pty Ltd	(B)	100%	NSW
CIMIC Finance Limited[1]	(B)	100%	NSW
CIMIC Group Investments No. 2 Pty Limited	(B)	100%	VIC
CIMIC Group Investments No. 3 Pty Limited	(A)	100%	VIC
CIMIC Group Investments Pty Limited	(B)	100%	VIC
CIMIC Group Limited[4]	(B)		VIC
CIMIC Residential Investments Pty Ltd	(B)	100%	VIC
CM2A Finance Pty Limited		100%	VIC
CMENA Pty Limited	(B)	100%	VIC
CPB Contractors (PNG) Limited		100%	Papua New Guinea
CPB Contractors Pty Limited[1]	(B)	100%	NSW
CPB Contractors UGL Engineering Joint Venture	(B)	100%	VIC
Curara Pty Ltd		100%	WA
D.M.B. Pty. Ltd.		100%	QLD
DAIS VIC Pty Ltd		100%	VIC
Devine Constructions Pty Ltd		100%	QLD
Devine Funds Pty Ltd		100%	VIC
Devine Funds Unit Trust		100%	QLD
Devine Homes Pty Ltd		100%	QLD
Devine Land Pty Ltd		100%	QLD
Devine Pty Limited		100%	QLD
Devine Management Services Pty Ltd		100%	QLD
Devine Projects (VIC) Pty Ltd		100%	QLD
Devine Queensland No.10 Pty Ltd		100%	QLD
Devine SA Land Pty Ltd		100%	QLD
Devine Springwood No. 1 Pty Ltd		100%	NSW

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

b) Controlled entities continued

Name of entity		Interest held	Place of incorporation
Devine Springwood No. 2 Pty Ltd		100%	QLD
DoubleOne 3 Pty Ltd		100%	QLD
EIC Activities Pty Ltd	(B)	100%	Vic
EIC Activities Pty Ltd (NZ)		100%	New Zealand
Giddens Investment Limited		100%	Hong Kong
Glenrowan Solar Farm Pty Ltd	(A)	100%	VIC
Glenrowan Solar Holdings Pty Ltd	(A)	100%	VIC
Hamilton Harbour Developments Pty Ltd		100%	QLD
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)		100%	VIC
ICC Infrastructure Pty Ltd		100%	WA
ICC Mining Pty Ltd		100%	WA
Industrial Composites Engineering Pty Ltd		100%	WA
Innovative Asset Solutions Group Pty Ltd		100%	WA
Innovated Asset Solutions Pty Ltd & UGL Operations and Maintenance (Services) Pty Ltd		100%	WA
ITCO Pty Ltd	(A)	100%	NSW
Jarrah Wood Pty Ltd	(B)	100%	WA
Jet-Cut Pty Ltd		100%	WA
JH ServicesCo Pty Ltd	(B)	100%	VIC
JHAS Pty Ltd	(B)	100%	VIC
JHI Investment Pty Ltd	(B)	100%	VIC
Kings Square Developments Pty Ltd	(B)	100%	QLD
Kings Square Developments Unit Trust	(B)	100%	QLD
Legacy JHI Pty Ltd	(B)	100%	VIC
Leighton (PNG) Limited		100%	Papua New Guinea
Leighton Asia (Hong Kong) Holdings (No. 2) Limited		100%	Hong Kong
Leighton Asia Limited		100%	Hong Kong
Leighton Asia Southern Pte. Ltd.		100%	Singapore
Leighton Companies Management Group LLC		49%	United Arab Emirates
Leighton Contractors (Asia) Limited		100%	Hong Kong
Leighton Contractors (Indo-China) Limited		100%	Hong Kong
Leighton Contractors (Laos) Sole Co., Limited		100%	Laos
Leighton Contractors (Malaysia) Sdn Bhd		100%	Malaysia
Leighton Contractors (Philippines), Inc.		40%	Philippines
Leighton Contractors Inc		100%	United States
Leighton Contractors Infrastructure Nominees Pty Ltd	(B)	100%	VIC
Leighton Contractors Infrastructure Pty Ltd	(B)	100%	VIC
Leighton Contractors Infrastructure Trust	(B)	100%	VIC

