CIMIC

ANNUAL REPORT 2020

Byerwen Mine
Sedgman, Queensland, Australia

Cover image: New Parallel Runway – Brisbane Airport
CPB Contractors, Queensland, Australia

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

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER REVIEW

Juan Santamaria
Executive Chairman and
Chief Executive Officer

Dear shareholders,

In a year that left no one untouched from some level of disruption, or loss of health and loved ones, I want to start by acknowledging the support of our people, partners, clients and shareholders during 2020.

Throughout the past year, we were able to keep our projects operating because of the sacrifices made by many of our people, through additional time and effort, or by being physically present to deliver work that could not be managed remotely.

Along with the support of our clients and partners, it meant that people could continue to rely on us, including our workforce, suppliers and subcontractors for their livelihoods and our clients and communities for essential services.

Keeping our projects operating also helped to support the economy, as construction sites, mines, transport infrastructure and essential services stayed open, generating economic activity.

Now, as we commence 2021, our focus on the health and safety of our people and communities and on the delivery of leading projects that meet our clients' needs and underpin the economy, is unchanged.

We will continue to progress our core activities of construction, mining and mineral processing, services and public private partnerships (PPPs), and target the generation of sustainable returns for our shareholders.

We have a solid level of work in hand of $30.1 billion and our prospects are positive as we focus our resources and capital allocation on the growth opportunities in our core markets in Australia, New Zealand and the Asia-Pacific region.

FY20 operational performance

In FY20 our financial performance included:

- Statutory[i] net profit after tax (NPAT) of $620 million
  - Underlying[ii] NPAT $601 million (adjusted for sale of Thiess, Gorgon and other one-offs)
  - Proforma underlying[iii] NPAT $372 million (underlying adjusted for Thiess as 50% joint venture)
- Revenue[iv] of $11.4 billion, with COVID-19 leading to a temporary delay in the award of new projects and slowdown of revenues across our activities, both domestic and overseas
- Earnings before interest and tax, profit before tax and NPAT margins[v] of 10.3%, 8.7% and 5.4% respectively
- One-off post tax impacts in FY20 in relation to 50% sale of Thiess (+$1.4 billion)[vi], Gorgon Jetty resolution ($805 million) and other items[vii] ($613 million) associated with COVID-19, project settlements and provisions, and property business and oil & gas vessel impairments
- Operating cash flow[viii] pre factoring of $579 million, rebound in 4Q20
- Strong liquidity of $4.2 billion; includes $2.1 billion of net proceeds from 50% sale of Thiess

- Net cash of $190 million
- Returned to dividend payout ratio of 60-65%; final dividend declared of 60 cents per share, 62% on 2H20 result (franked at 20% and CFI[ix] at 80%)
- Returned $281 million of cash to shareholders through share buy-back in FY20
- Supply chain finance balance reduced by $707 million year on year, from $851 million to $144 million
- Moody's (Baa2/Stable) strong credit rating confirmed in January 2021. S&P (BBB/Stable/A-2) assessing impact of Thiess transaction
- Work in hand[x] of $30.1 billion adjusted for Thiess at 50%, equivalent to approximately two years' worth of revenue; awarded new work[xi] of $7.4 billion in FY20.

On the last day of 2020, we announced the completion of the sale of 50% of Thiess. The sale allowed us to capitalise on Thiess' strong performance over recent years and the mining sector outlook. It has delivered additional capital to pursue future growth opportunities and enables us to retain a strategic 50% interest in the mining business, whilst also strengthening our balance sheet and reducing debt.

Our net cash position and strong liquidity together with improved cash flow in 4Q20 – as well as the Thiess transaction and our commitment to reward shareholders – have supported the declaration of a final dividend of 60 cents per share, at a payout ratio of 62% of 2H20 NPAT.

For FY21, our guidance is for NPAT to be in the range of $400 million to $430 million, subject to market conditions. This guidance reflects our reduced ownership stake of Thiess and the continuing impact of COVID-19 on existing projects and amount of new work secured. It represents an 8% to 16% increase on proforma underlying NPAT.

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

Work winning

Throughout 2020 we worked closely with public and private clients to safely deliver projects in line with health protocols and to ensure our activities continued to underpin the economic recovery from COVID-19.

While the pandemic had a bearing on revenues and the award of new projects during 2020, we have a strong level of work in hand of $30.1 billion, providing approximately two years' worth of work and a positive outlook for the future.

Key wins during the period included a contract extension for Thiess to continue to provide mining services at the Lake Vermont Mine in Queensland. The five-year extension will generate revenue of $2.5 billion for Thiess and covers full-service mining operations. Thiess is providing a range of autonomous services at the mine, including the implementation of autonomous drilling and semi-autonomous dozer push.

In construction, CPB Contractors was selected by the Australian Government's Department of Defence to deliver the development phase of the Australia-Singapore Military Training Initiative facilities project in Queensland. CPB Contractors was also named as the preferred contractor to manage the second phase of the project.

UGL, as a member of an alliance, was appointed as preferred tenderer by Rail Projects Victoria to improve rail services for Victoria's Gippsland Line. The scope of works includes second platforms and station amenity works at three stations, which will benefit the growing communities of Gippsland and create jobs in the region. UGL has a long history of providing rail services in Victoria.

Organisational changes

In November 2020, our former Executive Chairman, Marcelino Fernández Verdes, retired from the Board.

Marcelino had been a part of CIMIC Group for eight years and led the strategic reshaping of our

Hong Kong International Airport Terminal 2 Foundation and Substructure Works
Leighton Asia, Hong Kong

businesses into the market leading operations that we have today in construction, mining and minerals processing, services and PPPs.

Our Alternate Directors, Adolfo Valderas and Ángel Muriel, also retired from their positions.

As a former Chief Executive Officer of our company, Adolfo was integral to driving our transformation to a more unified and operationally efficient Group.

Ángel, a former Chief Financial Officer of our company, was pivotal to the successful acquisitions of Sedgman and UGL and the establishment of Pacific Partnerships, as well as other major strategic initiatives.

On behalf of the Board, I extend my thanks to Marcelino, Adolfo and Ángel for their outstanding contributions to the company over many years.

Following Marcelino's retirement, I was pleased to accept the Board's nomination as Executive Chairman in addition to my positions as Chief Executive Officer and Managing Director.

In January 2021, we announced the appointment of Emilio Grande as Chief Financial Officer. Emilio's involvement with key strategic initiatives across the Group has given him deep knowledge of our operations. He was formerly CIMIC Group Deputy Chief Financial Officer and, more recently, Chief Financial Officer of UGL.

Emilio succeeded Stefan Camphausen, who made a significant contribution to the Group, playing key roles in the successful completion of the sale of 50% of Thiess and the growth of Pacific Partnerships. I extend my thanks to Stefan for his achievements.

Health and safety

In delivering our projects, the health and safety of our people and communities is paramount.

Keeping our people healthy and safe requires a constant commitment from our teams and our leaders. During the past year we have focused on building a culture that understands the hazards in our workplaces and the rules we follow to mitigate them and we are relentless in encouraging our people to speak up and get involved.

Our approach to health and safety involves:

- an unceasing focus on the management of risk in planning for and delivering work;
- continuous, two-way communication with our people, contractors, partners, clients and communities;
- uncompromising standards; and
- the consistent involvement of everyone, every day.

In last year's Annual Report we sadly reported the death, in early 2020, of one of our colleagues at the Curragh Mine in Queensland. In January this year, we marked the one-year anniversary of the tragic passing of our teammate through events on site including the unveiling of a memorial. His loss continues to be felt greatly by the team and we again extend our profound sympathies to his family and teammates.

With the ongoing challenge from COVID-19, we have made a significant effort to look after our people and the long-term sustainability of our operations.

This has involved a variety of controls, tailored to each project and location, including modifying the layout of our sites, upgrading accommodation facilities and implementing health processes – testing, infection control and case management – to reduce the transmission risk from areas outside of our control.

Amongst our employees and contractors, across our 20 global locations, there have been 648 confirmed positive cases of COVID-19 in 2020 (less than 1.4% of our workforce). Most of these cases have had a limited direct impact on our people and workplaces as they were detected in tests undertaken prior to workers travelling to site or in screening on arrival prior to entering the workplace.

Our protocols in these locations continue to be rigorously applied, with additional measures such as the application of specific trigger action response plans, quarantine measures and the provision of essential protective equipment to safeguard team members.

Overall, our ongoing approach is to follow all relevant public health orders and to act with an abundance of caution.

Sustainability

Sustainability is embedded in our mission to maximise long-term value for shareholders by sustainably delivering projects for our clients while providing safe, rewarding and fulfilling careers for our people. Acting sustainably is not only the right thing to do but it can help to deliver value by growing revenue, reducing costs, mitigating risk and continuing to enhance our reputation.

In 2020, our commitment to operating sustainably and reporting on our performance was recognised by the Australian Council of Superannuation Investors' highest rating – ranking CIMIC as 'leading' in sustainability reporting for the third year in a row.

CIMIC was also the only construction and engineering company to be included in the DJSI Australia Index and was included, for the fifth consecutive year, in the FTSE4Good Index Series. The FTSE4Good Index Series measures the performance of companies demonstrating strong environmental, social and governance practices.

Our approach to sustainability reporting has five key themes – safety, integrity, culture, innovation and environment. I encourage you to read the Sustainability Report within this Annual Report which uses case studies to demonstrate how acting sustainably can create value.

Landing Helicopter Dock Landing Craft
UGL, New South Wales, Australia

Innovation

As with sustainability, we continue to invest in innovation, progressing our work via our Innovation Council.

Innovation is one of the Group's four Principles and is central to our culture. Each of our operating companies is continually seeking improved performance and evolving our offer to the market. Subject matter experts from EIC Activities collaborate on projects across the Group and are often called upon to challenge and improve concept designs, construction methods and operations and maintenance practices, to find ways to deliver more efficient or effective solutions.

We have seen this in place at some of our major projects, such as Cross River Rail where EIC Activities has automated parts of the modelling process to efficiently complete 3D models of multiple stations for the project; and at Parramatta Light Rail where EIC Activities is working with the project team to use augmented reality to visualise the utilities model on the construction site. The Sustainability Report contains many more examples.

We are also developing an innovation strategy to combine forces with other Group companies Hochtief and ACS to share solutions, invest in R&D and achieve more cost-effective digital innovations, through our global technology company Nexplore.

Working with some of the world's leading universities and IT companies, we have identified key pilot projects with additional initiatives being evaluated based on expertise already present within our business. Key projects include the use of digital camera vision to improve safety around plant and to introduce intelligent earthworks capability.

We are also investing in the Asia-Pacific with the creation of a regional development centre in Hong Kong, which will be instrumental in the development of solutions aligned to our business needs.

Our future

In 2021, our objectives are to deliver sustainable growth and returns, closely manage capital expenditure and working capital, and to generate cash-backed profits through our core operations of construction, mining and mineral processing, services and PPPs.

The significant role of infrastructure in the economic recovery from the pandemic supports a positive outlook for our activities. Governments are pursuing stimulus packages in construction and services, including PPP projects, while the mining market is proving resilient.

More than $500 billion of tenders relevant to CIMIC are expected to be bid and/or awarded in 2021 and beyond, including around $130 billion worth of PPP opportunities.

In closing, I would like to thank 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 14 April 2021.

Sincerely

Juan Santamaria
Executive Chairman and Chief Executive Officer

[i] Statutory includes both continuing operations and discontinued operations

[ii] Excludes the FY20 one-off items (post-tax) in respect of the 50% sale of Thiess (+$1.4bn), Gorgon Jetty resolution ($805m) and other FY20 one-offs ($613m) associated with COVID-19, project settlements and provisions, and property business and oil & gas vessel impairments. Refer to the 'Performance reconciliation' in the Appendices of the Analyst and Investor Presentation for further information

[iii] Proforma underlying financial performance represents CIMIC Group's underlying result (i.e. statutory excluding one-off items) adjusted for Thiess as a 50% joint venture

[iv] Revenue excludes revenue from joint ventures and associates of $2,803.6m (FY19: $2,506.0m)

[v] Margins are calculated on revenue which excludes revenue from joint ventures and associates

[vi] The total NPAT impact of the 50% sale of Thiess includes the statutory gain of $1,488.2m offset by $(50)m in relation to tax losses previously recognised within continuing operations, which following the completion of the sale are no longer expected to be utilised

[vii] Refer to the 'Performance reconciliation' in the Appendices of the Analyst and Investor Presentation for further information on the FY20 one-offs

[viii] Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments before interest, finance costs and taxes. Operating cash flow includes the cash generated by Thiess during FY20 which was sold on 31 December 2020 (refer to the Financial report, 'Note 32: Acquisitions, disposals and discontinued operations')

[ix] Conduit foreign income

[x] Work in hand includes CIMIC's share of work in hand from joint ventures and associates

[xi] New work includes new contracts and contract extensions and variations, including the impact of foreign exchange rate movements and other work in hand adjustments

Dawson South Mine
Thiess, Queensland, Australia

CIMIC IN 2020

One

We operate across diverse sectors, multiple brands and many projects, yet we come together as One CIMIC Group, working collaboratively to create the best outcomes for our clients, communities and shareholders. Our diverse workforce provides variety of thought, capability and skill which makes our business stronger together. Diversity and inclusivity significantly expand our potential and improve operational performance, productivity and safety. These advantages are strongest when our workforces reflect the diverse communities in which we work.

Gender equality

We're improving how we attract, retain and develop women at all levels in CIMIC Group. This includes addressing the challenges associated with relatively small numbers of women entering the engineering trades and professions and ensuring women are represented across diverse areas and in leadership roles. Regular company-wide pay equity reviews are used to proactively close pay gaps based solely on gender, supported by initiatives such as unconscious bias awareness training to empower equitable decision-making.

Indigenous employment and suppliers.

With significant operations in Australia, we have a focus on opening opportunities for Aboriginal and Torres Strait Islander people in our business and supply chain, as well as engaging Indigenous people in other countries – an objective we share with our clients. We provide employment pathways via our partners Clontarf Foundation and CareerTrackers – organisations which empower young Indigenous people through mentoring and leadership – and we access verified Indigenous businesses via Supply Nation. Our in-house programs include Sisters in Mining, which assists Indigenous women to transition to employment within mining.

Columbarium and Garden of Remembrance
Leighton Asia, Hong Kong

100+

Indigenous businesses engaged as CPB Contractors' suppliers, with total annual expenditure now exceeding $51 million.

216,935

hours spent by Leighton Asia applying digital engineering solutions across projects and offices in Asia

270+

kilometres of transmission line installed at UGL's Hill to Hill project in South Australia

550

hectares of mine rehabilitation delivered across Thiess' Australian and Indonesian projects

32,000,000

customer journeys delivered by Canberra Light Rail and Sydney Metro Northwest since opening in 2019

37,470,081

annual total of raw material feed tonnes processed across Sedgman operations sites globally.

187,000

hours spent by EIC Activities on more than 130 tenders and 94 projects delivering over $400 million in value

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).

Mount Pleasant Operation
Thiess, New South Wales, Australia

CONTENTS

Mater Private Hospital redevelopment

CPB Contractors, Townsville, Australia

CPB Contractors worked with Mater Health Services North Queensland to successfully deliver the Stage 1 redevelopment of the Mater Hospital at Pimlico, Townsville.

The new four storey Mercy Centre building includes medical imaging facilities and a day surgery unit. The project also delivered four digital operating theatres in the existing Lothair Street wing and a new main hospital entrance.

CPB Contractors' health sector experience equipped the team to manage delivery on the live hospital campus. Throughout the project, meticulous planning and ongoing engagement supported a shared focus on safety, patient comfort and maintaining the hospital's operational continuity.

Part of a 10-year master plan to enhance health care in the North Queensland region, the facility provides residents with leading treatment and care, near home and family.

DIRECTORS' REPORT

Directors' Report

The Directors present their report for the 2020 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 2021.

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. Mr Chenu is a former Director of James Hardie Industries plc (August 2014 to November 2020).

Mr Chenu is a Director of the following additional ASX-listed entities: Metro Performance Glass Limited (since July 2014) and Reliance Worldwide Corporation Limited (since April 2016).

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, Member of the Audit Committee and 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 Musuem.

Mr López Jiménez is currently the 1st Vice Chairman of the European Club Association (E.C.A) and 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. 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 of the Sisters of Charity in Australia.

Mr Robinson is the Chairman of ASX listed entity Devine Limited (Chairman since January 2016 and a Director since May 2015).

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, Coinvest Ltd and Future Fuels Cooperative Research Centre. 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, and Transfield Services Infrastructure Fund.

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 the Chairman of the Australian Olympic Committee Tokyo 2021 Advisory Committee, 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 is a member of the Business Council of Australia and 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 (from July 2016 to December 2018) and Investa Listed Funds Management Limited (from April 2016 to December 2018). He was the Chairman of Leighton Asia (from November 2011 to September 2012) and a Director of Leighton Properties (from May 2010 to August 2012) and Leighton International (from November 2009 to November 2011).

COMPANY SECRETARIES' RESUMÉS

LOUISE GRIFFITHS
Company Secretary
BSc, BA, FGIA, FCG

Appointed Company Secretary in January 2016. Ms Griffiths was formerly the Assistant Company Secretary of the Company, having held that role since May 2011. Ms Griffiths has a Bachelor of Science in Criminology and Criminal Justice and a Bachelor of Arts in Community Justice. She is a fellow of the Governance Institute of Australia (GIA) and holds a Graduate Diploma in Applied Corporate Governance from the GIA. Ms Griffiths served as a member of the GIA's New South Wales Professional Development Committee between February 2013 and September 2014. Ms Griffiths is also the company secretary of a number of subsidiaries of CIMIC.

LYN NIKOLOPOULOS
Company Secretary
BBus, FGIA, FCG

Appointed Company Secretary in June 2017. Prior to the CIMIC appointment, Ms Nikolopoulos was Company Secretary of UGL since 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 in a company secretary role. Ms Nikolopoulos is also the company secretary of a number of subsidiaries of CIMIC.

FORMER OFFICEHOLDERS
During FY20 the following people ceased to be officeholders of the Company:

Name	Position	Period
Michael Wright	Chief Executive Officer and Managing Director	1 January 2020 to 5 February 2020
Marcelino Fernández Verdes	Executive Chairman	1 January 2020 to 6 November 2020
Adolfo Valderas	Alternate Director for Mr López Jiménez	1 January 2020 to 6 November 2020
Ángel Muriel	Alternate Director for Mr Sassenfeld	1 January 2020 to 6 November 2020

BOARD MEETINGS

The number of Board and Board Committee meetings held, and the number of meetings attended by each Director, during FY20 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[1]	6	6	-	3[+]	-	3[+]	-	1[+]	2	2
R Chenu	8	8	4	4	4	4	2	2	2	2
J L del Valle Pérez	8	8	-	4[+]	4	4	2	2	-	-
P Lopéz Jiménez	8	7	-	4[+]	4	4	2	2	-	-
D Robinson	8	8	-	4[+]	4	4	-	2[+]	2	2
P Sassenfeld	8	8	4	4	-	2[+]	-	1[+]	-	-
K Spargo	8	8	4	4	4	4	2	2	2	2
Alternate Director										
R Seidler AM[2]	-	6*	-	4*	-	4*	-	2*	-	1*
Former Directors/ Alternate Directors										
M Wright[3]	2	2	-	1[+]	-	1[+]	-	-	-	-
M Fernández Verdes[4]	6	6	-	4[+]	-	4[+]	-	2[+]	-	-
A Valderas[5]	-	5*	-	4*	-	4*	-	2*	-	-
Á Muriel[6]	-	6*	-	4*	-	3*	-	1*	-	-

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).

\# Matters delegated to a sub-committee of the Board.

* 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 Santamaria was appointed Executive Chairman on 6 November 2020 and appointed Chief Executive Officer and Managing Director on 5 February 2020.

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

3 Mr Wright ceased his role as Chief Executive Officer and Managing Director on 5 February 2020.

4 Mr Fernández Verdes retired from the Board as Executive Chairman on 6 November 2020.

5 Mr Valderas retired from the Board as an Alternate Director for Mr López Jiménez on 6 November 2020.

6 Mr Muriel retired from the Board as an Alternate Director for Mr Sassenfeld on 6 November 2020.

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	-	595 (ACS)	-
R Chenu	4,085	-	-
J L del Valle Pérez	1,000[1]	306,084 (ACS)	275,000 (ACS)
P López Jiménez	1,192[1]	692,382 (ACS)~	-
D Robinson	1,489	-	-
P Sassenfeld	1,858[1]	15,342 (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 FY20:

- the Company submitted its NGER Scheme report with EY, our NGER Scheme external auditor, providing limited assurance; and
- across the 120.9 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 34 breaches which involved written warnings from environmental regulators and 6 fines totalling $18,113, 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 expands beyond compliance), please refer to the Sustainability Report within this Annual Report.

OPTIONS

Details of the 2015 LTI (2015 Options) are contained in the table below. The 2015 Options were granted under the LTI plan and were made to eligible Senior Executives in February 2016 as their 2015 LTI.

As at the date of this Directors' Report, there are zero Options on issue. The 2015 Options were on foot for much of FY20 until all remaining 2015 Options lapsed on 29 October 2020.

2015 options	
Number of participants at date of grant	36
Date of grant	29 October 2015
Exercise price	$27.53
Expiry date	29 October 2020

Number of options	
Original number issued	735,636
On issue 4 Feb 2020[1]	102,123[2]
Lapsed since 4 Feb 2020	(102,123)
Exercised since 4 Feb 2020	0
On issue 9 Feb 2021[3]	**0**

1 Date of the Directors' Report contained in the 2019 CIMIC Annual Report.

2 This number has been adjusted from the number contained in the 2019 Directors' Report to incorporate an exercise of 1,882 options on 23 January 2020.

3 Date of this Directors' Report.

On vesting, options may be satisfied through the issue of ordinary shares in the Company, the allocation of ordinary shares in the Company acquired on-market or in cash in lieu of an allocation of shares. On 23 October 2018, the Company determined that all remaining options be settled in cash in lieu of an allocation of shares and accordingly, during FY20 all vested options were satisfied in cash. Holders of these options receive no voting rights and are not entitled to participate in any share or rights issue made by the Company.

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 FY20, 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 FY20 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 2020 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 2020 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 2020 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 FY20 were as follows.

Non-audit services	Amount paid/payable $'000
Other assurance services	284
Taxation and other services	-
Total	**284**

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 FY20 in accordance with section 295A of the Corporations Act.

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

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Sydney NSW 1220 Australia

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www.deloitte.com.au

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

9 February 2021

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 2020, 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

- Statutory[1] revenue of $11.4 billion / underlying revenue[2] of $12.6 billion in FY20.
- COVID-19 led to 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.
- Operating profit[3], PBT and NPAT margins before the gain on Thiess divestment, Gorgon Jetty resolution and other FY20 one-off items, were 8.1%, 6.6% and 4.8% respectively.
- Operating profit[3] of more than $1.0 billion.
- Statutory[1] PBT of $991.8 million / underlying PBT of $838.5 million excluding the gain on Thiess divestment, Gorgon Jetty resolution and other FY20 one-off items.
- Statutory[1] NPAT of $620.1 million / underlying NPAT of $600.5 million excluding the gain on Thiess divestment, Gorgon Jetty resolution and other FY20 one-off items.
- Successful completion of 50% sale of Thiess on 31 December 2020. The Group's retention of the remaining 50% reflects the ongoing strategic importance of Thiess to our business.
- Significant one-off items in FY20 relate to $2.2 billion gain on divestment of Thiess, $(1,150.4) million loss on resolution of the Gorgon Jetty arbitration and $(860.7) million of other one-off FY20 items, all gross of tax.

CASH FLOWS

- Operating cash flows pre-factoring of $578.6 million, operating cash flows of $53.1 million.
- Factoring balance of $975.8 million, down $984.5 million from $1,960.3 million at 31 December 2019. Decrease attributable to operational reduction and Thiess deconsolidation.
- Gross capital expenditure of $579.7 million, of which $419.6 million was attributable to Thiess during FY20.

FINANCIAL POSITION

- Net cash of $190.4 million at 31 December 2020.
- Strong liquidity of $4.2 billion comprising $3.1 billion cash on balance sheet and $1.1 billion of undrawn bank facilities; includes $2.2 billion of gross proceeds from divestment of Thiess.
- Moody's (Baa2/Stable) strong credit rating confirmed in January 2021. S&P (BBB/Stable/A-2) assessing impact of Thiess transaction.
- Cost of debt reduced by 140 basis points to 1.9%, from 3.3% at 31 December 2019.
- Net contract debtors of $(294.7) million versus $1.3 billion at 31 December 2019, movement mainly attributable to the resolution of the Gorgon Jetty arbitration and Thiess divestment.
- The contract debtors portfolio provision is in line with FY19.

WORK IN HAND AND PIPELINE

- Work in hand of $30.1 billion adjusted for Thiess at 50%, equivalent to approximately two years of revenue.
- Ventia's acquisition of Broadspectrum added $3.1 billion of work in hand, representing CIMIC's share.
- Awarded new work of $7.4 billion in FY20; temporary delay in the award of new projects due to COVID-19.
- Extensive project pipeline in our key markets/activities, continuing to provide a range of opportunities.
- More than $500 billion of tenders relevant to CIMIC to be bid and/or awarded in 2021 and beyond, including approximately $130 billion worth of PPP projects.

SHAREHOLDER RETURNS

- CIMIC declared a final dividend of 60.0 cents per share, franked at 20% and conduit foreign income at 80%, representing a 62% payout ratio on 2H20 result.
- CIMIC returned $281.3 million cash to shareholders through share buyback in FY20.
- EPS (basic) was 195.0 cents per share.

GUIDANCE

- FY21 NPAT expected to be in the range of $400 million to $430 million, subject to market conditions. Increase of 7.7% - 15.7% on FY20 proforma underlying NPAT of $371.5 million, anticipated progressive recovery from COVID-19.
- Guidance supported by strong level of work in hand and positive medium-term outlook across the Group's core markets.
- Disciplined focus 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] Statutory includes both continuing operations and discontinued operations.
[2] Underlying revenue excludes the $(1,150.4) million revenue reversal with respect to the Gorgon Jetty contract asset following the resolution of arbitration and $(51.4) million of other FY20 items in respect of property business impairments.
[3] Operating profit is EBIT adjusted for the one-off items in FY20 in respect of the gain on Thiess divestment, resolution of the Gorgon Jetty arbitration and other FY20 items.

FINANCIAL OVERVIEW – FY20 PERFORMANCE

FY20 Financial performance $m	Statutory[4,5]	Thiess Divestment[6]	Gorgon	Other FY20 items	Underlying[4]	Less: 50% of Thiess	Proforma Underlying[7]
Revenue[8]	**11,408.6**	**-**	**1,150.4**	**51.4**	**12,610.4**		
Expenses	(11,528.0)	-	-	757.6	(10,770.4)		
Share of profit/(loss) of joint ventures and associates	71.1	-	-	-	71.1		
Gain on sale of Thiess	2,164.4	(2,164.4)	-	-	-		
EBITDA	**2,116.1**	**(2,164.4)**	**1,150.4**	**809.0**	**1,911.1**		
Depreciation and amortisation	(936.5)	-	-	51.7	(884.8)		
EBIT/Operating profit[9]	**1,179.6**	**(2,164.4)**	**1,150.4**	**860.7**	**1,026.3**		
EBIT/Operating profit margin	10.3%	-	-	-	8.1%		
Net finance costs	(187.8)	-	-	-	(187.8)		
Profit before tax	**991.8**	**(2,164.4)**	**1,150.4**	**860.7**	**838.5**		
PBT margin	8.7%	-	-	-	6.6%		
Income tax	(375.1)	726.2	(345.1)	(233.2)	(227.2)		
Profit for the year	**616.7**	**(1,438.2)**	**805.3**	**627.5**	**611.3**		
Continuing operations[10]	(1,267.2)						
Discontinued operations[11]	1,883.9						
Non-controlling interests	3.4	-	-	(14.2)	(10.8)		
Total NPAT	**620.1**	**(1,438.2)**	**805.3**	**613.3**	**600.5**	**(229.0)**	**371.5**
NPAT margin	5.4%				4.8%		
EPS (basic)	195.0c				188.9c		

FY20 Segment results $m	PBT Construction	PBT Services	PBT Corporate	PBT Thiess	PBT Total	Tax/NCI	NPAT
Statutory[5]	**(1,221.2)**	**19.9**	**(500.1)**	**2,693.2**	**991.8**	**(371.7)**	**620.1**
Gorgon Jetty resolution	1,150.4	-	-	-	1,150.4	(345.1)	805.3
Gain on divestment of Thiess	-	-	-	(2,164.4)	(2,164.4)	726.2	(1,438.2)
Property and vessel impairments	51.7	-	98.7	-	150.4	(34.3)	116.1
COVID-19 and restructuring costs	91.0	59.9	19.1	99.8	269.8	(80.9)	188.9
Project settlements	235.7	24.8	-	-	260.5	(78.2)	182.3
Cost provision	-	-	180.0	-	180.0	(54.0)	126.0
Underlying	**307.6**	**104.6**	**(202.3)**	**628.6**	**838.5**	**(238.0)**	**600.5**

During FY20, the Group has determined that COVID-19 and other one-off items had an impact of $613.3 million on NPAT including:

- $(116.1) million impairments relating to offshore oil & gas vessels (due to changes in oil prices and reduced usage) and impairments in the property business;
- $(188.9) million COVID-19 and related restructuring costs following clients' requests to keep project sites open with heightened COVID-19 safety measures which resulted in increased costs and in work being executed over longer timeframes;
- $(182.3) million of project settlements in the period, driven mainly by Q4 settlements related to certain increased costs incurred, with various clients both domestically and overseas; and
- $(126.0) million additional cost provision built to complete the Group's existing contracts driven by the uncertainty of COVID-19.

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[4] Statutory and underlying include 100% of Thiess' operations for the full year.
[5] Statutory includes both continuing operations and discontinued operations on a line-by-line basis.
[6] The total NPAT impact of the Thiess divestment includes the statutory gain of $1,488.2 million offset by $(50.0) million in relation to tax losses previously recognised, within continuing operations, which following the completion of the sale are no longer expected to be utilised.
[7] Proforma underlying represents CIMIC Group's result, adjusted for 50% of Thiess' result.
[8] Revenue excludes revenue from joint ventures and associates of $2,803.6 million (FY19: $2,506.0 million).
[9] Operating profit is EBIT adjusted for the one-off items in respect of the gain on Thiess divestment, resolution of the Gorgon Jetty arbitration and other FY20 items.
[10] The continuing operations include $(805.3) million with respect to the resolution of the Gorgon Jetty arbitration, other FY20 one-off items and the FY20 operations of the CIMIC Group (excluding Thiess).
[11] The discontinued operations include the $1,488.2 million post-tax gain on divestment of Thiess and 100% of Thiess' FY20 operations (excluding $7.7 million of non-controlling interest).

FINANCIAL OVERVIEW – GUIDANCE

CIMIC Group excluding 50% of Thiess has returned pre COVID-19 results of approximately $600 million NPAT per annum in the period between 2017 and 2019. In FY20, the results have been impacted by COVID-19 with a proforma underlying NPAT of $371.5 million. Given the anticipated progressive recovery from COVID-19, the FY21 NPAT guidance is in the range of $400.0 million to $430.0 million, an increase of 7.7% to 15.7% on FY20 proforma underlying NPAT.

Proforma underlying NPAT $m	FY17	FY18	FY19	FY20	FY21
Pre COVID-19 results	570.0	613.6	595.6	-	-
COVID-19 impacted results	-	-	-	371.5	400.0 – 430.0

CIMIC Group anticipates a return to pre COVID-19 results based on the positive medium-term outlook across the Group's core markets, subject to market conditions.

FINANCIAL OVERVIEW – OTHER

Financial position $m	December 2020	December 2019	chg. $	chg. %
Net cash/(debt)	**190.4**	**831.6**	**(641.2)**	**(77.1)%**
Lease liabilities[12]	(314.8)	(902.1)	587.3	(65.1)%
Net cash/(debt) (incl. leases)	(124.4)	(70.5)	(53.9)	76.5%
Net contract debtors[13]	**(294.7)**	**1,285.7**	**(1,580.4)**	**-**

Cash flows $m	Pre-factoring 2020	Pre-factoring 2019	Post-factoring 2020	Post-factoring 2019
Operating cash flow[14]	**578.6**	**1,707.0**	**53.1**	**1,714.3**
Interest, finance costs and taxes	(318.3)	(463.8)	(318.3)	(463.8)
Net operating cash flow[15]	**260.3**	**1,243.2**	**(265.2)**	**1,250.5**
Gross capital expenditure[16]	(579.7)	(774.4)	(579.7)	(774.4)
Gross capital proceeds[17]	30.5	22.5	30.5	22.5
Net capital expenditure	**(549.2)**	**(751.9)**	**(549.2)**	**(751.9)**
Free operating cash flow[18]	**(288.9)**	**491.3**	**(814.4)**	**498.6**

Work in hand[19] $m	December 2020	December 2019	chg. $	chg. %
Work in hand beginning of period	37,510.7	36,706.1	804.6	2.2%
New work and adjustments[20]	7,393.9	18,011.7	(10,617.8)	(58.9)%
Acquisition during the year[21]	3,072.2	-	3,072.2	-
Executed work	(14,212.2)	(17,207.1)	2,994.9	(17.4)%
Total work in hand	**33,764.6**	**37,510.7**	**(3,746.1)**	**(10.0)%**
Less: 50% divestment of Thiess	(3,686.0)	-	(3,686.0)	-
Total work in hand end of period	**30,078.6**	**37,510.7**	**(7,432.1)**	**(19.8)%**
Work in hand by segment				
Construction	12,526.0	16,228.9	(3,702.9)	(22.8)%
Services	8,824.5	9,281.5	(457.0)	(4.9)%
Investments[22]	12,414.1	12,000.3	413.8	3.4%
Total	**33,764.6**	**37,510.7**	**(3,746.1)**	**(10.0)%**
Less: 50% divestment of Thiess	(3,686.0)	-	(3,686.0)	-
Total	**30,078.6**	**37,510.7**	**(7,432.1)**	**(19.8)%**

[12] Lease liabilities at December 2020 excludes $484.3 million transferred with FY20 Thiess divestment.

[13] 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 10: *Trade and other receivables*'–'*Additional information on contract debtors*').

[14] Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments, before interest, finance costs and taxes. 2020 operating cash flow includes the cash generated by Thiess during FY20 which was sold on 31 December 2020 as shown in the financial statements as discontinued operations (refer to the Financial Report, 'Note 32: *Acquisitions, disposals and discontinued operations*').

[15] Net operating cash flow is defined as operating cash flow after interest, finance costs and taxes.

[16] Gross capital expenditure is payments for property, plant and equipment. 2020 gross capital expenditure includes capital expenditure incurred by Thiess during FY20 which was sold on 31 December 2020 as shown in the financial statements as discontinued operations.

[17] Gross capital proceeds are proceeds received from the sale of property, plant and equipment. 2020 gross capital proceeds include cash proceeds generated by Thiess during FY20 which was sold on 31 December 2020 as shown in the financial statements as discontinued operations.

[18] Free operating cash flow is defined as net operating cash flow less net capital expenditure for property, plant and equipment.

[19] Work in hand includes CIMIC's share of work in hand from joint ventures and associates.

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

[21] CIMIC's share of work in hand in relation to Ventia's acquisition of Broadspectrum.

[22] Investments include 100% of Thiess' work in hand of $7.4 billion for FY20 and $9.8 billion for FY19.