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

b) Controlled entities continued

Name of entity		Interest held	Place of incorporation
Leighton Contractors Lanka (Private) Limited		100%	Sri Lanka
Leighton Contractors Pty Ltd	(B)	100%	NSW
Leighton Engineering & Construction (Singapore) Pte Ltd		100%	Singapore
Leighton Engineering Sdn Bhd		100%	Malaysia
Leighton Equity Incentive Plan Trust		100%	NSW
Leighton Foundation Engineering (Asia) Limited		100%	Hong Kong
Leighton Group Property Services Pty Ltd	(B)	100%	VIC
Leighton Harbour Trust	(B)	100%	QLD
Leighton Holdings Infrastructure Nominees Pty Ltd	(B)	100%	VIC
Leighton Holdings Infrastructure Pty Ltd	(B)	100%	VIC
Leighton Holdings Infrastructure Trust	(B)	100%	VIC
Leighton India Contractors Private Limited[3]		100%	India
Leighton Infrastructure Investments Pty Limited	(B)	100%	NSW
Leighton International Limited		100%	Cayman Islands
Leighton International Mauritius Holdings Limited No. 4		100%	Mauritius
Leighton Investments Mauritius Limited No. 4		100%	Mauritius
Leighton Joint Venture		100%	Hong Kong
Leighton Middle East & Africa (Holding) Limited		100%	Cayman Islands
Leighton Offshore Eclipse Pte Ltd		100%	Singapore
Leighton Offshore Faulkner Pte Ltd		100%	Singapore
Leighton Offshore Mynx Pte Ltd		100%	Singapore
Leighton Offshore Pte Ltd		100%	Singapore
Leighton Offshore Sdn Bhd		100%	Malaysia
Leighton Offshore Stealth Pte Ltd		100%	Singapore
Leighton Portfolio Services Pty Limited	(B)	100%	ACT
Leighton Projects Consulting (Shanghai) Limited		100%	China
Leighton Properties (Brisbane) Pty Limited	(B)	100%	QLD
Leighton Properties (VIC) Pty Ltd	(B)	100%	VIC
Leighton Properties (WA) Pty Limited	(B)	100%	NSW
Leighton Properties Pty Limited	(B)	100%	QLD
Leighton Services UAE Co LLC		100%	United Arab Emirates
Leighton Superannuation Pty Ltd		100%	NSW
Leighton U.S.A. Inc.		100%	United States
LH Holdings Co Pty Ltd	(B)	100%	VIC
LMENA No. 1 Pty Limited	(B)	100%	VIC
LMENA Pty Limited	(B)	100%	VIC
LNWR Pty Limited	(B)	100%	VIC
LNWR Trust	(B)	100%	NSW
Nexus Point Solutions Pty Ltd	(B)	100%	NSW
Newest Metro Pty Ltd		100%	NSW

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

b) Controlled entities continued

Name of entity		Interest held	Place of incorporation
Opal Insurance (Singapore) Pte Ltd		100%	Singapore
Optima Activities Pty Ltd	(B)	100%	NSW
Pacific Partnerships Energy Ptd Ltd	(A)	100%	VIC
Pacific Partnerships Holdings Pty Ltd	(B)	100%	VIC
Pacific Partnerships Investments 2 Pty Ltd	(A)	100%	VIC
Pacific Partnerships Investments 2 Trust	(A)	100%	VIC
Pacific Partnerships Investments Pty Ltd	(B)	100%	VIC
Pacific Partnerships Investments Trust	(B)	100%	VIC
Pacific Partnerships Pty Ltd	(B)	100%	VIC
Pacific Partnerships Services NZ Limited		100%	New Zealand
Pekko Engineers Limited[3]		100%	Hong Kong
Pioneer Homes Australia Pty Ltd		100%	QLD
PT Leighton Contractors Indonesia		95%	Indonesia
Regional Trading Limited		100%	Hong Kong
Riverstone Rise Gladstone Pty Ltd		100%	QLD
Riverstone Rise Gladstone Unit Trust		100%	QLD
Sedgman Asia Ltd		100%	Hong Kong
Sedgman Botswana (Pty) Ltd		100%	Botswana
Sedgman Canada Limited		100%	Canada
Sedgman Chile SPA		100%	Chile
Sedgman Consulting Pty Ltd	(B)	100%	QLD
Sedgman CPB Joint Venture (SCJV)		100%	QLD
Sedgman Employment Services Pty Ltd	(B)	100%	QLD
Sedgman Engineering Technology (Beijing) Company Limited		100%	China
Sedgman International Employment Services Pty Ltd	(B)	100%	QLD
Sedgman Mozambique Limitada[2]		100%	Mozambique
Sedgman Operations Employment Services Pty Ltd	(B)	100%	QLD
Sedgman Operations Pty Ltd	(B)	100%	QLD
Sedgman Projects Employment Services Pty Ltd		100%	QLD
Sedgman Pty Ltd	(B)	100%	QLD
Sedgman SAS (Colombia)		100%	Colombia
Sedgman South Africa (Proprietary) Ltd		100%	South Africa
Sedgman South Africa Holdings (Proprietary) Ltd		100%	South Africa
Sedgman USA Inc		100%	United States
Silverton Group Pty Ltd	(B)	100%	WA
Sustaining Works Pty Limited	(B)	100%	QLD
Talcliff Pty Ltd		100%	QLD
Tambala Pty Ltd[2]		100%	Mauritius
Tasconnect Finance Pty Limited		100%	VIC
Telecommunication Infrastructure Pty Ltd	(B)	100%	VIC
Thai Leighton Limited		100%	Thailand