FINANCIAL PERFORMANCE

Financial performance – Underlying to Statutory $m	2020	2019	chg. $	chg. %
Underlying group revenue	15,414.0	17,207.1	(1,793.1)	(10.4)%
Revenue – joint ventures and associates	(2,803.6)	(2,506.0)	(297.6)	11.9%
Underlying revenue[23]	**12,610.4**	**14,701.1**	**(2,090.7)**	**(14.2)%**
Expenses	(10,770.4)	(12,621.1)	1,850.7	(14.7)%
Share of profit/(loss) of joint ventures and associates	71.1	66.7	4.4	6.6%
Underlying EBITDA	**1,911.1**	**2,146.7**	**(235.6)**	**(11.0)%**
Depreciation and amortisation	(884.8)	(917.6)	32.8	(3.6)%
Operating profit[24]	**1,026.3**	**1,229.1**	**(202.8)**	**(16.5)%**
Operating profit margin[25]	8.1%	8.4%	(30)bp	-
Net finance costs	(187.8)	(129.2)	(58.6)	45.4%
Underlying profit before tax[26]	**838.5**	**1,099.9**	**(261.4)**	**(23.8)%**
Underlying PBT margin[25]	6.6%	7.5%	(90)bp	-
Underlying income tax[26]	(227.2)	(297.0)	69.8	(23.5)%
Underlying profit for the year[26]	**611.3**	**802.9**	**(191.6)**	**(23.9)%**
Non-controlling interests	(10.8)	(2.6)	(8.2)	315.4%
Underlying NPAT[26]	**600.5**	**800.3**	**(199.8)**	**(25.0)%**
Underlying NPAT margin[25]	4.8%	5.4%	(60)bp	-
EPS (basic) – excl. one-offs	188.9c	246.9c	(58.0)c	(23.5)%
One-off items[26]				
Gain on divestment of Thiess	1,438.2	-	1,438.2	-
Gorgon	(805.3)	-	(805.3)	-
Other FY20 items	(613.3)	-	(613.3)	-
BICC	-	(1,840.2)	1,840.2	-
Statutory NPAT[27]	**620.1**	**(1,039.9)**	**1,660.0**	**(159.6)%**
EPS (basic)	195.0c	(320.9)c		

SIGNIFICANT ONE-OFFS

During FY20 and FY19, the Group has been impacted by one-off events and transactions, outlined below.

FY20 $m	PBT	Tax/NCI	NPAT
Underlying	**838.5**	**(238.0)**	**600.5**
Gain on divestment of Thiess	2,164.4	(726.2)	1,438.2
Gorgon Jetty resolution	(1,150.4)	345.1	(805.3)
Other FY20 items	(860.7)	247.4	(613.3)
Statutory[27]	**991.8**	**(371.7)**	**620.1**

FY19 $m	PBT	Tax/NCI	NPAT
Underlying	**1,099.9**	**(299.6)**	**800.3**
BICC	(2,724.7)	884.5	(1,840.2)
Statutory	**(1,624.8)**	**584.9**	**(1,039.9)**

DIVESTMENT OF THIESS

On 19 October 2020, CIMIC Group announced it had entered into an agreement with Elliott regarding the acquisition by Elliott of a 50% equity interest in Thiess. The transaction completed on 31 December 2020.

CIMIC benefitted from cash proceeds of $2.2 billion on completion of the transaction. The transaction has generated a pre-tax gain for CIMIC of $2.2 billion, and a post-tax gain of $1.4 billion. Following its deconsolidation, the investment in Thiess is recorded as an equity-accounted joint venture in CIMIC Group’s balance sheet as at 31 December 2020 for an amount of $1.1 billion representing the fair value of CIMIC’s 50% share. CIMIC’s retention of the remaining 50% reflects the ongoing strategic importance of Thiess to our business.

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[23] Underlying revenue excludes revenue from joint ventures and associates of $2,803.6 million (FY19: $2,506.0 million). In FY20, underlying revenue excludes the $(1,150.4) million revenue reversal with respect to the Gorgon Jetty contract asset following the resolution of arbitration and $(51.4) million of other FY20 items in respect of property business impairments.

[24] Operating profit is EBIT adjusted for the one-off items in FY20 in respect of the gain on Thiess divestment, resolution of the Gorgon Jetty arbitration and other FY20 items; FY19 is adjusted for the one-off item in respect of the provisions and asset impairments of the Group’s financial investment in BICC.

[25] Margins are calculated on underlying revenue as defined above. FY20 margins are adjusted for the one-off items in FY20 in respect of the gain on Thiess divestment, resolution of the Gorgon Jetty arbitration and other FY20 items; FY19 margins are adjusted for the one-off item in respect of the provisions and asset impairments of the Group’s financial investment in BICC.

[26] Underlying excludes the one-off items identified as follows: “FY20 one-off items” are in respect of the gain on Thiess divestment, resolution of the Gorgon Jetty arbitration and other FY20 items. The “FY19 one-off items” is in respect of the provisions and asset impairments of the Group’s financial investment in BICC.

[27] Statutory includes both continuing operations and discontinued operations.

GORGON JETTY ARBITRATION

The Gorgon LNG Jetty and Marine Structures Project (Gorgon Jetty) was undertaken by CPB Contractors, a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA for Chevron Australia (Chevron). On 20 October 2020, the arbitration concluded, and the Arbitral Tribunal issued an award of $78.0 million to the Consortium (CPB and Saipem) and counterclaims of $35.0 million to Chevron. The overall financial outcome on CIMIC's profit and loss statement in FY20 was $(1,150.4) million (gross of tax, recorded against revenue). The award has had no impact on CIMIC's operational business or cash position.

OTHER FY20 ITEMS

During FY20, the Group has determined that COVID-19 and other one-off items had an impact of $613.3 million on NPAT including:

- $(116.1) million impairments relating to offshore oil & gas vessels (due to changes in oil prices and reduced usage) and impairments in the property business;
- $(188.9) million COVID-19 and related restructuring costs following clients' requests to keep project sites open with heightened COVID-19 safety measures which resulted in increased costs and in work being executed over longer timeframes;
- $(182.3) million of project settlements in the period, driven mainly by Q4 settlements related to certain increased costs incurred, with various clients both domestically and overseas; and
- $(126.0) million additional cost provision built to complete the Group's existing contracts driven by the uncertainty of COVID-19.

Notwithstanding the impact from COVID-19 which may continue into FY21, the outlook across all of CIMIC's core businesses remains positive into 2021 and beyond. Numerous stimulus packages are being announced by governments in CIMIC's core construction and services markets and additional opportunities are being identified through PPP projects.

REVENUE AND PROFIT BEFORE TAX BY SEGMENT

Underlying revenue for the year was $12.6 billion, compared to $14.7 billion in FY19. The movement reflects the impact of COVID-19 both due to a temporary delay in the award of new projects and a slowdown of revenues across the business. In FY20, statutory revenue was adjusted for the resolution of the Gorgon Jetty arbitration and property business impairment, which led to a revenue reversal of $(1,150.4) million and $(51.4) million respectively.

Revenue $m	**2020**	**2019**	**chg. $**	**chg. %**
Group revenue from continuing operations	10,571.2	13,264.2	(2,693.0)	(20.3)%
Revenue from associates and joint ventures from continuing operations	(2,768.8)	(2,458.1)	(310.7)	12.6%
Total revenue from continuing operations (incl. Gorgon and other FY20 one-off)	**7,802.4**	**10,806.1**	**(3,003.7)**	**(27.8)%**
Revenue from Thiess divestment (discontinued operations)	3,606.2	3,895.0	(288.8)	(7.4)%
Total statutory revenue	**11,408.6**	**14,701.1**	**(3,292.5)**	**(22.4)%**
Add back: Gorgon and other FY20 one-off	1,201.8	-	1,201.8	-
Underlying revenue	**12,610.4**	**14,701.1**	**(2,090.7)**	**(14.2)%**

As a result of the divestment of Thiess, management has reassessed the reportable segments and determined that the Mining and Mineral Processing segment no longer meets the size threshold of a reportable segment at 31 December 2020. As tabled below, segment data for the prior period comparatives have been restated to include Sedgman within the Services segment.

Underlying revenue by segment $m	**2020**	**2019**	**chg. $**	**chg. %**
Construction	6,596.1	7,532.1	(936.0)	(12.4)%
Services	2,351.4	3,228.3	(876.9)	(27.2)%
Corporate	56.7	45.7	11.0	24.1%
Underlying revenue from continuing operations	**9,004.2**	**10,806.1**	**(1,801.9)**	**(16.7)%**
Divestments (discontinued operations)	3,606.2	3,895.0	(288.8)	(7.4)%
Underlying revenue	**12,610.4**	**14,701.1**	**(2,090.7)**	**(14.2)%**

Underlying profit before tax by segment $m	**2020**	**2019**	**chg. $**	**chg. %**
Construction	307.6	470.4	(162.8)	(34.6)%
Services	104.6	153.1	(48.5)	(31.7)%
Corporate	(202.3)	(128.6)	(73.7)	57.3%
Underlying profit before tax from continuing operations	**209.9**	**494.9**	**(285.0)**	**(57.6)%**
Divestments (discontinued operations)	628.6	605.0	23.6	3.9%
Underlying profit before tax	**838.5**	**1,099.9**	**(261.4)**	**(23.8)%**

Underlying group revenue from the various market segments was split 83:17 between domestic and international markets, compared to 78:22 in FY19.

CONSTRUCTION

Construction revenue was $6.6 billion for FY20 compared to $7.5 billion for FY19. The reduction was driven by COVID-19 and the delay in the award of new work, including Hong Kong.

During the period, some of the Group's major revenue contributors included:

- rail and road developments in Australia, including Sydney Metro 'Northwest' and 'City & Southwest', WestConnex 'Rozelle Interchange' and 'New M5', Paramatta Light Rail, and the Woolgoolga to Ballina upgrade in New South Wales, and the Monash Freeway Stage 2 and West Gate Tunnel project in Victoria;
- social infrastructure projects including the Waikeria Corrections Facility and Christchurch Hospital in New Zealand, and Nepean Hospital and the Campbelltown Hospital in New South Wales;
- infrastructure projects in Hong Kong and South East Asia including the Liantang/Hueng Yuen Wai Boundary Control Point, 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, NLEX R10 Exit Ramp 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 $307.6 million for FY20 compared to $470.4 million for FY19. While PBT reflects the reductions in revenue due to COVID-19, the profitability in Construction benefitted from cost efficiency measures implemented in response to the changing circumstances.

SERVICES

Services revenue was $2.4 billion for FY20 compared to $3.2 billion for FY19. This was a resilient result despite the COVID-19 impact on selected areas of the business, which led to lower volumes of work executed during FY20. Services now includes Sedgman's contribution in both 2020 and 2019 (as restated).

During the period, some of the Group's major revenue contributors included:

- maintenance and supply chain services to over 1,200 passenger cars in Sydney's metropolitan rail fleet;
- mechanical and electrical works, as well as maintenance, for the Cross River Rail project in Queensland;
- provision of rail signalling systems, tunnel systems and rolling stock, as well as franchisee operations, for a period of 15 years as part of the Operation, Trains and System contract for the Sydney Metro 'Northwest' rail project;
- heavy resource maintenance works for resource companies including Chevron, BP, BHP, Rio Tinto, Woodside and Alcoa, across Australia;
- design, build and commissioning of high voltage substations and transmission lines that will connect the Prominent Hill electricity grid to the South Australian electricity grid;
- rail rolling stock maintenance works for Pacific National and Freightliner in New South Wales;
- delivery of operation and maintenance services in Australia's energy sector, for companies including AGL, Stanwell and Origin;
- provision of asset management services for up to 15 years to support the Royal Australian Navy;
- Mt Pleasant, Sonoma, Byerwen and Red Mountain mineral processing projects in Australia; and
- Barquito Port Upgrade in Chile.

Services PBT was $104.6 million for FY20 compared to $153.1 million for FY19, with steady margins, also supported by the implementation of cost efficiency measures in the segment.

CORPORATE

Corporate PBT was $(202.3) million for FY20 compared to $(128.6) million for FY19. The movement was driven by an increase in finance costs due to BICC and the precautionary draw down on syndicated working capital facilities in FY20. This segment includes Ventia, EIC Activities, Pacific Partnerships, the Commercial & Residential business and Corporate.

DISCONTINUED OPERATIONS

Revenue from discontinued operations was $3.6 billion for FY20, which represents 100% of Thiess' revenue for the financial year.

During the period, some of Thiess' major revenue contributors included:

- Lake Vermont, Mount Owen, Curragh North, Mount Arthur South, Peak Downs and Caval Ridge mines in Australia;
- Kaltim Prima Coal, Teguh Sinar Abadi Melak mines in Indonesia;
- Ukhaa Khudag and Oyu Tolgoi mines in Mongolia; and
- Encuentro Oxides mine in Chile.

Thiess' PBT was $628.6 million for FY20, with margins remaining steady during COVID-19 due to Thiess' diversification across commodities and geographic markets. Effective from 31 December 2020, CIMIC will benefit from the continuing 50% equity interest in Thiess, thereby jointly capitalising on the robust outlook for the mining sector and pursuing market opportunities in line with Thiess' growth and diversification strategy.

REVENUE – JOINT VENTURES AND ASSOCIATES

Revenue from joint ventures and associates was $2.8 billion for FY20, an increase of 11.9% or $297.6 million compared to FY19. Revenue from joint ventures and associates includes revenue from investments such as Ventia. Increase on FY19 was due to Ventia's acquisition of Broadspectrum which was completed on 30 June 2020 and Broadspectrum's financial performance was incorporated in CIMIC Group's result from 1 July 2020. No revenue generated from the new Thiess Group as a joint venture during FY20 as the divestment only occurred on 31 December 2020.

EXPENSES

Expenses were $10.8 billion for FY20, a decrease of 14.7%, or $1.9 billion, compared with FY19. The major direct expenses were materials, subcontractors, plant costs, and personnel costs.

Depreciation and amortisation

Depreciation and amortisation were $884.8 million for FY20, a decrease of 3.6%, or $32.8 million, compared to FY19. The sustained level of mining and tunnelling activity on a number of large infrastructure projects has generated the depreciation expense in FY20. Depreciation expense for the CIMIC Group will reduce significantly in FY21 due to the divestment of Thiess.

OPERATING PROFIT

The Group's operating profit was $1.0 billion for FY20, a decrease of 16.5%, or $202.8 million, compared to FY19. This represents a margin[28] of 8.1% in FY20 versus 8.4% in FY19, supported by cost efficiency measures which mitigated the vast majority of the COVID-19 impact in FY20.

NET FINANCE COSTS

Net finance costs were $187.8 million for FY20, compared to $129.2 million for FY19. Total finance costs increased due to the draw down of the US$1,060.0 million banking facility at the start of 2020 to fund payments in relation to CIMIC's financial guarantees of certain BICC liabilities. This facility was repaid in full on 31 December 2020. Furthermore, CIMIC incurred additional finance costs as a consequence of the precautionary draw down on the syndicated working capital facilities in Q1 FY20 to mitigate the potential financial market disruption due to COVID-19.

Finance cost detail $m	**2020**	**2019**	**chg. $**	**chg. %**
Debt interest expenses	(83.5)	(66.1)	(17.4)	26.3%
Facility fees, bonding and other costs	(127.4)	(119.8)	(7.6)	6.3%
Total finance costs	**(210.9)**	**(185.9)**	**(25.0)**	**13.4%**
Interest income	23.1	56.7	(33.6)	(59.3)%
Net finance costs	**(187.8)**	**(129.2)**	**(58.6)**	**45.4%**

Average cost of debt calculation $m	**2020**	**2019**
Debt interest expenses (a)	(83.5)	(66.1)
Gross debt[29]	2,896.6	922.9
Gross debt average (b)	4,411.3	2,018.4
Average cost of debt (-a/b)	**1.9%**	**3.3%**

INCOME TAX

The income tax expense for the underlying business was $227.2 million for FY20. This expense equates to an effective tax rate of 27%, consistent with FY19. Impacting the effective tax rate are international income tax differentials and foreign currency translation, relating to profits and losses earned from the various overseas jurisdictions in which the Group operates. The statutory income tax expense of $375.1 million is a result of the tax impact of the one-off items relating to the gain on divestment of Thiess, Gorgon Jetty resolution and other FY20 items.

NON-CONTROLLING INTERESTS

Non-controlling interests were $(10.8) million for FY20 versus $(2.6) million for FY19. This relates to gains attributable to the shareholdings of minority owners for the period.

NET PROFIT AFTER TAX

Statutory NPAT was $620.1 million for FY20, representing earnings per share (basic) of 195.0 cents. In FY20, NPAT was impacted by the one-off post tax items of $1.4 billion relating to the gain on divestment of Thiess, $(805.3) million relating to the Gorgon Jetty resolution and $(613.3) million relating to other FY20 items.

[28] Margins are calculated on underlying revenue. FY20 margins are adjusted for the one-off items in FY20 in respect of the gain on Thiess divestment, resolution of the Gorgon Jetty arbitration and other FY20 items; FY19 margins are adjusted for the one-off item in respect of the provisions and asset impairments of the Group's financial investment in BICC.

[29] Total interest bearing liabilities.

FINANCIAL POSITION

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

Net cash/(debt) $m	**December 2020**	**December 2019**	**chg. $**	**chg. %**
Cash and cash equivalent liquid assets	**3,087.0**	**1,754.5**	**1,332.5**	**75.9%**
Current interest bearing liabilities	(210.0)	(164.3)	(45.7)	27.8%
Non-current interest bearing liabilities	(2,686.6)	(758.6)	(1,928.0)	-
Net cash/(debt)	**190.4**	**831.6**	**(641.2)**	**(77.1)%**
Lease liabilities	(314.8)	(902.1)	587.3	(65.1)%
Net cash/(debt) (incl. leases)	(124.4)	(70.5)	(53.9)	76.5%

Net contract debtors $m	**December 2020**	**December 2019**	**chg. $**	**chg. %**
Net contract debtors[30]	(294.7)	1,285.7	(1,580.4)	-

Assets $m	**December 2020**	**December 2019**	**chg. $**	**chg. %**
Current assets				
Cash and cash equivalent liquid assets	3,087.0	1,754.5	1,332.5	75.9%
Trade and other receivables	1,929.8	3,554.4	(1,624.6)	(45.7)%
Inventories: consumables and development properties	185.2	400.1	(214.9)	(53.7)%
Current tax asset	1.0	-	1.0	-
Total current assets	**5,203.0**	**5,709.0**	**(506.0)**	**(8.9)%**
Non-current assets				
Trade and other receivables	89.8	130.4	(40.6)	(31.1)%
Inventories: development properties	84.8	114.9	(30.1)	(26.2)%
Investments accounted for using the equity method	1,378.2	250.5	1,127.7	-
Other investments	57.1	112.2	(55.1)	(49.1)%
Deferred tax assets	757.9	1,025.2	(267.3)	(26.1)%
Property, plant and equipment	814.2	2,279.1	(1,464.9)	(64.3)%
Intangibles	912.3	1,104.4	(192.1)	(17.4)%
Total non-current assets	**4,094.3**	**5,016.7**	**(922.4)**	**(18.4)%**
Total assets	**9,297.3**	**10,725.7**	**(1,428.4)**	**(13.3)%**

Liabilities and equity $m	**December 2020**	**December 2019**	**chg. $**	**chg. %**
Current liabilities				
Trade and other payables	4,569.8	6,024.6	(1,454.8)	(24.1)%
Current tax liabilities	16.5	60.3	(43.8)	(72.6)%
Provisions	218.3	327.2	(108.9)	(33.3)%
Financial liability	151.2	1,483.4	(1,332.2)	(89.8)%
Interest bearing liabilities	210.0	164.3	45.7	27.8%
Lease liabilities	69.7	277.8	(208.1)	(74.9)%
Total current liabilities	**5,235.5**	**8,337.6**	**(3,102.1)**	**(37.2)%**
Non-current liabilities				
Trade and other payables	195.3	200.8	(5.5)	(2.7)%
Provisions	42.7	60.5	(17.8)	(29.4)%
Interest bearing liabilities	2,686.6	758.6	1,928.0	-
Lease liabilities	245.1	624.3	(379.2)	(60.7)%
Deferred tax liabilities	-	20.9	(20.9)	-
Total non-current liabilities	**3,169.7**	**1,665.1**	**1,504.6**	**90.4%**
Total liabilities	**8,405.2**	**10,002.7**	**(1,597.5)**	**(16.0)%**
Equity	**892.1**	**723.0**	**169.1**	**23.4%**

[30] 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 10: *Trade and other receivables*'–'*Additional information on contract debtors*').

NET CASH/(DEBT)

Net cash was $190.4 million at 31 December 2020 versus $831.6 million at 31 December 2019.

On completion of the Thiess transaction on 31 December 2020, the Group benefitted from gross cash proceeds of $2.2 billion. Net cash was also driven by outflows of $1,398.4 million in relation to CIMIC's financial guarantees of certain BICC liabilities as they materialised during the period. Other changes in the Group's net cash position were mainly due to seasonality, with strong operating cash flows in Q4 FY20, the continuation of the share buyback program in FY20, and the impact of COVID-19 which generated lower revenue and incurred additional costs across the business.

Cash and cash equivalent liquid assets
CIMIC maintained a strong level of liquidity with a gross cash balance of $3,087.0 million. The increase year to date was attributable to the net cash proceeds from the Thiess transaction and CIMIC's precautionary draw down on the syndicated working capital facilities to mitigate the risk of potential financial market disruption due to COVID-19.

Interest bearing liabilities
Current and non-current interest bearing liabilities amounted to $2,896.6 million at 31 December 2020.

In early 2020, the Group drew-down on a US$1,060.0 million banking facility to fund payments in relation to CIMIC's financial guarantees of certain BICC liabilities. On 31 December 2020, this facility was repaid in full. Furthermore, as a precautionary measure, during Q1 FY20 CIMIC drew-down on the syndicated working capital facilities to mitigate the potential financial market disruption due to COVID-19.

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.

Bonds and guarantees outstanding at 31 December 2020 were $5.0 billion (31 December 2019: $5.2 billion). An additional $791.2 million (31 December 2019: $812.2 million) was undrawn of which $550.1 million (31 December 2019: $753.4 million) was committed and $241.1 million (31 December 2019: $58.8 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
Moody's (Baa2/Stable) strong credit rating confirmed in January 2021. S&P (BBB/Stable/A-2) assessing impact of Thiess transaction.

CURRENT ASSETS

Trade and other receivables
Trade and other receivables were $1,929.8 million at 31 December 2020, a decrease of 45.7%, or $1,624.6 million, compared to 31 December 2019. The figure includes $1,322.0 million (31 December 2019: $2,607.9 million) of total contract debtors – trade and other receivables (refer to net contract debtors below). The remaining balance relates to sundry debtors, joint venture and other receivables.

Net contract debtors
The Group's net contract debtors were $(294.7) million at 31 December 2020 compared to $1,285.7 million at 31 December 2019. The decrease is mainly attributable to the Gorgon Jetty arbitration resolution which led to the write-off of contract assets of $(1,150.4) million and the deconsolidation of Thiess' net contract debtors as at 31 December 2020.

The level of factoring across the Group was $975.8 million as at 31 December 2020, a reduction of $984.5 million from the 31 December 2019 position of $1,960.3 million, attributable to the operational reduction in the level of factoring ($525.5 million) and the divestment of Thiess ($459.0 million).

The Group's contract debtors portfolio provision is in line with FY19.

Inventories: consumables and development properties
Inventories: consumables and development properties were $185.2 million at 31 December 2020, a decrease of 53.7%, or $214.9 million compared to 31 December 2019. The decrease was mainly driven by the deconsolidation of Thiess and lower amounts of job-costed inventories held onsite for large infrastructure projects.

NON-CURRENT ASSETS

Trade and other receivables
Trade and other receivables were $89.8 million at 31 December 2020, a decrease of 31.1%, or $40.6 million, compared to 31 December 2019. The balance relates to non-current tax assets and other non-current receivables.

Investments accounted for using the equity method
Equity accounted investments include project-related associates, joint ventures and PPP projects.

Investments accounted for using the equity method were $1,378.2 million at 31 December 2020, an increase of $1,127.7 million compared to 31 December 2019. The movement is mainly driven by Thiess which is now accounted for as a 50% joint venture as at 31 December 2020 for an amount of $1,132.0 million. For further details refer to the Financial Report, 'Note 13: *Investments accounted for using the equity method'.*

Deferred tax asset
Deferred tax assets were $757.9 million at 31 December 2020, a decrease of 26.1%, or $267.3 million, compared to 31 December 2019. The movement is largely driven by the utilisation of capital losses offsetting capital gains generated on sale of Thiess, net of the deferred tax on the write-off of the Gorgon Jetty contract asset.

Property, plant and equipment
Property, plant and equipment was $814.2 million at 31 December 2020, a decrease of 64.3%, or $1,464.9 million, compared to 31 December 2019 largely due to the deconsolidation of Thiess. At 31 December 2020, $314.8 million worth of equipment was financed by the Group through leases, comprising mainly of property and plant and equipment leases following divestment of Thiess. Additions to property, plant and equipment during the period included investment in job-costed tunnelling machines for major road and rail projects.

Intangibles
Intangibles were $912.3 million at 31 December 2020, a decrease of 17.4%, or $192.1 million, compared to 31 December 2019. The balance mainly consists of goodwill in relation to the Construction and Services businesses. Goodwill in respect of the Mining and Mineral Processing segment has been disposed of following the divestment of Thiess.

CURRENT LIABILITIES

Trade and other payables
Trade and other payables were $4,569.8 million at 31 December 2020, a decrease of 24.1%, or $1,454.8 million, compared to 31 December 2019. This figure includes $1,616.7 million (31 December 2019: $1,322.2 million) of total contract liabilities – trade and other payables. The remaining balance includes trade creditors and accruals, joint venture payables and other creditors.

Supply chain finance balance as at 31 December 2020 was $144.0 million, a reduction of $707.3 million compared to $851.3 million at 31 December 2019.

Current tax liabilities
Current tax liabilities were $16.5 million at 31 December 2020, a decrease of 72.6%, or $43.8 million, compared to 31 December 2019. 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 $218.3 million at 31 December 2020, a decrease of 33.3%, or $108.9 million, compared to 31 December 2019. The provisions are for employee benefits and relates to wages and salaries, annual leave, long service leave, retirement benefits and deferred bonuses.

Financial liability
CIMIC's financial liability as at 31 December 2020 was $151.2 million, compared to $1,483.4 million at 31 December 2019. The movement is driven by the amounts paid during FY20 in respect of CIMIC's financial guarantees of certain BICC liabilities of $1,398.4 million.

NON-CURRENT LIABILITIES

Trade and other payables
Trade and other payables were $195.3 million at 31 December 2020, a decrease of 2.7%, or $5.5 million, compared to 31 December 2019.

Provisions
Provisions were $42.7 million at 31 December 2020, a decrease of 29.4%, or $17.8 million, compared to 31 December 2019. This figure includes employee benefits relating to long service leave, retirement benefits and deferred bonuses.

EQUITY

Equity was $892.1 million as at 31 December 2020, an increase of 23.4%, or $169.1 million compared to 31 December 2019. The increase is due to the post tax one-off items in relation to the gain on the divestment of Thiess of $1.4 billion, resolution of the Gorgon Jetty arbitration of $(805.3) million and other FY20 items of $(613.3) million. The equity balance was also driven by the Group's FY20 NPAT, the impact of the share buyback of $281.3 million (and subsequent cancellation of those shares), foreign exchange and fair value of cash flow hedges.

CASH FLOWS

Cash flows $m	Pre-factoring 2020	Pre-factoring 2019	Post-factoring 2020	Post-factoring 2019
Operating cash flow[31]	**578.6**	**1,707.0**	**53.1**	**1,714.3**
Interest, finance costs and taxes	(318.3)	(463.8)	(318.3)	(463.8)
Net operating cash flow[32]	**260.3**	**1,243.2**	**(265.2)**	**1,250.5**
Gross capital expenditure[33]	(579.7)	(774.4)	(579.7)	(774.4)
Gross capital proceeds[34]	30.5	22.5	30.5	22.5
Net capital expenditure	**(549.2)**	**(751.9)**	**(549.2)**	**(751.9)**
Free operating cash flow[35]	**(288.9)**	**491.3**	**(814.4)**	**498.6**
EBITDA (excl. one-offs)[36]	**1,911.1**	**2,146.7**	**1,911.1**	**2,146.7**
EBITDA cash conversion[37]	**30%**	**80%**	**3%**	**80%**

Cash flows from investing activities $m	2020	2019	chg. $	chg. %
Payments for intangibles	(18.4)	(15.4)	(3.0)	19.5%
Payments for property, plant and equipment	(579.7)	(774.4)	194.7	(25.1)%
Payments for investments in controlled entities and businesses	(10.9)	(14.0)	3.1	(22.1)%
Proceeds from sale of property, plant and equipment	30.5	22.5	8.0	35.6%
Cash acquired from acquisition of investments in controlled entities and businesses	16.3	18.0	(1.7)	(9.4)%
Payments for investments	-	(29.1)	29.1	-
Net cash from investing activities (excl. one-offs)[38]	**(562.2)**	**(792.4)**	**230.2**	**(29.1)%**
Proceeds from sale of Thiess	2,223.4	-	2,223.4	-
Cash disposed on divestment of Thiess	(127.7)	-	(127.7)	-
BICC[39]	-	(398.6)	398.6	-
Net cash from investing activities	**1,533.5**	**(1,191.0)**	**2,724.5**	**(228.8)%**

Cash flows from financing activities $m	2020	2019	chg. $	chg. %
Cash payments for share buybacks	(281.3)	(16.7)	(264.6)	-
Proceeds from borrowings	4,910.0	1,191.8	3,718.2	-
Repayment of borrowings	(2,752.9)	(801.8)	(1,951.1)	-
Repayment of leases	(317.8)	(320.0)	2.2	(0.7)%
Dividends paid to shareholders of the Company	-	(509.1)	509.1	-
Dividends paid to non-controlling interests	(11.4)	(4.2)	(7.2)	-
Net cash from financing activities (excl. BICC)[40]	**1,546.6**	**(460.0)**	**2,006.6**	**-**
BICC[41]	(1,398.4)	-	(1,398.4)	-
Net cash from financing activities	**148.2**	**(460.0)**	**608.2**	**-**

[31] Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments, before interest, finance costs and taxes. 2020 operating cash flow includes the cash generated by Thiess during FY20 which was sold on 31 December 2020 as shown in the financial statements as discontinued operations (refer to the Financial Report, 'Note 32: *Acquisitions, disposals and discontinued operations*').

[32] Net operating cash flow is defined as operating cash flow after interest, finance costs and taxes.

[33] Gross capital expenditure is payments for property, plant and equipment. 2020 gross capital expenditure includes capital expenditure incurred by Thiess during FY20 which was sold on 31 December 2020 as shown in the financial statements as discontinued operations.

[34] Gross capital proceeds are proceeds received from the sale of property, plant and equipment. 2020 gross capital proceeds include cash proceeds generated by Thiess during FY20 which was sold on 31 December 2020 as shown in the financial statements as discontinued operations.

[35] Free operating cash flow is defined as net operating cash flow less net capital expenditure for property, plant and equipment.

[36] EBITDA excludes the FY20 one-offs and the FY19 one-off.

[37] EBITDA cash conversion is calculated on EBITDA excluding FY20 one-offs and the FY19 one-off.

[38] 2020 excludes the net proceeds from Thiess transaction of $2,095.7 million. 2019 excludes the $398.6 million funded to BICC.

[39] FY19 relates to funding provided to BICC.

[40] Excludes payments in relation to BICC.

[41] FY20 relates to repayments in relation to CIMIC's financial guarantees of certain BICC liabilities that were previously provided for as a Financial Liability on the balance sheet as at 31 December 2019.

OPERATING CASH FLOWS

Operating cash flows pre-factoring were $578.6 million in FY20 compared to $1,707.0 million in FY19.

Operating cash flows rebounded in Q4 FY20, despite cash flows being impacted by COVID-19 during the course of the year due to reductions in revenue, lower volume of work performed and increased project costs. Furthermore, suspension of the tendering licenses in Hong Kong (now restored) and unwinding of existing projects in Leighton Asia contributed a significant negative impact on operating cash flow.

CIMIC reduced its factoring balance by $984.5 million compared to 31 December 2019, to $975.8 million at 31 December 2020, including the operational reduction of $525.5 million and Thiess deconsolidation of $459.0 million.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash inflows from investing activities were $1,533.5 million for FY20 compared to net cash outflows of $1,191.0 million in FY19.

The net proceeds from the Thiess transaction generated $2,095.7 million of investing cash inflows to the Group.

Additionally, the Group incurred gross capital expenditure of $579.7 million for FY20. This reflects a sustained level of investment in tunnelling equipment to support the delivery of large, transport-related infrastructure projects and FY20 investment in mining equipment incurred by Thiess. Capital expenditure will reduce significantly in FY21 due to the divestment of Thiess.

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash inflows from financing activities were $148.2 million for FY20 compared to net cash outflows of $460.0 million in FY19.

The net cash inflows from financing activities were mainly attributable to the precautionary draw down on the syndicated working capital facilities to mitigate the potential financial market disruption due to COVID-19 offset by repayment of leases and borrowings during the year.

In FY20, cash repayments totalling $1,398.4 million were made in relation to CIMIC's financial guarantees of certain BICC liabilities that were previously provided for as a financial liability as at 31 December 2019. Furthermore, $281.3 million was returned to shareholders through the share buyback.

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 $30.1 billion at 31 December 2020 adjusted for Thiess at 50%. This is equivalent to approximately two years of revenue.

CIMIC has been awarded $7.4 billion worth of new work in FY20 despite temporary delay in the award of new projects due to COVID-19.

Ventia's acquisition of Broadspectrum during FY20 added $3.1 billion to work in hand in the Investments segment.

Work in hand[42] $m	**December 2020**	**December 2019**	**chg. $**	**chg. %**
Work in hand beginning of period	37,510.7	36,706.1	804.6	2.2%
New work and adjustments[43]	7,393.9	18,011.7	(10,617.8)	(58.9)%
Acquisition during the year[44]	3,072.2	-	3,072.2	-
Executed work	(14,212.2)	(17,207.1)	2,994.9	(17.4)%
Total work in hand	**33,764.6**	**37,510.7**	**(3,746.1)**	**(10.0)%**
Less: 50% divestment of Thiess	(3,686.0)	-	(3,686.0)	-
Total work in hand end of period	**30,078.6**	**37,510.7**	**(7,432.1)**	**(19.8)%**

In FY20, work in hand was split 93:07 between the Group's domestic and international markets, compared with 86:14 in FY19 (restated to include Thiess work in hand at 50% in FY19).

MAJOR CONTRACT AWARDS AND SCOPE INCREASES IN 2020

CIMIC's work in hand continues to be broadly diversified by segment as well as by activity and geography.

As a result of the divestment of Thiess, management has reassessed the reportable segments and determined that the Mining and Mineral Processing segment no longer meets the size threshold of a reportable segment at 31 December 2020. As tabled below, segment data for the prior period comparatives have been restated to include Thiess within the Investments segment and Sedgman within the Services segment.

Work in hand by segment $m	**December 2020**	**%**	**December 2019**	**%**	**chg. $**	**chg. %**
Construction	12,526.0	37.1%	16,228.9	43.3%	(3,702.9)	(22.8)%
Services	8,824.5	26.1%	9,281.5	24.7%	(457.0)	(4.9)%
Investments[45]	12,414.1	36.8%	12,000.3	32.0%	413.8	3.4%
Total	**33,764.6**	**100.0%**	**37,510.7**	**100.0%**	**(3,746.1)**	**(10.0)%**
Less 50% divestment of Thiess[46]	(3,686.0)		-		(3,686.0)	-
Total work in hand	**30,078.6**		**37,510.7**		**(7,432.1)**	**(19.8)%**

CONSTRUCTION WORK IN HAND

Construction work in hand was $12.5 billion at 31 December 2020 compared to $16.2 billion at 31 December 2019. 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 $8.8 billion at 31 December 2020 compared to $9.3 billion at 31 December 2019. The services work in hand, now including Sedgman, is diversified across a range of markets and clients.

INVESTMENTS WORK IN HAND

Investments work in hand was $12.4 billion at 31 December 2020 compared to $12.0 billion at 31 December 2019. Investments work in hand includes CIMIC's share of work in hand from investments such as Thiess and Ventia.