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

b) Controlled entities continued

Name of entity		Interest held	Place of incorporation
Think Consulting Group Pty Ltd	(B)	100%	VIC
Thiess Infrastructure Nominees Pty Ltd	(B)	100%	VIC
Thiess Infrastructure Pty Ltd	(B)	100%	VIC
Thiess Infrastructure Trust	(B)	100%	VIC
Townsville City Project Pty Ltd		100%	NSW
Townsville City Project Trust		100%	QLD
Trafalgar EB Pty Ltd		100%	QLD
Trafalgar EB Unit Trust		100%	QLD
Tribune SB Pty Ltd		100%	QLD
Tribune SB Unit Trust		100%	QLD
UGL (Asia) Sdn Bhd		100%	Malaysia
UGL (NZ) Limited		100%	New Zealand
UGL (Singapore) Pte Ltd		100%	Singapore
UGL Engineering Private Limited[3]		100%	India
UGL Engineering Pty Ltd	(B)	100%	NSW
UGL Operations and Maintenance (Services) Pty Limited	(B)	100%	QLD
UGL Operations and Maintenance Pty Ltd	(B)	100%	VIC
UGL Pty Limited	(B)	100%	WA
UGL Rail (North Queensland) Pty Ltd	(B)	100%	QLD
UGL Rail Pty Ltd	(B)	100%	NSW
UGL Rail Services Pty Limited	(B)	100%	NSW
UGL Regional Linx Pty Ltd	(B)	100%	NSW
UGL Resources (Contracting) Pty Ltd	(B)	100%	VIC
UGL Resources (Malaysia) Sdn Bhd		100%	Malaysia
UGL Solutions Pty Limited	(B)	100%	WA
UGL Unipart Rail Services Pty Ltd		70%	VIC
UGL Utilities Pty Ltd (Formerly known as Newcastle Engineering Pty Ltd)	(B)	100%	NSW
United Group Infrastructure (NZ) Limited		100%	New Zealand
United KG (No. 1) Pty Ltd	(B)	100%	NSW
United KG (No. 2) Pty Ltd	(B)	100%	VIC
Wai Ming M&E Limited		100%	Hong Kong
Western Port Highway Trust	(B)	100%	VIC

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

b) Controlled entities continued

[1]These companies have the benefit of *ASIC Instrument 2016/785* as at 31 December 2021. Refer to Note 40(h): *CIMIC Group Limited and controlled entities.*
[2]Entity has a 30 June reporting date.
[3]Entity has a 31 March reporting date.
[4]This company is a party to the Deed of Cross Guarantee as Holding Entity.
(A) Incorporated / established in the 2021 reporting period.
(B) Entities included in the tax-consolidated Group.

Where the Group has an ownership interest of less than 50%, the entity is consolidated where the Group can demonstrate its control of the entity, in that it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

c) Acquisition and disposal of controlled entities

Refer to Note 31: *Acquisitions, disposals and discontinued operations* for further details.

d) Liquidation of controlled entities

The following controlled entities have been liquidated during the period to 31 December 2021 as they are no longer required by the Group in the ordinary course of business:

- Boggo Road Project Pty Ltd
- Boggo Road Project Trust
- Devine Bacchus Marsh Pty Ltd
- Devine Building Management Services Pty Ltd
- Leighton Contractors Asia (Cambodia) Co Ltd
- Leighton Contractors (China) Limited
- Sedgman Malaysia Sdn Bhd
- UGL Rail Fleet Services Pty Limited

e) Parent entity commitments and contingent liabilities

Contingent liabilities under indemnities given on behalf of controlled entities in respect of the parent: bank guarantees: $2,591.8 million (31 December 2020: $2,834.9 million); insurance bonds: $1,595.3 million (31 December 2020: $1,679.3 million); letters of credit: $367.3 million (31 December 2020: $259.9 million).

During the prior reporting period, the parent was released from bank guarantees totalling $29.0 million, insurance, performance and payments bonds totalling $67.5 million and letters of credit totalling $nil related to the disposal of controlled entities and businesses.

Capital expenditure contracted for at the reporting date but not recognised as liabilities of the parent was $nil (31 December 2020: $nil).

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

f) Material subsidiaries

Set out below are the Company's principal subsidiaries at 31 December 2021. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Company, and the proportion of ownership interests held equals to the voting rights held by the Company.

			Ownership interest held by the Company		Ownership interest held by non-controlling interests	
Name of entity	Principal activity	Country of incorporation	December 2021 %	December 2020 %	December 2021 %	December 2020 %
CPB Contractors Pty Limited[1]	Construction	Australia	100	100	-	-
Leighton Asia Limited	Construction	Hong Kong	100	100	-	-
Leighton International Limited	Construction	Cayman Islands	100	100	-	-
UGL Pty Limited	Services	Australia	100	100	-	-

[1]CPB Contractors Pty Limited has the benefit of *ASIC Instrument 2016/785* as at 31 December 2021. For further information, refer to section (h).