[42] Work in hand includes CIMIC's share of work in hand from joint ventures and associates.
[43] New work includes new contracts and contract extensions and variations, including the impact of foreign exchange rate movements and other WIH adjustments.
[44] CIMIC's share of work in hand in relation to Ventia's acquisition of Broadspectrum.
[45] Investments include 100% of Thiess' work in hand of $7.4 billion for FY20 and $9.8 billion for FY19.
[46] 50% divestment of Thiess is assigned to the Investments segment.

NEW WORK IN 2020

A number of projects were announced, with revenues to the Group as follows:

- $2.5 billion contract extension to continue mining services at the Lake Vermont Mine, Queensland;
- $570 million field optimisation contract to deliver network services, national optic fibre and data and IP services and network integrity and facilities management services across Australia (*Ventia award, contract value at 100%*);
- $450 million contract extension to provide maintenance, turnarounds and project services for a number of clients across the oil and gas sector, Western Australia and Victoria;
- $340 million contract extension to provide mining services at Mount Owen, New South Wales;
- $237 million to deliver three projects under the Port Wakefield to Port Augusta Regional Projects Alliance, South Australia;
- $216 million to deliver comprehensive facility and asset management services to Anglo American's Metallurgical Coal business operations in the Bowen Basin, Queensland (*Ventia award, contract value at 100%*);
- $200 million to provide mechanical, electrical, instrumentation and access services for maintenance, shutdowns and sustaining capital projects, Western Australia and Queensland;
- $180 million to provide operations and maintenance of Adelaide's North-South tram and bus network and to manufacture new locomotives for Qube Logistics, South Australia and New South Wales respectively;
- $180 million to provide maintenance, shutdown and project services in the mining sector, Western Australia and Queensland;
- $180 million to deliver maintenance and turnaround services contracts in Queensland, Western Australia and Victoria;
- $166 million to operate and maintain the Sonoma and Byerwen mine processing plants, Queensland;
- $164 million to deliver upgrades on South Gippsland Highway and Mackay Northern Access, Victoria and Queensland respectively;
- $128 million to deliver concrete and detailed earthworks for the Iron Bridge Magnetite Project and to undertake essential works at Paradise Dam, Western Australia and Queensland respectively;
- $124 million to deliver maintenance, project and program services to the NSW Land and Housing Corporation, New South Wales (*Ventia award, contract value at 100%*);
- $120 million contract extension for operations and maintenance services at the Mount Pleasant mine, New South Wales;
- $112 million to deliver design and construction and installation works across several contracts in the utilities sector, New South Wales, Queensland and Victoria;
- $110 million to provide mining services at Caval Ridge, Queensland;
- $107 million to build a Hindu Heritage Experience Centre in India, to build Nita Mukesh Ambani Junior School in India, to construct facilities at Aspley State High School in Queensland, and to provide signalling upgrades work at Calder Park, Victoria; and
- A contract to deliver the development phase of the Australia-Singapore Military Training Initiative facilities project, Queensland.

SHAREHOLDER RETURNS

TOTAL SHAREHOLDER RETURNS

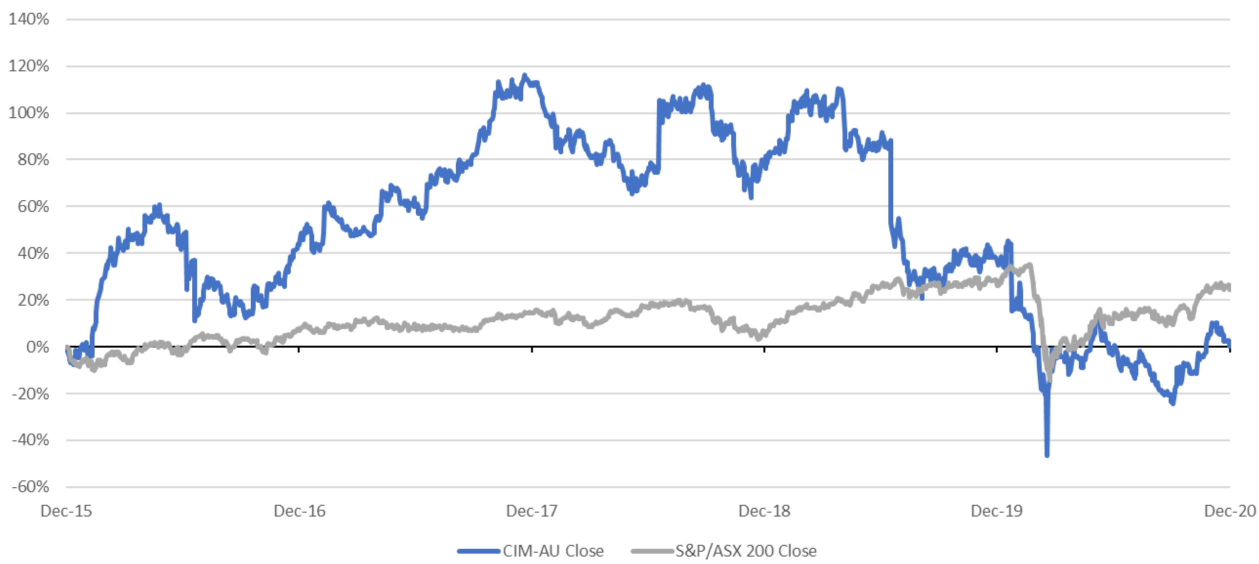
Shareholder returns	31 December 2020	31 December 2019
Closing share price	$24.37	$33.14
Market capitalisation ($m)	7,586.3	10,728.3
Final dividend per share	60c	-
Interim dividend per share	-	71c
Total dividends per share	60c	71c
EPS (basic) – excluding one-offs	188.9c	246.9c
EPS (basic)	195.0c	(320.9)c
Payout ratio for ordinary dividends*	62%	29%

**The payout ratio for ordinary dividends for FY20 is in respect of 2H20 results. The payout ratio for ordinary dividends in FY19 was impacted by the BICC one-off.*

PERFORMANCE OF CIMIC SHARES

COVID-19 led to significant disruption in financial markets in FY20 with CIMIC's share price also recording short-term impacts. Notwithstanding the share price only increasing by $0.07 since 31 December 2015, CIMIC has remunerated shareholders through the payment of dividends of $5.22 per share, representing an amount of $1,695.4 million. In addition, an amount of $723.9 million has been returned to shareholders through share buybacks leading to total payments of $2,419.3 million in the form of dividends and share buybacks over the past five years. CIMIC's market capitalisation represented $7.6 billion as at 31 December 2020.

Indexed performance of CIMIC shares



DIVIDENDS

A final dividend has been declared of 60.0 cents per share for FY20, franked at 20%. The dividend will be complemented by conduit foreign income to the extent unfranked. The total dividend of $186.8 million is a result of CIMIC's strong liquidity and improvement in cash particularly in Q4 FY20, closing of the Thiess transaction and CIMIC's ongoing commitment to reward shareholders. The 62% payout ratio is in respect of 2H20 results.

SHARE BUYBACK PROGRAM

During FY20, CIMIC has repurchased and cancelled 12,430,470 additional shares, equivalent to 3.99% of the issued share capital, for a total consideration of $281.3 million. The timing and number of any shares purchased will depend on CIMIC's share price and market conditions.

On 14 December 2020, CIMIC announced an on-market share buyback of up to 10% of the fully paid ordinary shares for a period of 12 months commencing on 29 December 2020.

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 2019 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**
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. Governance of safety is overseen by the Board and the Ethics, Compliance and Sustainability Committee.
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 global commodities and/or price may cause resource clients to curtail or cease capital investment programmes, or adjust operations, thereby impacting existing and future contracts.	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. The Group continually seeks opportunities to improve its operations and thereby the value proposition it delivers to clients.
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.	Application of the 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.	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.

SIGNIFICANT CHANGES

SIGNIFICANT CHANGES DURING FY20 AND SUBSEQUENT EVENTS

- On 4 February 2020, the Group appointed a new Chief Executive Officer and Managing Director, Juan Santamaria. The appointment was effective from 5 February 2020.
- On 30 June 2020, Ventia, CIMIC's 50:50 investment partnership, completed its acquisition of Broadspectrum from Ferrovial S.A.
- On 19 October 2020, CIMIC announced an agreement with Elliott regarding the acquisition by Elliott of 50% equity interest in Thiess. CIMIC's investment in Thiess following completion of the transaction is recorded as an equity-accounted joint venture. The transaction completed on 31 December 2020 and CIMIC benefitted from cash proceeds of $2.2 billion.
- On 20 October 2020, the arbitration concluded with respect to the Gorgon LNG Jetty and Marine Structures Project (Gorgon Jetty). The project was undertaken by CPB Contractors, a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA for Chevron Australia (Chevron). The overall financial outcome for CIMIC's profit and loss statement in FY20 was a revenue reversal of $(1,150.4) million.
- On 6 November 2020, the Group appointed Chief Executive Officer and Managing Director, Juan Santamaria, as Executive Chairman.
- On 14 December 2020, CIMIC announced a further on-market share buyback 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. During the previous share buyback which ended on 28 December 2020, 12,430,470 shares were bought back for $281.3 million and the shares were subsequently cancelled.
- On 5 January 2021, the Group appointed a new Chief Financial Officer, Emilio Grande.

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 2020. 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 2020.

STRATEGY AND OPERATING ENVIRONMENT OUTLOOK

CIMIC is an engineering-led construction, mining, services and PPP leader with a history dating back to 1899 and employing around 32,000 people delivering services in 20 countries. Our mission is to generate sustainable shareholder returns by delivering innovative and competitive solutions for clients, and safe, 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

CIMIC operates through activity-based businesses in construction, mining and mineral processing, operation and maintenance services, PPPs, and engineering. These businesses deliver services in Australia and select markets in Asia, the near Pacific, Southern Africa, and the Americas.

CIMIC's strategy has the following key elements:

- to be an engineering-led, industry-leading group with a balanced portfolio diversified by market sector, activity, geography, type of client, contract type, volume and duration. This diversification and our scale reduce earnings volatility, facilitates the management of risk and helps to create sustainable returns;
- to offer integrated solutions through a complementary suite of capabilities for the entire lifecycle of assets – from development and financing to engineering, construction, mining, and operations and maintenance;
- to selectively export the Group's capabilities and expand into other markets which meet our governance, risk, and return requirements, either organically or through acquisition; and
- to utilise common systems and processes to facilitate the sharing of innovation and knowledge.

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; and
- ensuring an uncompromising focus on safety.

Fundamental to the delivery of the strategy is a strong balance sheet, which supports organic 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 manage net debt to a level that supports a strong investment grade rating.

CONSTRUCTION MARKET

Since the start of the COVID-19 pandemic, governments have mobilised to support their economies, with an increased commitment to the development of infrastructure forming a core component of these recovery efforts. Across CIMIC's markets, governments are taking steps to secure additional funding for infrastructure, seeking to accelerate projects by fast-tracking planning approvals, and implementing planning and procurement reforms. While the award of major projects has been delayed due to COVID-19 related disruptions, these stimulus measures are growing the Group's pipeline across all sectors of the construction market, and further improving the outlook.

Stimulus measures are supplementing ongoing investment from the private sector, and long-term spending commitments from the public sector – with government-initiated transport and social infrastructure projects expected to remain the key drivers of the Group's construction opportunities for the foreseeable future. These commitments are reflected in the most recent Federal, State and Territory government plans and budgets.

At a national level, the Australian Federal Government has announced $14 billion of new and accelerated transport infrastructure projects since the beginning of the pandemic – aiming to drive significant near-term investments in major road and rail projects, road safety, and community infrastructure – increasing the Federal Government's 10-year transport infrastructure pipeline to $110 billion[47].

In New South Wales, the State Government's most recent budget outlined $29.0 billion in economic stimulus and support measures in response to the COVID-19 pandemic. This will result in the State Government's infrastructure program growing to $107.1 billion over the next four years, with road, rail and other transport infrastructure accounting for 67% of this investment. Significant funding commitments include $10.4 billion towards the Sydney Metro West project, $9.2 billion towards the Sydney Metro – Western Sydney Airport project, $2.2 billion to the Sydney Gateway project, and $3.9 billion to major highways including upgrades on the New England, Newell, Pacific and Princes highways[48,49].

The Victorian State Government boosted its capital investment program by $19.8 billion to help drive economic recovery, bringing the total planned infrastructure investment to $75 billion over the next four years. This budget includes substantial funding commitments for road, rail and other large civil infrastructure projects across the state, including $5 billion towards the Melbourne Airport Rail Link, $2.2 billion for the preconstruction of the Suburban Rail Loop, $2 billion on Stage 1 of the Geelong Fast Rail, and funding for the removal of additional level crossings[50].

In Queensland, the State Government outlined a $56 billion capital works program over four years. Highlights of its most recent budget included funding to continue work on the $6.7 billion Cross River Rail project, a $3.4 billion program of works on the M1 Pacific Motorway, $1.5 billion for Stage One of the Coomera Connector, and $709.9 million of funding for Gold Coast Light Rail Stage 3A[51].

Governments in other states and territories have also outlined major transport and social infrastructure programs in their most recent budgets. Over the coming four years the Western Australian, South Australian, Northern Territory, Australian Capital Territory and Tasmanian governments have committed to infrastructure investments of $27.1 billion[52], $16.7 billion[53], $4.4 billion[54], $4.0 billion[55] and $3.9 billion[56] respectively, the bulk of which is in transport and social infrastructure, providing the Group with a broad range of construction opportunities across Australia.

Hospital and health care infrastructure are also benefitting from significant budgetary commitments, reflecting the country's growing and ageing population, and a desire to improve the country's healthcare system. A specific example of this is provided in the 2020-25 National Health Reform Agreement, where all states and territories committed to allocate $134 billion in additional funding to public hospitals between July 2020 and June 2025[57]. Many of these investments – along with the substantial planned investments in energy, water, defence and education related infrastructure – are expected to suit CIMIC's capabilities and offer construction opportunities for the Group.

Looking overseas, in New Zealand the recently established Infrastructure Commission's (Te Waihanga) infrastructure pipeline grew to 1,616 projects with an estimated total value of NZ$47 billion[58], up from NZ$21.1 billion in November 2019[59], as new projects

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[47] Commonwealth of Australia, Budget 2020–21, Budget Paper No. 1, 6 October 2020, p. 1-17 and 2-19.
[48] New South Wales. State Budget 2020-21, Budget Paper No. 1, 17 November 2020, p. 1-3, 1-8, 1-9, and 3-8.
[49] New South Wales. State Budget 2020-21, Budget Paper No. 3, 17 November 2020, p. 2-1.
[50] Victoria. State Budget 2020-21, Budget Paper No. 2, 24 November 2020, p. 11, 86, 96, and 97.
[51] Queensland State Budget 2020-21, Budget Paper No. 3, 1 December 2020, p. 3, 8, 83 and 86.
[52] Western Australia State Budget 2020-21, Budget Speech, 8 October 2020, p. 4.
[53] South Australian State Budget 2020-21, Budget Paper No. 1, 10 November 2020, p. 12.
[54] Northern Territory Budget 2020-21, Budget Paper No. 2, 4 November 2020, p. 39.
[55] Australian Capital Territory Economic and Fiscal Update, 25 August 2020, p. 49.
[56] Tasmanian State Budget 2020-21, Budget Paper No. 1, 12 November 2020, p. 10.
[57] Australian Government Department of Health, 2020–25 National Health Reform Agreement (NHRA), 15 October 2020 - https://www.health.gov.au/initiatives-and-programs/2020-25-national-health-reform-agreement-nhra.
[58] New Zealand Infrastructure Commission – Infracom (Te Waihanga), Newsletter, 30 November 2020.
[59] New Zealand Infrastructure Commission – Infracom (Te Waihanga), 11 November 2019 - https://infracom.govt.nz/news/commission-news/step-closer-to-improved-infrastructure-planning/.

continue to be added. This pipeline is based on submissions from government agencies and local councils, with transport being the largest sector followed by water and health.

In the Group's other international markets, relatively high levels of investment in economic and social infrastructure projects, along with the removal of tendering restrictions in Hong Kong, are expected to continue to sustain a broad range of construction opportunities.

PPP MARKET

For several decades, governments across Australia, New Zealand and the Asia Pacific have increasingly used PPPs to deliver transport and social infrastructure projects. Through PPPs, infrastructure users have gained access to innovative and efficient solutions from leading providers, and taxpayers have benefited from the improved value-for-money proposition that PPPs can provide. In Australia, continued support for the National PPP Policy Framework, which established that projects valued over $50 million should be considered for PPP procurement, reflects the ongoing acceptance of the PPP procurement model[60].

In New Zealand, one of the newly established Infrastructure Commission's (Te Waihanga) functions is for the maintenance and development of the New Zealand PPP Model, as the Government is actively pursuing non-traditional procurement options, including greater private sector involvement in the provision of both infrastructure and services, where these can demonstrate greater value for money to the public sector[61].

A recent independent research report, commissioned by Infrastructure Partnerships Australia, and conducted by the University of Melbourne and Drum Advisory, examined the performance of social infrastructure PPPs in Australia and New Zealand over the past 25 years. Supported and sponsored by the Queensland, Victorian, New South Wales and New Zealand governments, the study analysed the experiences of service providers and users of PPPs. The study found that 95% of service providers said their PPP project delivered the service as promised, and there was a strong preference (95%) for working in a PPP over a traditionally procured government facility. The study also found that satisfaction levels remained high over the years of operation and that the quality of service was better than that provided by a traditionally procured and operated facility[62]. This research follows an earlier independent research report, conducted by the University of Melbourne and Allen Consulting, which showed that the delivery of PPPs achieved a cost efficiency of between 11-31% compared to traditional procurement methods[63].

The increased knowledge, acceptance and use of PPPs is continuing to create a range of opportunities for CIMIC, given the Group's demonstrated track record in this market. CIMIC is a market leader in the delivery of infrastructure through PPPs, harnessing the Group's collective expertise to actively develop and drive whole-of-life solutions that maximise value for all stakeholders. By deploying the requisite technical, commercial, and financial resources the Group can successfully control, plan and deliver all phases of a PPP.

The Group's pipeline of PPP opportunities is currently estimated to be $130 billion, which includes a number of heavy and light rail projects, several major road projects, and a range of social infrastructure projects, including schools, hospitals, utilities and prisons – with scope to provide non-custodial services. Opportunities for the Group in the PPP market are likely to include varying combinations of design, construction, finance, and operation and maintenance.

MINING & MINERAL PROCESSING MARKET

On 19 October 2020, the Group entered into an agreement with Elliott regarding the acquisition of a 50% equity interest in Thiess. The sale subsequently completed on 31 December 2020. The introduction of an equity partner allows Thiess to take advantage of the robust outlook for the mining sector.

The Group's core mining and mineral processing operations remain resilient – despite the numerous COVID-19 pandemic shutdowns – as there was broad support from governments for the continued operation of mine sites and the businesses that support them. The projects were largely deemed as essential services and encouraged to keep operating, albeit under enhanced safety protocols.

While there has been some market uncertainty surrounding the export of Australian thermal coal to the Chinese market, global economic conditions are improving, and significant fiscal stimulus is driving recovery efforts. Looking forward, the Group's mining and minerals processing businesses are exposed to commodities that are expected to continue to play a major role in supporting the recovery of the global economy.

In the long-term, the Group's positive outlook for the mining and mineral processing market remains underpinned by sustained population growth, increasing urbanisation and industrialisation, rising global living standards, and limited substitutes for the major commodities mined and processed by the Group.

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

[61] New Zealand Infrastructure Commission – Infracom (Te Waihanga), Accessed 1 December 2019 - https://infracom.govt.nz/major-projects/public-private-partnerships/ppp-guidance/.

[62] Infrastructure Partnerships Australia, University of Melbourne and Drum Advisory, Measuring the Value and Service Outcomes of Social Infrastructure PPPs in Australia and New Zealand, 1 April 2020, p. 3 and 6 - https://inform.infrastructure.org.au/Report/Social-Infrastructure-PPPs.

[63] Infrastructure Partnerships Australia, University of Melbourne and Allen Consulting Group, Performance of PPPs and Traditional Procurement in Australia, 1 November 2007, p. 26 - https://infrastructure.org.au/wp-content/uploads/2016/12/IPA_PPP_FINAL.pdf.

Australia's resource and energy exports were a record $291 billion in 2019-20, with export volumes expected to maintain a positive trajectory in the coming years, driven by demand for iron ore from China and a gradual recovery in other commodity exporting countries as COVID-19 restrictions ease and industrial production recovers. Australian coal producers are some of the most competitive in the world, and are expected to quickly increase production in 2021-22 following a temporary reduction in volumes in 2020-21, as forecast by the Australian Department of Industry. Over the next two years, export volumes of Australian iron ore, metallurgical coal, thermal coal and nickel are expected to grow by 5.6%, 4.0%, 4.2% and 9.5%, respectively[64].

In 2019-20, mining investment in Australia grew for the first time in seven years and is projected to grow by a further 5.5% next year[65]. This investment is supporting significant opportunities for the Group. As leaders in the mining services and mineral processing market, Thiess and Sedgman expect to continue to benefit from this solid demand outlook.

SERVICES MARKET

The Group has the capability to provide end-to-end service capabilities, offering integrated asset servicing solutions which add value by applying specialist expertise to the entire lifecycle of clients' assets – from design, construction, commissioning, manufacture and capital works, to operation, maintenance, management, upgrade, overhaul and decommissioning. CIMIC's standalone service offering, and the ability to provide complementary capabilities across the Group, present distinct advantages for clients, and position the Group to benefit from a growing services market.

A sustained increase in the level of investment committed to physical assets across transport, power, renewable energy, water, defence, telecommunications, resources and social infrastructure, to meet a rising demand and address historic underinvestment, is resulting in a greater need for maintenance to keep those assets in working order. This increase comes at a time when existing infrastructure is ageing and facing systemic maintenance underspend. Overlaying this expected market growth, asset owners are increasingly seeing the benefit of outsourcing maintenance services to pursue operational efficiencies and to deliver productivity improvements. These factors are driving a growing maintenance backlog across the Group's markets.

The maintenance services market in Australia grew to $47.1 billion in 2019-20, 58.4% of which was outsourced to the private sector. The outsourced segment of this market is expected to grow to $31.6 billion by 2024-25, from $27.5 billion in 2019-20, outpacing the growth of the overall maintenance market[66].

CIMIC's strong position in the maintenance services market, and ability to deliver innovative and end-to-end construction and maintenance service solutions for clients, positions the Group to capitalise on the expanding range of opportunities presented in this market.

[64] Australian Government (Office of the Chief Economist) Department of Industry, Innovation and Science: Resources and Energy Quarterly, December 2020, p. 7 and 15.
[65] Commonwealth of Australia, Budget 2020–21, Budget Paper No. 1, 6 October 2020, p. 1-17 and 2-19.
[66] BIS Economics, Maintenance in Australia 2020 to 2034, March 2020, p. 8.

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.

CIMIC will be bidding on, is currently bidding on, or has been shortlisted for projects including:

- M6 Stage 1 (Formerly F6 Extension) for Roads and Maritime Services, New South Wales;
- Sydney Metro - Western Sydney Airport Station Boxes and Tunneling, Transport for NSW, New South Wales;
- Sydney Metro West - Westmead to the Bays Central Package, Transport for NSW, New South Wales;
- SA/NSW 330kV Interconnector for Electranet (SA), South Australia;
- Copper String 2.0 for CuString Pty Ltd, Queensland;
- Western Harbour Tunnel and Warringah Freeway Upgrade, New South Wales;
- Defence Fuel Services Contract - Department of Defence, in Australia;
- New Dunedin Hospital – Ministry of Health, New Zealand;
- New Acute Hospital at the Kai Tak Development Area - Superstructure Package 1 (Site A) and Package 2 (Site B) for Government of the Hong Kong SAR - Hospital Authority, Hong Kong;
- Cross Island Line Phase 1 (CR1010) for Land Transport Authority, Singapore;
- Relocation of Shatin Sewage Treatment Works to Caverns - Package 1 Contract - Cavern Construction for Government of the Hong Kong SAR - Drainage Services Department, Hong Kong;
- Vale Pomalaa Mining, Nickel project, Indonesia;
- T3 Copper/Silver Project, Botswana;
- Los Bronces Phase Donoso 2 - Copper Project, Chile;
- Rio Tinto Winu Copper Gold Project, Western Australia; and
- Various other mining and mineral processing opportunities across Queensland, New South Wales and Western Australia.

The Group has an extensive pipeline with more than $500 billion of tenders relevant to CIMIC to be bid and/or awarded in 2021 and beyond, including about $130 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 2021 NPAT to be in the range of $400 million to $430 million, subject to market conditions. This represents an increase of 7.7% - 15.7% on FY20 proforma underlying NPAT of $371.5 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 2020) 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 performance to reward; and
- promote behaviours that deliver Group sustainability and align to shareholder interests.

REMUNERATION COMPONENTS

Senior Executive remuneration for the 2020 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)	An option plan vesting 2 years after award and available to exercise over 3 years. Awards are provided to select Senior Executives on a periodic basis and at the discretion of the Company.

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 2020 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.
Former Executive Directors		
Marcelino Fernández Verdes	Executive Chairman	Appointed as CEO on 13 March 2014. Elected Executive Chairman on 11 June 2014. Previously a Non-executive Director from 10 October 2012 to 13 March 2014. On 18 October 2016, Mr Fernández Verdes stepped down as CEO. Mr Fernández Verdes continued in his capacity as Executive Chairman until he retired on 6 November 2020.
Michael Wright	CEO and Managing Director	Appointed as Deputy CEO and became KMP on 24 August 2017. On 1 December 2017, Mr Wright was appointed as CEO and Managing Director. He ceased his role as CEO on 5 February 2020 and was no longer KMP.
Executives		
Ignacio Segura Suriñach	Deputy CEO and Chief Operating Officer	Commenced employment and became KMP on 9 April 2018.

Stefan Camphausen	CFO	Appointed as CFO and became KMP on 1 June 2017. Mr Camphausen's employment with the Group will end early in 2021 following a handover to his successor.

The remuneration components described in this section apply to Mr Santamaria, Mr Wright, Mr Segura Suriñach and Mr Camphausen. The remuneration arrangements applicable to Mr Fernández Verdes are described separately in the 'Remuneration – Former Executive Chairman' section of this Remuneration Report.

FIXED REMUNERATION

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

Non-monetary benefits included such items as fringe benefits and other salary-sacrificed benefits as agreed from time to time.

There were no changes to the fixed remuneration for senior executives for 2020. The review process for any changes for 2021 will progress through Q1 and will be considered by the Remuneration and Nomination Committee in Q2.

STI

Summary of 2020 STI

<table>
<tr><td>Senior Executive participation</td><td colspan="2">Mr Santamaria, Mr Segura Suriñach and Mr Camphausen were eligible to participate in the 2020 STI. Mr Fernández Verdes did not participate in the STI.</td></tr>
<tr><td>How much could Senior Executives earn under the 2020 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 2020 were:

<table><tr><th colspan="3">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 2020 Financial Year.</td></tr>
<tr><td>What were the performance conditions?</td><td>Financial measures
80% of the amount that could be earned as STI was based on performance against financial measures and targets applicable to the relevant role.
For Senior Executives in 2020, this financial component was based on NPAT and operating cash flow.</td><td>Personal/Non-financial measures
20% of the amount that could be earned as STI was based on performance against safety targets and/or other personal/non-financial measures relevant to the role.</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 2020 Financial Year and deliberations regarding any amounts payable. Payments are usually in April of the following year, together with any other bonus payments that may be made to staff.</td></tr>
<tr><td>How is performance against targets assessed?</td><td colspan="2">Performance against financial and personal/non-financial key performance indicators (KPIs) is assessed following the end of the 2020 Financial Year to determine the actual STI payments. A scorecard-based calculation is made and, the resulting STI amount adjusted, if required, following a qualitative assessment.
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>

There were no STI payments to Senior Executives for the 2019 Financial Year.

The review process for any STI payments for the 2020 Financial Year will progress through Q1 and will be considered by the Remuneration and Nomination Committee in Q2.

LTI

There was no LTI grant in the 2020 Financial Year. The table below provides a summary of the 2015 LTI which was on foot for much of 2020 until all remaining 2015 LTI options lapsed on 29 October 2020.

Summary of 2015 LTI grants

Senior Executive participation	Mr Wright and Mr Camphausen participated in the 2015 LTI. Mr Fernández Verdes, Mr Segura Suriñach and Mr Santamaria did not participate in the LTI.
What are the vesting conditions and why were they chosen?	Options vested over a 2 year performance period, subject to the Senior Executive's continued employment with the CIMIC Group. The options had an in-built performance hurdle, being the exercise price of the options, meaning that at the time of exercise, the market price of CIMIC shares must be above the exercise price of the options before the Senior Executive can derive any benefit from the award. The exercise price was 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). This structure was selected to provide participants with a clear line of sight as to the targets that must be satisfied, and a stronger alignment between individual performance and vesting outcomes, ensuring a Group-wide focus on sustained growth and Group prosperity.
When are the options available to exercise?	The options vested 2 years after the grant date and were available to be exercised for a period of 3 years subject to the discretion of the Remuneration and Nomination Committee. The Senior Executive was permitted to exercise up to 40% of their vested options in each of the first 2 years after vesting and the remaining unexercised portion in year 3 of the exercise window. Any options that remained unexercised at the end of the exercise window (ie, 5 years after the grant date) would expire. The most recent options awarded, being the 2015 awards, vested in full in November 2017, with any vested options that remained unexercised expiring on 29 October 2020.
What are the methods of exercise?	In accordance with the terms of the award, the Company determined at vesting that all options available to be exercised in the first year after vesting (ie, up to 28 October 2018) would be paid in cash in lieu of an allocation of shares based on the current market price of shares at the date of exercise, less the exercise price and all applicable taxes and levies. In October 2018, the Company determined that the vested options available to be exercised in years 2 and 3 of the exercise window would also be settled in cash in lieu of an allocation of shares as described above.
Do the options attract dividends and voting rights?	The options did not carry any rights to dividends or voting. If the Company determined that shares are to be allocated upon the exercise of options, these would rank equally with other ordinary shares on issue.
What happens if there is a change of control?	If a change of control occurred, the Company in its discretion may determine whether, and the extent to which, any unvested options would vest or cease to be subject to restrictions (as applicable), having regard to all relevant circumstances including performance to-date and the nature of the change of control.
What if a Senior Executive ceases employment?	If a Senior Executive resigned or was summarily terminated, any vested but unexercised and any unvested option grants would lapse. Generally, if a Senior Executive were to leave due to any other circumstances (eg, retrenchment, genuine redundancy or other special circumstances): - a *pro rata* portion of the Senior Executive's unvested options would remain on foot following his or her termination and vest subject to the original conditions of the award (with the balance lapsing); and - any vested but unexercised options held at the date of cessation of employment would remain on foot until the expiry date, subject to the same restrictions on exercise as if the Senior Executive had remained with the Group. In these circumstances, any entitlement on exercise would be paid in cash based on the current market price of shares at the date of exercise, less the exercise price and all applicable taxes and levies. The Remuneration and Nomination Committee retains authority to exercise discretion on leaver treatment for Senior Executives.
Does the LTI plan provide for clawback?	Under the LTI plan rules the Board has the necessary discretion to withhold or vary the LTI in the event that this is needed.
Can Senior Executives hedge their risk under the option plan?	No. The Group's Securities Trading Policy prohibits Senior Executives from entering into hedging arrangements regarding both vested and unvested securities, which includes options.

REMUNERATION – FORMER EXECUTIVE CHAIRMAN

POLICY AND APPROACH

The Board approved the former Executive Chairman's remuneration arrangements following consideration by the Remuneration and Nomination Committee.

The Board considered Mr Fernández Verdes' roles as Executive Chairman of CIMIC, Chairman of the Executive Board of HOCHTIEF AG and CEO of ACS Group and structured his remuneration arrangements differently from other Senior Executives, but consistent with the Group's remuneration framework and focused on achieving long-term financial returns.

COMPONENTS

Mr Fernández Verdes retired as Executive Chairman of CIMIC on 6 November 2020. Up until this date, in accordance with the terms of his Executive Service Agreement (ESA), the key components of his remuneration were:

- an annual allowance as a contribution to his living expenses. Mr Fernández Verdes' ESA provided for the allowance amount to be indexed in line with CPI changes, however this was not applied for 2020 and so there was no change for the 2020 year, with the allowance remaining at $474,243;
- a one-off award of 1,200,000 Share Appreciation Rights (SARs) in 2014; and
- the payment of a discretionary bonus at any time during the course of employment.

Mr Fernández Verdes received remuneration from HOCHTIEF AG in consideration for his employment as Chairman of the Executive Board of HOCHTIEF AG, and from ACS Group in consideration for his employment as ACS Group CEO. Details of this remuneration are available in the HOCHTIEF AG Annual Report at http://www.reports.hochtief.com and the ACS Group Annual Report at http://www.grupoacs.com/shareholders-investors/annual-report/.

Summary of one-off award to Mr Fernández Verdes

The SARs awarded to Mr Fernández Verdes entitled him to receive a cash payment reflecting the increase in value of the share price of CIMIC from a base price of $17.71 (being the VWAP of fully paid ordinary shares in CIMIC traded on the ASX over the 30-day period before Mr Fernández Verdes' appointment as CEO on 13 March 2014) to the price at close of trading on the last trading day before the SAR is exercised, with a maximum payment per SAR of $32.29.

The SARs vested in full on 13 March 2016 and were exercisable for 3 years from the date of vesting. The SARs were exercised in accordance with the terms of the award and there were no outstanding SARs remaining in the 2020 Financial Year.

Mr Fernández Verdes received no retirement benefit or other payments upon his retirement.

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 (%)
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	127.6
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]	22.9[4]
FY 2017	35.38	51.45	45.4	1.22	154.3	2.17	959	702	27[4]	1,523	26.9
FY 2016	23.93	34.94	46.0	0.98	148.0	1.77	740	580	16	1,201	35.2

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 FY 2018 and FY 2019 has been prepared under the new accounting standards. In addition, FY 2017 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

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)]	Other (A$)[(c) (d)(e)]	Super-annuation benefits (A$)	Termination benefits (A$)	
Senior Executives							
J Santamaria[1]							
2020 Financial Year	1,203,207	-	-	-	19,302	-	1,222,509
I Segura Suriñach							
2020 Financial Year	1,347,599	-	-	105,913	-	-	1,453,512
2019 Financial Year	1,175,819	-	-	294,087	-	-	1,469,906
S Camphausen							
2020 Financial Year	849,163	-	-	-	21,348	-	870,512
2019 Financial Year	837,967	-	-	-	20,767	-	858,734
Former Senior Executives							
M Fernández Verdes[2]							
2020 Financial Year	-	-	14,407	405,178	-	-	419,584
2019 Financial Year	-	-	19,103	475,243	-	-	494,346
M Wright[3]							
2020 Financial Year	67,615	-	144,680	-	1,993	-	214,288
2019 Financial Year	1,332,871	-	72,788	66,000	20,767	-	1,492,426

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 Fernández Verdes retired on 6 November 2020.
3. Mr Wright ceased his role as CEO on 5 February 2020 and was no longer KMP.

LONG-TERM EMPLOYEE BENEFITS			TOTAL PAYMENTS AND ACCRUALS (A$)	PERCENTAGE OF BONUSES (%)(g)	PERCENTAGE OF SHARE-BASED INCENTIVE (%)(h)
SARs fair value (A$)(f)	Share rights fair value (LTI) (A$)(f)	Options fair value (A$)(f)			
-	-	-	1,222,509	-	-
-	-	-	1,453,512	-	-
-	-	-	1,469,906	-	-
-	-	-	870,512	-	-
-	-	(11,025)	847,709	-	(1.3)
-	-	-	419,584	-	-
1,630,642	-	-	2,124,988	-	-
-	-	-	214,288	-	-
-	-	(210,156)	1,282,270	-	(16.4)

(a) Cash salary includes accrued leave entitlements such as annual leave and long service leave. For Mr Segura Suriñach the 2019 amounts also include deductions for several periods of leave without pay which had incorrectly been applied, and so the 2020 amount also includes the repayment of these incorrect deductions

(b) Non-monetary benefits included such items as fringe benefits and other salary-sacrificed benefits as agreed from time to time. For Mr Fernández Verdes this amount pertains to the costs associated with a Visa application and for Mr Wright, this amount pertain to transport and other benefits considered necessary by the Company in the execution of his duties. These amounts include items upon which FBT was paid for the period ended 31 March 2020 and a provision for amounts to be included in the annual FBT return effective 31 March 2021 which will include any amounts paid to Mr Wright in relation to his tenue as a Senior Executive.