Non-controlling interests

There were no material non-controlling interests relating to the Company's material subsidiaries disclosed above as at 31 December 2021. There were no material transactions with non-controlling interests during the period to 31 December 2021.

g) Parent entity transactions with wholly-owned controlled entities

Transactions with wholly-owned controlled entities were as follows: aggregate amounts receivable: $882.8 million (31 December 2020: $758.5 million); aggregate amounts payable: $1,530.9 million (31 December 2020: $2,699.7 million); interest received / receivable: $3.5 million (31 December 2020: $3.9 million); interest paid / payable: $18.5 million (31 December 2020: $79.9 million); fees charged: $nil (31 December 2020: $nil); dividends received: $64.1 million (31 December 2020: $1,277.3 million); fees paid: $130.0 million (31 December 2020: $135.0 million); sale of assets $nil (31 December 2020: $174.0 million).

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

h) Deed of Cross Guarantee

Pursuant to the *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* (ASIC Instrument), the Company and certain wholly owned subsidiaries entered into the Deed of Cross Guarantee dated 19 December 2016 (CIMIC Deed) for the principal purpose of enabling these entities to take advantage of relief from the requirements of the Corporations Act to prepare and lodge a financial report, directors' report and auditor's report (Financial Reporting Relief) available under the ASIC Instrument for financial years ending 31 December 2016 onwards. The effect of the CIMIC Deed is that the Company guarantees to each creditor payment in full of any debt in the event of the winding up of any of the subsidiaries which are party to the CIMIC Deed under certain provisions of the Corporations Act. If a winding up occurs under other provisions of the law, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have given similar guarantees in the event the Company or any other subsidiary party to the CIMIC Deed is wound up.

As at 31 December 2021, the following entities are party to the CIMIC Deed and seek to rely on financial reporting relief in respect of the financial year ended 31 December 2021:

- CIMIC Group Limited (ACN 004 482 982) (as trustee)
- CIMIC Finance Limited (ACN 002 323 373) (as alternative trustee)
- CIMIC Admin Services Pty Limited (ACN 086 383 977)
- CPB Contractors Pty Limited (ACN 000 893 667)
- Broad Group Holdings Pty Ltd (ACN 052 046 518)
- Broad Construction Pty Ltd (ACN 089 532 061)

On 21 December 2020, CIMIC Group Investments No.2 Pty Ltd, UGL Pty Limited, UGL Engineering Pty Limited, UGL Rail Services Pty Limited, UGL Operations and Maintenance Pty Limited, UGL Operations and Maintenance (Services) Pty Limited, Broad Construction Services (WA) Pty Ltd, Leighton Properties Pty Limited and Leighton Properties (VIC) Pty Limited (Released Entities) executed and subsequently lodged with ASIC, a Revocation Deed which had the effect of releasing the Released Entities from their covenants under the CIMIC Deed with effect from 21 June 2021.

A consolidated statement of profit or loss and statement of financial position, comprising the Company and entities which are a party to the CIMIC Deed, after eliminating all transactions between parties to the CIMIC Deed, at 31 December 2021 is set out below.

Deed of Cross Guarantee	12 months to December 2021 $m	12 months to December 2020 $m
Statement of Profit or Loss		
Profit / (loss) before tax	(396.1)	2,730.2
Income tax (expense) / benefit	102.0	(226.0)
Profit / (loss) for the period	(294.1)	2,504.2
Retained earnings brought forward	1,703.7	(800.5)
Adjustments for impact of new accounting standards	(9.1)	-
Adjustments for entities added / removed	(525.2)	-
Dividends paid	(317.5)	-
Retained earnings at reporting date	557.8	1,703.7

The current year is impacted by the removal of certain entities as per Note 40(h): *CIMIC Group Limited and controlled entities* and changes in accounting policy, refer to Note 1: *Basis of Preparation*

The prior year was impacted by the sale of Thiess Pty Limited, refer to Note 31: *Acquisitions, disposals and discontinued operations.*

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

h) Deed of Cross Guarantee continued

Deed of Cross Guarantee	December 2021 $m	December 2020 $m
Statement of Financial Position		
Assets		
Cash and cash equivalents	1,209.2	2,604.8
Trade and other receivables	2,727.4	1,730.7
Inventories: consumables and development properties	239.6	271.5
Total current assets	4,176.2	4,607.0
Trade and other receivables	2,695.5	1,641.0
Investments	1,627.3	1,647.7
Property, plant and equipment	369.2	655.3
Deferred tax asset	242.3	521.8
Intangibles	10.3	592.2
Total non-current assets	4,944.6	5,058.0
Total assets	9,120.8	9,665.0
Liabilities		
Trade and other payables	4,760.6	4,529.1
Current tax liabilities	43.9	3.8
Provisions	124.3	196.1
Interest bearing liabilities	-	210.0
Lease liabilities	40.3	56.8
Total current liabilities	4,969.1	4,995.8
Trade and other payables	522.8	83.7
Provisions	25.1	33.2
Interest bearing liabilities	2,166.4	2,388.5
Lease liabilities	117.1	213.8
Deferred tax liabilities	-	-
Total non-current liabilities	2,831.4	2,719.2
Total liabilities	7,800.5	7,715.0
Net assets	1,320.3	1,950.0
Equity		
Share capital	1,458.7	1,458.7
Reserves	(696.2)	(1,212.4)
Retained earnings	557.8	1,703.7
Total equity	1,320.3	1,950.0

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2021

41. NEW ACCOUNTING STANDARDS

New accounting standards

Standards in issue but not yet effective

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*
- *AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

42. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date:

- The Group determined an unfranked dividend of 36 cents per share to be paid on 5 July 2022.
- The Directors approved the financial report on 9 February 2022.

Statutory Statements

DIRECTORS' DECLARATION

1. In the opinion of the Directors of CIMIC Group Limited (the Company):

   a) The financial statements and notes, set out on pages 167-261, are in accordance with the *Corporations Act 2001*, including:

      i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 31 December 2021 and of their performance for the financial year ended on that date; and

      ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the controlled entities identified in Note 40 to the financial statements will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to ASIC Instrument 2016/785.

3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the CEO and CFO for the financial year ended 31 December 2021.

4. The Directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Sydney this 9th day of February 2022.

Signed for and on behalf of the Board in accordance with a resolution of the Directors:

Juan Santamaria
Chief Executive Officer and Managing Director

Russell Chenu
Chairman Audit and Risk Committee

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place, 225 George Street,
Sydney NSW 2000
PO Box N250 Grosvenor Place, Sydney
NSW 1220 Australia

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

Independent Auditor's Report to the members of CIMIC Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CIMIC Group Limited ("CIMIC", or the "Company") and its subsidiaries (the "Group"), which comprises the Consolidated Statement of Financial Position as at 31 December 2021, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report for the current period. The matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Recognition of construction revenue and recovery of related contract assets Refer to Note 1(a) 'Revenue recognition', Note 2 'Revenue' and Note 9 'Trade and other receivables'. As disclosed in Note 1(a), construction revenues are recognised over time as performance obligations are fulfilled. Construction revenue is recognised by management after assessing all factors relevant to each contract, including specifically assessing the following as applicable: • Determination of stage of completion and measurement of progress towards satisfaction of performance obligations; • Estimation of total contract revenue, including variable consideration, and costs including the estimation of cost contingencies; • Determination of contractual entitlement and assessment of the probability of customer approval of changes in scope and/or price to be recognised as variable consideration; and • Estimation of project completion date. Contract assets are balances due from customers under long term contracts as work is performed and represent the Group's right to consideration for the services transferred to date. Contract assets include amounts recognised as variable consideration. Contract assets are reclassified to contract receivables when these amounts have been certified or invoiced to a customer. The recognition of variable consideration to be included in contract assets is based on management's estimation of revenue on contract variations and claims only to the extent it is highly probable that a significant reversal in the amount recognised will not occur in the future. We focused on recognition of construction revenue and recovery of related contract assets as a key audit matter due to the number and type of estimation events over the course of a contract life, the unique nature of individual contract terms leading to complex and judgemental revenue recognition from contracts and the judgement involved in evaluating the probability of recovery of contract assets.	Our procedures included, amongst others: • Evaluating management's processes and controls in respect of the recognition of construction revenue. As part of this process we tested key controls including: - the review process conducted at the tendering phase by the Group's Tender Review Management Committee; - the review of progress claims for certification prior to invoicing to customers; - the preparation, review and authorisation of monthly valuation reports for all contracts; and - monthly management review of unapproved revenue and approved variations. • Holding calls with a sample of project leaders and visiting a sample of project sites across the Group's major divisions and geographies to enhance our understanding of the Group's contracting processes, the consistency of their application, and to discuss directly with project management the risks and opportunities in relation to individual contracts. • Selecting a sample of contracts for testing based on a number of quantitative and qualitative factors which may indicate that a greater level of judgement is required in recognising revenue, including history of issues identified; - significant contract modifications resulting in unapproved changes, variations and claims; - delay risk; - high potential impact and high likelihood of risk events; - material new contracts; - high value contracts; and - loss making contracts. • We also selected a sample of contracts from the remaining population of contracts. • For the contracts selected the following procedures were performed where relevant, amongst others: - obtaining an understanding of the contract terms and conditions to evaluate whether these were reflected in management's estimate of forecast costs and revenue; - testing a sample of costs incurred to date and agreeing these to supporting documentation; - assessing the measurement of the value to customers of goods and services transferred, and evaluating evidence of such transfer;