(c) For Mr Fernández Verdes, the 2019 and 2020 Financial Year amounts pertain to the annual allowance amount approved for 2019 and 2020 (respectively).

(d) For Mr Wright, this amount pertains to the living away from home allowance amount for 2019 and ceased on 1 December 2019. Refer to the 'Summary of Executive Services Agreements' section of this Remuneration Report for further information.

(e) For Mr Segura Suriñach, the amount pertains to the role allowance which ceased to be paid on 31 March 2020.

(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 2020 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 2020 Financial Year as a percentage of total payments and accruals.

(h) The percentage of each Senior Executive's remuneration for the 2020 Financial Year that consisted of equity as a percentage of total payments and accruals.

SUMMARY OF EXECUTIVE SERVICE AGREEMENTS

Mr Fernández Verdes

The key terms of Mr Fernández Verdes' ESA were:

- an annual allowance as a contribution to his living expenses. Mr Fernández Verdes' ESA was re-negotiated in 2016 for 2017 and subsequent years with the same terms and conditions, but to reflect the change in his dual roles as CEO and Executive Chairman to Executive Chairman only. For 2017 and subsequent years, the allowance amount will increase in line with CPI changes;
- a one-off award of SARs in 2014 as described in the 'Remuneration – Executive Chairman' section of this Remuneration Report. Mr Fernández Verdes is not eligible to participate in the formal STI or LTI;
- provision for the payment of a discretionary bonus at any time during the course of employment, as per the variation to the ESA approved by the Board on 3 December 2016;
- either party may terminate the ESA, the period of notice being the minimum period required by applicable legislation;
- there is no specified term; and
- there are no specified payments to be made on termination (apart from any payments in lieu of notice and any payable statutory entitlements).

Other Senior Executives

Remuneration and other terms of employment for all other 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[1]	I Segura Suriñach	S Camphausen	M Wright[3]
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	3 months	6 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[2]	No
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	Effective from 1 December 2017, a living away from home allowance of $72,400 per annum to cease on the earlier of 1 December 2019 or upon permanent relocation to Sydney[4]
Restraint period to apply following termination	3 months	3 months	3 months	3 months

1. Appointed as CEO and Managing Director on 5 February 2020. On 6 November 2020 he was also appointed as Executive Chairman.
2. For the purposes of calculating Mr Camphausen's long service leave entitlement, his prior service at HOCHTIEF AG will be recognised.
3. Mr Wright ceased his role as CEO on 5 February 2020 and was no longer KMP.
4. Mr Wright's living away from home allowance ceased on 1 December 2019.

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

The entitlement of Senior Executives to unvested LTI awards on termination of their employment is dealt with under the plan rules and the specific terms of 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 2020 are set out in the following table.

Non-executive Directors during 2020

Name	Title (at 31 December 2020)	Change during the 2020 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	
Former Alternate Directors		
Adolfo Valderas	Alternate Director for Mr López Jiménez	Retired as an Alternate Director on 6 November 2020
Ángel Muriel	Alternate Director for Mr Sassenfeld	Retired as an Alternate Director on 6 November 2020

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.

With the exception of Mr Valderas and Mr Muriel, who continued to hold 2015 LTI options from their previous roles as Senior Executives, 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

Fees remained unchanged during 2020. The review process for any changes for 2021 will progress through Q1 and will be considered by the Remuneration and Nomination Committee in Q2.

Board and Committee fees for 2020

Name	Chair[1, 2] (A$)	Member (A$)
Board	nil	189,000
Audit and Risk Committee	56,375	31,000
Ethics, Compliance and Sustainability Committee	41,000	21,000
Remuneration and Nomination Committee	41,000	21,000
Board Sub-Committee[3]	4,000	4,000

1. The former Executive Chairman Mr Fernández Verdes, received no additional remuneration from the fee pool for his duties as Executive Chairman. Details of his remuneration for his role as Executive Chairman are set out in the 'Remuneration – Executive Chairman' section of this Remuneration Report.
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 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 2020 Financial Year and 2019 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					
2020 Financial Year	287,375	-	-	21,348	308,723
2019 Financial Year	287,375	-	-	20,767	308,142
J del Valle Pérez					
2020 Financial Year	231,000	-	-	-	231,000
2019 Financial Year	231,000	-	-	-	231,000
P López Jiménez					
2020 Financial Year	231,000	-	-	-	231,000
2019 Financial Year	231,000	-	-	-	231,000
D Robinson[2]					
2020 Financial Year	210,000	95,890[3]	-	29,060[4]	334,950
2019 Financial Year	210,000	95,890[3]	-	29,060[4]	334,950
P Sassenfeld[5]					
2020 Financial Year	220,000	-	-	-	220,000
2019 Financial Year	220,000	-	-	-	220,000
K Spargo					
2020 Financial Year	302,000	-	-	21,348	323,348
2019 Financial Year	230,000	-	-	20,767	250,767

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.
4. These amounts are inclusive of $9,110 in 2019 and $9,110 in 2020 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 2020 Financial Year.

Name	Balance at 31 Dec 2019	Purchases	Received on exercise of options/rights	Sales	Closing Balance[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
Former Directors					
M Fernández Verdes	2,745[3]	-	-	-	2,745[3]
M Wright	10,000	-	-	-	10,000[4]
Alternate Directors					
R Seidler AM	2,941	-	-	-	2,941
Former Alternate Directors					
A Valderas	2,500	-	-	-	2,500[5]
Á Muriel	14,991	-	-	-	14,991[5]
Senior Executives					
I Segura Suriñach	-	-	-	-	-
S Camphausen	-	-	-	-	-

1. The closing balance is at 31 December 2020.
2. As at 5 February 2020 when Mr Santamaria was appointed as CEO and Managing Director.
3. These shares are held by the relevant director on trust for HOCHTIEF Australia.
4. As at 5 February 2020 when Mr Wright ceased his role as CEO and Managing Director.
5. As at 6 November 2020 following retirement from role as Alternate Director.

MOVEMENTS IN OPTIONS HELD BY KMP UNDER LTI

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 Board approved the replacement of the previous performance rights based plan with an options based plan. The 2015 award represents the first grant under the new plan.

No options under the LTI were awarded for the 2020 Financial Year.

The following table sets out the movement of options granted in previous financial years under the2015 LTI.

Name	Award year	Balance at 31 Dec 2019 (number)	Vested (number)	Vested (value) (A$)	Exercised (number)	Exercised[1] (value) (A$)	Lapsed (number)	Lapsed (value) (A$)[2]	Balance at 31 Dec 2020 (number)
Senior Executives									
S Camphausen	2015	1,642	-	-	-	-	1,642	-9,704	-
Former Senior Executives									
M Wright	2015	23,537	-	-	-	-	23,537	-139,104	-
Former Alternate Directors									
A Valderas	2015	20,924	-	-	-	-	20,924	-123,661	-
Á Muriel	2015	12,127	-	-	--	--	12,127	-71,671	-

1. The exercised value is equivalent to the cash amount received upon the exercise of options.
2. These values are calculated by multiplying the number of options by the difference of the closing market price on 29 October 2020 ($21.62) and the exercise price ($27.53).

SHARES PURCHASED ON MARKET

No shares were purchased on market in the 2020 Financial Year for the purpose of satisfying vested awards under the EIP.

The CIMIC Group Limited Directors’ Report for the 2020 Financial Year is signed at Sydney on 9 February 2021 in accordance with a resolution of the Directors.

Juan Santamaria
Executive Chairman and CEO

Telstra mobile black spot program

UGL, New South Wales Central Coast, Australia

Engaged by Telstra, UGL is installing mobile phone base stations within the rail corridor between Sydney and the Central Coast in New South Wales.

The 68km rail corridor winds through tunnels and valleys which constrain mobile coverage for about 30,000 people who make the daily commute, two-hours each way.

Working in an operating rail environment and managing interfaces with Sydney Trains, Telstra and specialised contractors, UGL's scope includes installing 3.6km of cable infrastructure in the Boronia and Woy Woy rail tunnels. The team is also constructing and testing 11 macro sites, finalising design on three macro sites and completing the optical fibre connectivity between the sites and Telstra's exchange network.

The project is part of the Federal Government's Mobile Black Spot Program – one of the largest mobile coverage expansions ever undertaken in regional and remote Australia.

Sustainability Report

SUMMARY OF PERFORMANCE AGAINST OUR SUSTAINABILITY COMMITMENTS AND TARGETS

COMMITMENT Target	FY20 result	Performance Commentary	Target Date
SAFETY			
Zero work-related fatalities	○ Not achieved	▪ One fatality recorded in January 2020	Annual
Reduce Class 1[1] injuries	● Achieved	▪ One Class 1 injury versus four in 2019	Annual
Reduce potential Class 1 injuries	● Achieved	▪ Reduced from 63 to 51	Annual
Reduce TRIFR[2]	● Achieved	▪ Decreased from 2.30 to 1.99	Annual
Safety management systems in place	● Achieved	▪ All Operating Companies certified to ISO 45001, ISO 18001 and/or AS/NZ 4801	Annual
INTEGRITY			
No material breaches of Code of Conduct (the 'Code')	● Achieved	▪ No material breaches recorded	Annual
Maintain Group-wide Code training	● Achieved	▪ 18,112 direct employees (77%) completed Code of Conduct training in 2020, required every two years ▪ 1,402 employees in 'high risk roles' attended face-to-face Code training in 2020, required every two years	Ongoing
CULTURE			
Roll out 'One' leadership program	● Achieved	▪ 216 participants attended frontline leadership development programs	Ongoing
Train and develop future leaders	● Achieved	▪ Graduate Program cohort intake of 214	Ongoing
Promote gender equity	● Achieved	▪ Graduate Program features an above-industry female participation rate of 35% for the 2020 cohort	Ongoing
Promote diversity	● Achieved	▪ An additional 9,688 employees undertook face-to-face Equal Employment Opportunity (EEO), Discrimination, Anti-Bullying and Harassment training, completion rate currently 74% ▪ 78 staff of senior staff have completed unconscious bias training (1,073 trained in total to date)	Ongoing
Foster female participation	● Achieved	▪ Female share of total Group workforce up to 13.2% (v 12.2% in 2019)	Ongoing
INNOVATION			
Delivering sustainable returns	● Achieved	▪ Economic value retained of $167m in 2020 (see page 92) ▪ Returned $281m to shareholders through buyback	Ongoing
Increase IS[3] rated projects	● Achieved	▪ 32 cumulative certifications (v 28 in FY19) ▪ Delivered $2.9bn of 'Cleantech'[4] or 'green-rated' projects	Ongoing
Further develop knowledge capture	● Achieved	▪ Interactive Project Knowledge Library (iPKL) increased to include more than 2,300 projects	Ongoing
Utilise technology in the delivery of projects	● Achieved	▪ Continued to increase use of BIM and GIS[5] ▪ CPB Contractors, Leighton Asia, UGL, Sedgman, Pacific Partnerships and EIC Activities covered by BSI Kitemark certification	Ongoing
ENVIRONMENT			
No Level 1 or 2 environmental incidents	◉ Partly achieved	▪ Zero Level 1 incidents reported ▪ 18 Level 2 incidents reported	Annual
Reduce EIFR[6]	● Achieved	▪ 0.15 (v 0.20 in FY19)	Annual
No legal breaches, fines or penalties	◉ Partly achieved	▪ Six legal breaches resulting in fines	Annual
Environmental management systems in place	● Achieved	▪ 100% of Operating Company management systems certified to ISO 14001	Ongoing

● Achieved ◉ Partly achieved ○ Not achieved

[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.
[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 www.isca.org.au
[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.

ABOUT THIS SUSTAINABILITY REPORT

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.

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

- 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 themes 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 of Integrity, Accountability, Innovation and Delivery, underpinned by Safety. The Principles provide a common framework for the behaviours of our people.

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 examples of sustainability practices, demonstrating the diversity of the Group's activities, and reinforcing that acting sustainably creates value.

For CIMIC's 2020 Financial Year (January to December), 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 with which our stakeholders can assess our performance against the GRI measures. The GRI index can be found on pages 140 - 144.

REPORT BOUNDARY AND SCOPE

This Report is for the 2020 Financial Year, 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;
- Thiess;
- Sedgman;
- UGL;
- Pacific Partnerships;
- EIC Activities; and
- Leighton Properties.

The scope of the Report does not include the operations of CIMIC Group's investments where CIMIC Group does not have 100% ownership.

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 a CIMIC level, using a Group-wide software application. This ensures a consistent approach with certain factors, such as those for emissions, applied across the appropriate geography or business unit. Standardised definitions are applied to certain data points to provide reliable and comparable metrics.

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 and 2019 Annual Reports.

In 2020, CIMIC again reviewed each of its construction, mining and mineral processing, and operations and maintenance (O&M) services contracts to determine their alignment with the SDGs. The analysis shows that around 85% 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.

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, ISCA and Greenroads.

MATERIAL ISSUES

DEFINING MATERIAL ISSUES

In previous years, CIMIC has 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). CIMIC has again reviewed the material issues this year to ensure they are still applicable.

The identified material issues were set out in the stand-alone 2015 Sustainability Report and updated in the Sustainability Report section of the 2016 Annual Report. The 39 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 123; Safety, pg 81
▪ 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 136
▪ Growth in demand for renewable energy and the impact on construction opportunities	General Disclosures	Environment, pg 136
▪ 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 128, pg 136
▪ Ensuring legal compliance with all environmental regulations and avoiding reputational liabilities	Environmental Compliance, Effluents and Waste	Environment, pgs 127 - 128
▪ Improving energy efficiency on projects, in the supply chain and in corporate activities	Energy	Environment, pgs 128 - 132
▪ Minimising the use of materials (e.g. concrete, steel, packaging) and working with the supply chain to reduce environmental impacts	Materials	Environment, pgs 134 - 135
▪ Protecting biodiversity and ecosystem health (including erosion and sediment management) when delivering projects	Biodiversity	Environment, pgs 135 - 136
▪ Reducing the production of hazardous and non-hazardous waste	Effluents and Waste	Environment, pg 132
▪ Reducing the consumption and wastage of water	Water, Effluents and Waste	Environment, pgs 133 - 134
Governance		
▪ Aligning remuneration with performance to encourage and reward the creation of shareholder value	General Disclosures, Employment	Culture, pg 111
▪ Balancing transparency in disclosing information for investors while not giving away commercial advantage	Public Policy, Marketing and Labelling, Customer Privacy	Integrity, pg 87
▪ Collaborating with industry not-for-profits to generate shared value	General Disclosures	Innovation, pg 121
▪ Encouraging free, fair and open competition, and complying with all applicable competition laws	Anti-competitive Behaviour	Integrity, pg 88

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

Material issues (by ESG factors)	Applicable GRI Standard	Section/Page number
Governance (cont.)		
▪ Ensuring compliance in overseas markets when operating across different cultures and languages	Anti-corruption, Anti-competitive Behaviour, Socioeconomic Compliance	Integrity, pgs 84 - 86, pg 88
▪ Ensuring environmentally and socially responsible sourcing and governance factors are integrated into procurement processes	Supplier Environmental Assessment, Supplier Social Assessment	Integrity, pgs 89 - 91
▪ 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 123
▪ Maintain the integrity of the Company's tax payment and disclosure regime	Economic Performance	OFR; Integrity, pg 88
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 97 - 101
▪ Attracting, developing and retaining employees to meet the evolving needs of the business	Employment, Labour/ Management Relations, Training and Education	Culture, pgs 97 - 111
▪ Availability of a skilled and trained workforce that can deliver projects and manage the business	Employment, Training and Education	Culture, pgs 97 - 111; Innovation, pg 118
▪ Avoidance of all forms of bribery and corruption including facilitation payments	Anti-corruption, Public Policy	Integrity, pgs 84 - 89
▪ Avoidance of all forms of child or forced labour in the supply chain	Child labour, Forced or compulsory labour, Human Rights Assessment	Culture, pgs 98 - 100
▪ Changes in social factors (government policy, industrial relations, new technology) that could impact labour productivity	General Disclosures	OFR
▪ 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 91 - 95
▪ Creating safer and healthier workplaces for the well-being of employees and all those in the Group's care	Occupational Health and Safety	Safety, pgs 71 - 82
▪ Encouraging a culture of innovation where people are continually looking for new and better ways of doing things	Training and Education	Innovation, pgs 114 - 123; Culture, pgs 101 - 111
▪ Ensuring the safety of the public while delivering projects	Customer Health and Safety	Safety, pg 81
▪ Fostering a more diverse workforce that reflects the communities in which the Group operates	Employment, Diversity and Equal Opportunity	Culture, pgs 105 - 111
▪ 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 91 - 95
▪ Promoting gender equity in remuneration and promotion decisions	Employment, Diversity and Equal Opportunity	Culture, pgs 105 - 108
▪ Respecting the rights of local communities when delivering projects for clients	Rights of Indigenous Peoples, Local Communities	Integrity, pgs 91 - 95
▪ 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 71 - 82; Innovation, pg 125

AVAILABILITY OF INFORMATION

CIMIC acquired Sedgman in 2016 and completed the acquisition of UGL in early 2017. Information for Sedgman has been aggregated from 2016 and for UGL from 2017.