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- assessing the forecast costs to complete and contract accruals through discussion and challenge of project managers and finance personnel;
- evaluating historical accuracy of forecast costs to complete to corroborate discussions with project managers;
- testing contractual entitlement relating to contract modifications, variations and claims recognised within contract revenue to supporting documentation and by reference to the underlying contracts;
- evaluating significant exposures to liquidated damages for late delivery of contract works;
- assessing contract performance in the period since year end to audit report date to evaluate management's year end revenue recognition judgements; and
- evaluating the probability of recovery of contract assets by reference to the status of contract negotiations, historical recoveries and other supporting documentation.

• Assessing the adequacy of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine the matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 52 to 61 of the Directors' Report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of CIMIC Group Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants
Sydney, 9 February 2022

Gearing up to build and maintain Melbourne's biggest transport investment

CPB Contractors, Pacific Partnerships and Ventia, Melbourne, Australia

CPB Contractors, Pacific Partnerships and Ventia are playing a vital role in the design, construction, operations and maintenance of Victoria's North East Link (NEL) – the biggest ever investment in Melbourne's north-east – changing the way people move around Melbourne.

The NEL project provides three-lane twin tunnels that will close the missing link in Melbourne's freeway network. Up to 135,000 vehicles will use North East Link every day, reducing congestion in the north-east while maintaining local roads for local trips.

As part of a consortium to deliver the North East Link Primary Package PPP, CPB Contractors will deliver the road infrastructure, Pacific Partnerships acted as sponsor and will invest in the project, and Ventia will be responsible for operations, maintenance, and asset lifecycle management over a 25-year period.

The team is committed to engaging with the local workforce, businesses and communities to maximise the social and economic benefits that this major project will create.

ADDITIONAL INFORMATION

Shareholdings

The information below is current as at 31 January 2022.

TWENTY LARGEST SHAREHOLDERS

The 20 largest shareholders on the Company's register of members held 86.58% of the Company's issued capital.

Name	No. of shares	% of issued capital
HOCHTIEF AUSTRALIA HOLDINGS LIMITED	244,624,024	78.58
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,484,623	2.73
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,683,741	2.47
CITICORP NOMINEES PTY LIMITED	3,319,416	1.07
BNP PARIBAS NOMS PTY LTD <DRP>	785,965	0.25
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	750,237	0.24
NATIONAL NOMINEES LIMITED	734,073	0.24
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	601,165	0.19
BROADGATE INVESTMENTS PTY LTD	427,188	0.14
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	276,212	0.09
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	256,633	0.08
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	245,166	0.08
BROADGATE INVESTMENTS PTY LTD	244,791	0.08
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	182,912	0.06
SOUTHERN STEEL INVESTMENTS PTY LIMITED	170,000	0.05
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	162,364	0.05
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	152,202	0.05
MRS ELIZABETH APRIESKA <TAP MONEY FAMILY A/C>	142,638	0.05
ANGELA JOAN LEIGHTON <ANGELA JOAN LEIGHTON A/C>	138,150	0.04
NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	130,840	0.04
Total	**269,512,340**	**86.58**
Total shares on issue	**311,296,286**	**100**

DISTRIBUTION SCHEDULE

The Company has 311,296,286 ordinary shares on issue. The distribution of shareholders is as follows:

Size of shareholding	No. of holders	Ordinary shares held	% of issued capital
1 – 1,000	33,594	10,038,563	3.22
1,001 – 5,000	8,309	17,621,392	5.66
5,001 – 10,000	800	5,665,094	1.82
10,001 – 100,000	378	7,885,258	2.53
100,001 and over	25	270,085,979	86.76
Total	**43,106**	**311,296,286**	**100**

The voting rights for ordinary shares are as follows: on a show of hands every member present in person or by proxy or attorney or duly appointed representative has one vote, and on a poll every member so present has one vote for every fully paid share held by that member.

There were 2,343 shareholders with less than a marketable parcel (31 shares), based on the closing market price of $16.39 on 31 January 2021.

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders and the number of equity securities to which they have a relevant interest, as disclosed in substantial holding notices given to the Company under the Corporations Act are:

Name	No. of shares	Voting power
HOCHTIEF Australia Holdings Limited and its associates#	244,630,819*	77.69%

*Number of shares as at 23 October 2020, the date of disclosure in the substantial shareholding notice given to the Company.

On 29 October 2018, Atlantia S.p.A. became a substantial holder as reflected in the substantial shareholding notice given to the Company on 6 November 2018.

SHARE RIGHTS

The Company has zero share rights on issue.

OPTIONS

The Company has zero options on issue.

Shareholder information

ENQUIRIES AND SHARE REGISTRY

If you have any questions about your shareholding, dividend payments, tax file number, change of address or any other enquiry, please contact Computershare Investor Services Pty Limited:

- Telephone: 1300 850 505 (local) or +61 3 9415 4000 (international)
- Fax: (03) 9473 2500 (local) or +61 3 9473 2500 (international)
- Online: www.investorcentre.com/contact
- Post: GPO Box 2975, Melbourne, VIC, 3001, Australia

REGISTERED OFFICE

Principal registered office in Australia
Level 25, 177 Pacific Highway, North Sydney, NSW, 2060, Australia
Telephone: +61 2 9925 6666
Fax: +61 2 9925 6000
Website: www.cimic.com.au

TAX FILE NUMBERS

Since 1 July 1991, all companies have been obliged to deduct tax at the top marginal rate from unfranked dividends paid to investors resident in Australia who have not supplied them with a tax file number or exemption particulars. Tax will not be deducted from the franked portion of a dividend.

If you have not already done so, a Tax File Number Notification form or Tax File Number Exemption form should be completed for each holding and returned to our Share Registrar, Computershare Investor Services Pty Limited. Please note you are not required by law to provide your tax file number if you do not wish to do so.

SECURITIES EXCHANGE LISTINGS

CIMIC's shares are listed on the ASX and are traded under the stock code 'CIM'. The ASX home branch is Sydney, Australia. Subsidiaries, CIMIC Finance (USA) Pty Limited and CIMIC Finance Limited, have notes on issue which are listed on the Singapore Exchange.

YEAR-ON-YEAR PERFORMANCE SNAPSHOT

The five-year performance of the Group is set out in a table within the 'Company Performance' section of the Remuneration Report.

CORPORATE GOVERNANCE STATEMENT

The CIMIC Group corporate governance statement is available on our website, in the section titled Corporate Governance (www.cimic.com.au/corporate-governance).

ANNUAL GENERAL MEETING

The 61st Annual General Meeting of the members of CIMIC will be held on Wednesday, 6 April 2022 and will also be conducted online. Shareholders will be notified of the venue, meeting and any resolutions in accordance with the Corporations Act.

SHAREHOLDER COMMUNICATIONS

Shareholder communications, including this Annual Report, are available on our website (www.cimic.com.au). CIMIC encourages shareholders to receive notification of all communications by email. Printed copies of shareholder communications are available on request by contacting +61 2 9925 6666 or visiting our website: www.cimic.com.au/en/contact-us.

Glossary

Term	Description
2H21	Second half of the 2021 Financial Year
2Q21	Second quarter of the 2021 Financial Year
3Q21	Third quarter of the 2021 Financial Year
4Q21	Fourth quarter of the 2021 Financial Year
2020 Financial Year/ FY 2020 / FY20	Financial year ending 31 December 2020
2021 Financial Year/ FY 2021 / FY21	Financial year ending 31 December 2021
FY22	Financial year ending 31 December 2022
A$ or $	Australian dollars, unless otherwise stated
AASB	Australian Accounting Standards Board
Above-the-line	Higher order controls such as engineering and design controls, rather than personal protective equipment or administrative controls, which aim to improve safety outcomes
ACS or ACS Group	Actividades de Construcción y Servicios S.A.
AGM or Annual General Meeting	Annual General Meeting of CIMIC's shareholders
Alternate Director	Alternate Director of CIMIC
ASIC	Australian Securities and Investments Commission
AS/NZ	Denotes a standard created by Standards Australia
ASX	ASX Limited
ASX Principles and Recommendations	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition)
Atlantia	Atlantia S.p.A.
Australian Accounting Standards	Australian Accounting Standards developed, issued and maintained by the AASB
BIC Contracting or BICC	BIC Contracting LLC
BIM	Building Information Modelling, a digital representation of physical and functional characteristics of a facility
Board	Board of directors of CIMIC
Broad Construction	Broad Construction is a new-build, fit-out and refurbishment construction contractor wholly owned by CPB Contractors
CDP	A not-for-profit that runs the global disclosure system CDP (formerly the 'Carbon Disclosure Project')
CEO	Chief Executive Officer of CIMIC
CEO and Managing Director	CEO and Managing Director of CIMIC
CEO and Executive Chairman	CEO and Executive Chairman of CIMIC
CFO	Chief Financial Officer of CIMIC
Class 1 Injury / C1	A fatality or permanently disabling injury
CO2-e or Carbon dioxide equivalent	A term for describing different greenhouse gases in a common unit
Code of Conduct	CIMIC Group Code of Conduct
Committee	Any Board/management committee of the Company from time to time
Company or CIMIC	CIMIC Group Limited
Constitution	Constitution of CIMIC Group Limited
Corporations Act	*Corporations Act 2001* (Cth)
Corruption Perceptions Index	An annual ranking, published since 1995 by Transparency International (TI) of countries "by their perceived levels of corruption, as determined by expert assessments and opinion surveys"
CPB Contractors or CPB	CPB Contractors Pty Ltd
Deferred Right	An entitlement to a Share subject to satisfaction of applicable conditions (including service based vesting conditions)
Deputy CEO	Deputy Chief Executive Officer of CIMIC
Deloitte	Deloitte Touche Tohmatsu
Devine	Devine Pty Limited
Director	Director of CIMIC
DJSI	Dow Jones Sustainability Index
DJSI Australia Index	Dow Jones Sustainability Australia Index

Term	Description
Dragados	Is an international contractor established in 1941 and is the construction arm of the ACS Group specialising in major infrastructure projects
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EIC Activities	EIC Activities Pty Ltd
EIP	The CIMIC Equity Incentive Plan approved by shareholders at the 2012 AGM, under which the STI and LTI programs are administered
EPS	Earnings per share
ESA	Executive service agreement
ESG	Environmental, Social and Governance
Former Director	Former Director of CIMIC
FTSE4Good Index	The FTSE4Good Index measures the performance of companies demonstrating strong environmental, social and governance practices.
FY	Financial year
GIS	Geographic Information Systems capture, store, manipulate, analyse, manage, and present spatial or geographical data
Graduate	A member of the Graduate Program
Graduate Program	CIMIC Group Graduate Program
GRI	The Global Reporting Initiative
Green Standard projects	Refers to nationally or international recognised rating systems for infrastructure projects, such as ISCA and Greenroads, and for building projects such as the Green Star and LEED.
Group or CIMIC Group	CIMIC Group Limited and certain entities it controls
HAZOP	A hazard and operability study (HAZOP) is a structured and systematic examination of a complex planned or existing process or operation in order to identify and evaluate problems that may represent risks to personnel or equipment
HOCHTIEF Australia	HOCHTIEF Australia Holdings Limited, a wholly owned subsidiary of HOCHTIEF AG
HOCHTIEF or HOCHTIEF AG	HOCHTIEF Aktiengesellschaft
HY21/1H21	Six month period ended 30 June 2021
Independent Non-executive Director	Independent Non-executive Director of CIMIC
ISCA	Infrastructure Sustainability Council of Australia
ISO	Denotes a standard of the International Organisation for Standardisation
JV	Joint venture
KMP	Key Management Personnel as defined in AASB 124 *Related Party Disclosures*
KPI	Key performance indicators
Leighton Asia	Leighton Asia Limited
Leighton India	Leighton India Contractors Private Limited
Leighton International	A controlled entity of CIMIC that is responsible for the Group’s offshore oil and gas business
Leighton Properties	Leighton Properties Pty Limited
LNG	Liquefied natural gas
LTI	Long-Term Incentive
Moody's	Moody's Investors Service
NGER Scheme	National Greenhouse and Energy Reporting Scheme which operates under the *National Greenhouse and Energy Reporting Act 2007* (Cth)
NGO	Non-governmental organisation that is independent from states and international governmental organisations
NPAT	Net profit after tax
Non-executive Director	Non-executive Director of CIMIC
Operating Companies	CPB Contractors Pty Limited & Leighton Asia Limited, Devine Pty Limited, Leighton India Contractors Private Limited, Leighton Offshore, Sedgman Pty Limited, UGL Pty Limited, Pacific Partnerships Pty Ltd, EIC Activities Pty Ltd and Leighton Properties Pty Limited
Pacific Partnerships or PP	Pacific Partnerships Pty Ltd
PBT	Profit before tax
Performance Right	An entitlement to a Share subject to satisfaction of applicable conditions (including performance based vesting conditions)
Potential Class 1 Injury or PC1	An incident that has the potential to be a Class 1 Injury
PPP	Public private partnership

Term	Description
Principles	CIMIC Group Limited Principles of integrity, accountability, innovation underpinned by safety.
Safety Essentials	A core element of the safety management system that provides critical controls, procedures and governance processes specifically designed to safely manage high-risk activities.
SAR	Share appreciation right
Sedgman	Sedgman Pty Limited
Special Committee	Any special committee of the Company from time to time
S&P	Standard & Poor's
STI	Short-term incentive
Subsidiary	Subsidiary of the Company as defined in the Corporations Act
SDG	2030 Agenda for Sustainable Development and the Sustainable Development Goals
TFR	Total Fixed Remuneration
Thiess	Thiess Pty Ltd
TRIFR	Total recordable injury frequency rate
TSR	Total shareholder return
UGL or Services	UGL Pty Limited
Ventia	Ventia Services Group Limited
VWAP	Volume weighted average price
Whistleblower Policy	CIMIC Group Whistleblower Policy

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