SUMMARY OF GROUP PERFORMANCE

CREATING SHAREHOLDER VALUE		2020	2019	2018	2017	2016
Human Capital return on investment[10]	#	1.11	1.31	1.31	1.30	1.33
Revenue per employee[11]	$k	388.9	415.6	381.8	355.5	380.1
Labour (revenue) productivity	$m/MhW	94.4	99.5	92.2	85.1	88.6
Profit per employee[12]	$k/emp'e	21.1	22.6	20.3	18.6	16.4

SAFETY						
Total fatalities	#	1	0	1	0	3
Of which: Australia	#	1	0	1	0	1
International	#	0	0	0	0	2
Total Class 1 actual events	#	1	4	1	2	3
Of which: Australia	#	1	1	1	1	1
International	#	0	3	0	1	2
Total Recordable Injury (TRI) frequency rate	TRIs/MhW	1.99	2.30	2.82	2.64	2.74
Lost Time Injury (LTI) frequency rate	LTI/MhW	0.62	0.95	1.27	1.07	1.00
Potential Class 1 incidents	#	51	63	97	103	138
Million hours worked	MhW	120.9	147.8	159.1	157.8	122.4

INTEGRITY		2020	2019	2018	2017	2016
Employees undertaking formal, on-line Code training	#	18,112	25,419	23,837	18,870	9,624
Continuous disclosure breaches	#	0	0	0	0	0
Significant breaches of Code	#	0	0	0	0	0

CULTURE		2020	2019	2018	2017	2016
Total direct employees[13]	#	29,339	35,373	38,423	37,779	35,394
Total employees[14]	#	37,838	40,234	46,959	51,001	50,874
Personnel costs[15]	$m	2,577	3,710	3,634	3,530	2,432
Payroll ratio[16]	$k/emp'ee	147.5	104.9	94.6	93.4	85.2
Average tenure of employment	years	4.6	3.9	3.4	3.4	3.1
Number of new hires	#	9,062	16,245	19,685	23,511	12,564
Of which: Male	#	8,038	14,676	18,108	22,324	11,816
Female	#	1,024	1,569	1,577	1,187	748
Total turnover rate[17]	%	47.3	48.9	51.3	56.0	46.0
Of which: Male staff (voluntary)	%	10.1	11.9	13.1	11.8	9.7
Female staff (voluntary)	%	3.4	3.8	4.2	4.0	3.4
Of which: Male staff (involuntary)	%	11.6	7.6	4.5	7.6	12.6
Female staff (involuntary)	%	3.1	1.4	1.2	2.0	3.0
Females on the Board	# / %	1 / 14.3	1 / 12.5	1 / 12.5	1 / 12.5	0[18] / 0
Females in the workforce	%	13.2	12.2	10.3	9.3	9.3
Females in senior management	%	14.3	13.9	12.2	10.5	9.1
Local participation in International workforce	%	92.2	94.1	94.2	93.9	97.7

[10] Total Revenue less Total Operating Expenses less Total Employee Related Costs (TERC) divided by TERC. As reported to DJSI.
[11] Based on Statutory Group Revenue – includes the operations of Thiess for the full year.
[12] Statutory Group net profit after tax (NPAT) divided by Total direct employees. For 2019, the ratio reflects UNPAT.
[13] The 2016 direct employee numbers include all those of UGL. UGL was consolidated from 24 Nov 2016 and other financial metrics were only consolidated from that date as CIMIC did not have operational control until that date. Includes Thiess's 11,862 employees as at 31 Dec 2020.
[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%) as at 31 December 2020.
[15] 2020 reflects Personnel costs for 'Continuing operations' as per Note: 3 Expenses in the Financial Report. 2019 has not been amended.
[16] Total personnel costs divided by the total number of direct employees. For 2020, the number has been adjusted to remove Thiess's 11,862 employees as at 31 Dec 2020.
[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 has been provided in the 'Culture' chapter for a more representative comparison of turnover rates.
[18] This figure is measured at year end, CIMIC had one female for most of the 2016 year.

INNOVATION		2020	2019	2018	2017	2016
Cumulative green buildings completed	#	80	80	76	65	63
Cumulative ISCA[19] certified and rated projects	#	32	28	22	19	16
Green Standard project registrations	#	8	17	5	5	7
Green Standard project certifications	#	4	11	6	7	19
Cleantech or 'green-rated' revenue	$m	2,869	3,021	4,932	2,703	2,083
Green Standard employee certifications	#	86	81	76	54	57

ENVIRONMENT		2020	2019	2018	2017	2016
Total Level 1 incidents	#	0	1	0	0	0
Total Level 2 incidents	#	18	29	14	10	6
Of which: Australia	#	8	7	11	8	5
International	#	10	22	3	2	1
Total Level 3 incidents	#	316	447	693	497	520
Of which: Australia	#	269	347	567	462	493
International	#	47	100	126	35	27
Total Breaches	#	34	32	21	15	10
Of which: Australia	#	13	7	13	9	9
International	#	21	25	8	6	1
Violations with fines >$10k	#	1	1	1	2	0
Value of fines related to above	$k	15	295	15	30	0
EIFR[20]	# / MhW	0.15	0.20	0.09	0.06	0.05
Energy consumption - Diesel	GWH	9,441	10,410	10,627	8,569	7,761
Energy consumption - Electricity	GWH	86	141	153	154	89
Energy consumption - Other	GWH	14	19	17	21	9
Total energy consumption	GWH	9,541	10,570	10,798	8,735	7,860
Energy intensity[21]	GWH / $m	0.76	0.72	0.74	0.65	0.72
Water: Withdrawals	ML	18,488	17,188	8,121	7,415	7,239
Discharges	ML	7,233	11,567	9,022	476	2,203
Water consumption	ML	11,255	5,621	(901)	6,939	5,036
Water reuse	ML	3,567	4,297	9,200	4,196	5,425
Recycled/reuse[22]	%	16.2	20.0	53.1	36.1	42.8
Water intensity[23]	ML / $m	0.89	0.38	-0.06	0.52	0.46
GHG emissions - Scope 1[24]	kt. CO2-e	2,391	2,634	2,689	2,236	1,963
GHG emissions - Scope 2	kt. CO2-e	61	122	126	128	89
GHG emissions - Scope 3[25]	kt. CO2-e	801	1,143	1,016	1,653	2,664
Carbon intensity[26]	kt. CO2-e / $m	0.20	0.19	0.19	0.17	0.19
Total material volumes	kT	3,624	6,753	4,295	3,990	4,891

[19] Infrastructure Sustainability Council of Australia.
[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] Scope 3 emissions have been adjusted for the 2016 year when they were previously over-stated.
[26] 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

At CIMIC, safety is enshrined in our Principles and our commitment extends to minimising harm in workplaces, promoting physical and mental health, and protecting the public. Ensuring that our people, and all those under our care, return safely to their families is the most important thing we do each day. 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, Thiess, 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 ▪ Thiess, 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 ▪ 466 safety experts employed across the Group
Actions taken during 2020	▪ Developed and put in place COVID-19 plans and protocols to minimise risk of infection ▪ All Operating Companies maintained management system certification ▪ 210 internal safety audits conducted and 37 external audits – all to ISO 45001, ISO 18001 and/or AS/NZ 4801 standards ▪ Delivered an average of 16 hours per person of health and safety training
Performance	▪ Achieved reduction in Total Recordable Injury frequency rate (TRIFR) from 2.30 to 1.99 ▪ Minimised number of positive COID-19 cases to 648, less than 1.3% 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 Thiess, 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 ▪ Thiess and UGL have delivered a variety of mental health education programs targeting managers and supervisors, which have been shared with all other Operating Companies ▪ 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 2020	▪ Numerous targeted initiatives were implemented early across 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 ▪ 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	▪ 50% of eligible employees have activated their AIA Vitality accounts (refer to page 80)
Protect the public	
Measures in place	▪ Public safety integrated into Safety Essentials and at the design phase of projects
Actions taken during 2020	▪ 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 by eliminating all fatalities and serious injuries, and by creating psychologically safe workplaces. This means ensuring everyone - subcontractors, clients, visitors, etc. - is treated with the same degree of care as our employees. 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. It also includes identifying and providing rehabilitation opportunities to ensure workers can achieve the earliest safe return to reintegrate employees into the work following a workplace injury or illness.

Our commitment starts with the Board who understand that safety 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 responsibility for the day-to-day management of operational responsibilities for specific activities and transactions sits with the Operating Companies. Each Operating Company maintains health and safety risk management systems and critical risk controls that systematically identify, assess and eliminate or control risks in the design, planning and implementation of our projects. Identified risks are eliminated or, where elimination is not possible, mitigated where practicable through 'hard' controls[27].
Each of our major Operating Companies maintains management systems that are certified to ISO 45001, ISO 18001 and/or AS/NZS 4801.

Each of CIMIC's Operating Companies has safety management systems that, while similar in their structure, are tailored to meet the unique risks and hazards that exist in their industries.

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. Leadership, training and communication, in addition to rigorous risk management systems, underpin our robust safety culture.

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[28] 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.

Geotechnical design allowing for safer delivery on Metro Tunnel
EIC Activities has supported CPB Contractors, part of the Rail Infrastructure Alliance, in the delivery of the Metro Tunnel Project in Melbourne, Victoria (Vic). The project involves forming the Eastern Portal – or entrance – that will connect with new stations at North Melbourne (near Arden Street), Parkville, State Library, Town Hall, and Anzac.

Metro Tunnel's Eastern Portal is situated in a densely populated area in very close proximity to existing commercial and residential properties and live rail operations. Creating the Portal involved installing a row of 18m long Continuous Flight Auger piles at the top of a 7.5m high existing rail cutting, with batter slopes steeper than 45 degrees.

The adopted solution was a temporary post and panel retaining structure designed to support a 120-tonne piling rig to install the piles for the cut and cover tunnel structure. The 7.5m high temporary structure, which supported the piling rig, allowed existing train lines to operate without disruption and made the adjacent property's acquisition unnecessary.

Extensive planning and coordination between engineering, design, and delivery teams resulted in an efficient and cost-effective solution and the confidence of delivery for the project team to complete the temporary and permanent structure within the set occupation period. The team's solutions enabled the construction to be simpler and leaner, making them quicker and safer to build.

Fatalities and Permanent Disabilities

We are saddened to report that a fatality occurred in January 2020 when a Thiess employee was fatally injured during a tyre change activity in the main workshop at the Curragh Mine Complex in Queensland (Qld). The Directors and management extend their deepest sympathies to the family of the individual, his friends, colleagues and all those affected by this tragic event.

Thiess established a fund offering support to his partner and next of kin. Thiess has also provided counselling and support to employees at the Curragh Mine and their families. In January this year, we marked the one-year anniversary of his tragic passing through events on site including the unveiling of a memorial.

Zero permanent disabling injuries were recorded by the Group in 2020.

Injury measurement

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

[27] Controls used to eliminate, substitute, isolate or engineer out the risk from causing harm.
[28] 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.

The Group's preferred lag measure is the number of Recordable Injuries (RIs)[29] from which we calculate the Total Recordable Injury Frequency Rate (TRIFR)[30], which reflects the average number of recordable injuries per million hours worked (MhW). RIs capture lost time injuries (LTIs)[31], 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.

The Group recorded a TRIFR in 2020 of 1.99, which represents a 13% decrease from the 2019 result of 2.30.

	2020	2019	2018	2017
Group TRIFR[32] (TRIs/MhW)	1.99	2.30	2.82	2.64

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 performance.

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 2020, the Group's LTIFR decreased from 0.95 to 0.62.

	2020	2019	2018	2017
Group LTIFR[30] (accidents/MhW)	0.62	0.95	1.27	1.07
Employee LTIFR (accidents/MhW)	0.27	0.42	0.53	0.74
Contractor LTIFR (accidents/MhW)	1.24	1.84	2.46	1.72

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 2020, the total number of PC1 injuries decreased by 12 to 51. The steady decline in PC1s over time suggests that the potential risk of injury to our people is decreasing.

	2020	2019	2018	2017
Group PC1 (#)	51	63	97	103

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).

Lead indicators

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.

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.

[29] 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.
[30] 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.
[31] An occurrence that results in a fatality, permanent disability or time lost from work of one day/shift or more.
[32] Includes employees and contractors.
[33] Accidents (defined as LTIs on the current page) per MhW.
[34] Generally defined as direct reports to an Operating Company Managing Director.

Compliance

During 2020, there were no material incidents of non-compliance with regulations.

During 2020, 18 fines totalling approximately $56,713 were imposed for breaches in health and safety legislation.

COVID-19 initiatives

In response to the risk of coronavirus or COVID-19, CIMIC put in place plans and protocols and we are continuously monitoring the situation. 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.

COVID-19 inspires safety innovation

Using modern technology, CPB Contractors introduced virtual safety walks because, while COVID-19 has changed the way the construction industry works, it hasn't changed CPB Contractors' commitment to safety. In New Zealand, the March 2020 lockdowns meant that all projects were shut down, except for the Acute Services Building (ASB) at Christchurch Hospital, which, as a critical health project, was allowed to continue while practising social distancing.

With about 500 people working on the ASB, in what were unprecedented circumstances for the entire country, it was important that the commitment to the Group's One HSE (Health, Safety, and Environment) Culture and its Safety Essentials remained as clear and as strong as ever. The team used technology to conduct virtual safety walks so that the senior leadership team could be assured that safety remained the top priority. The walks used Microsoft Teams technology to transmit video footage from a mobile phone (using specialist equipment called a gimbal to ensure stability and a quality image) back to senior leaders working remotely who couldn't visit the ASB site.

Filmed by the project's Safety and Health Manager, this innovation allowed those watching to give directions about what they wanted to see and engage in a conversation with workers and supervisors. The virtual safety walks were so successful at the Christchurch Hospital's ASB that they are now operating across all New Zealand projects, including Transmission Gully and the Christchurch Convention Centre. The idea has also moved across the Tasman, with virtual safety walks taking place at projects across Australia, where inter-state border closures made travel difficult.

The virtual safety walks send a strong message that, even in extreme circumstances, CPB Contractors' commitment to safety is not faltering but is, in fact, intensifying. It demonstrates to our people the commitment of management to safety and enables managers to see how the projects are progressing.

At our project sites, we 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 has 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 648 confirmed positive cases of COVID-19 in 2020, which represents 1.3% of our workforce across our global operations. Nearly all 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.

Safety in construction

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

Safety system for mobile plant

In Vic, CPB Contractors' Plant and Assets team is using detection technology to improve safety when working around mobile plant. The safety system, known as SEEN, uses a camera mounted on the rear of the plant to detect the reflective stripes typically found on hi-visibility clothing, bollards and vehicles. If a reflective strip is detected, two alarms go off. One is inside the cabin to alert the operator, while the other is outside to warn any pedestrians that they are in a potentially unsafe zone.

The camera views the area behind the plant, where an operator would have the least amount of visibility - such as a blind spot - and activates automatically when reflective stripes are detected. This innovative piece of equipment has proven easy to use, is robust as well as weatherproof, and will alert someone if they are straying into the wrong area. The extent of the detection area being scanned is adjustable and can be fine-tuned to suit various operating environments. This innovative technology is a low-cost solution to mitigating the risks in working in and around mobile plant and is suitable for installation on wheel loaders, telehandlers and forklifts.

CPB Contractors' Plant Department and Corporate Safety, Health, Environment and Quality (SHEQ) team are working together to identify and test emerging technologies that provide robust above the line controls to risks associated working with and around mobile plant. The trial of the SEEN device - and others across the business - is part of this broader action to significantly improve the safety of people working in and around mobile plant.

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:

- electrical work - managing the risk of electric shock;
- live services - risk of working with live services such as power, electricity, gas, water and petroleum;
- 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;
- mobile plant - where the public or workers risk being struck by operating mobile plant;
- temporary works – where an engineered solution is used to support or protect an existing structure or the permanent works during construction; and
- working at heights - where there is a risk of a worker falling or an object falling from height.

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

Constructing tunnels safely in Hong Kong

At the Tseung Kwan O - Lam Tin Tunnel project in Hong Kong, the Leighton Asia team is constructing a 2.2km long, dual lane highway tunnel, and their collision warning system is enhancing safety. The team has implemented an Ultra-wide Band Collision Warning System, which enhances safety in the tunnels by ensuring the separation of plant and people.

Detector units are attached to plant items operating in the tunnel such as excavators, loaders and dump trucks, and employees wear tags on their helmets digitally linked to these detector units. If someone enters the working perimeter of operational plant, the alarm system will alert them and the plant operator to the potential danger.

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 process 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.

Active frontline engagement - A key factor to safe productivity

The nature of construction work is dynamic and it continually challenges project teams to plan and ensure safe production is achieved each day. One of the initiatives rolled out has been the 'Interactive Project Safety Stand Downs' – a new style of briefing with a focus on the 'interactive' element. These briefings are delivered to employees and the frontline workforce of subcontractors. The briefings focus on providing live demonstrations to anyone who is engaged in high-risk activities, such as banksmen, persons working at height, etc. The live demonstrations typically involve a 'mock-up' scenario, covering a critical risk activity and a specific type of incident event, such as a worker falling from height or a worker being struck by an item of moving plant. These types of scenarios have a high impact and grab the attention of the workers attending the stand down.

The benefit of these mock-up scenarios is that participants can not only learn what can go wrong but, more importantly, they gain a better understanding on how to correctly implement critical risk control measures, and how these controls can prevent incidents from occurring.

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 Mining and Mineral Processing

In the Group's Mining and Mineral Processing businesses, the critical risks most frequently reported are currently: mine traffic; working at heights; isolation of energy sources; geotechnical; lifting operations; explosives; and working with tyres.

Thiess has non-negotiable, mandatory Safety Essentials which describe clear minimum requirements, and provide critical controls and core procedures, for high-risk activities in mining. The Safety Essentials globally cover higher risk activities such as:

- explosives – safe transportation, use, security and disposal of explosives;
- geotechnical – ensuring ground movement is managed;
- heights – working safely at heights;
- isolation – ensuring energy sources are identified and positively isolated;
- lifting – working safely with cranes and other lifting equipment;
- traffic – safe operation and interaction of all light, medium and heavy vehicles on-site and to ensure infrastructure is designed, constructed and maintained; and
- tyres – working safely with tyres and tyre handling equipment.

These Safety Essentials are produced in English, Spanish, Bahasa and Mongolian, reflecting Thiess' areas of operation.

Using IT to bring frontline workers up to speed on COVID-19

In response to the COVID-19 pandemic, Thiess' Global Training team fast-tracked a mobile training app to push out essential health and safety information including the latest COVID-19 news to frontline staff. Primarily designed as a learning and assessment portal known as LAAMP, the fast-tracked response was a direct result of meeting a business need.

Thiess needed an accessible, mobile communication solution to help its global team of more than 11,000 project-based workforce stay connected and informed, and access support. Once downloaded, frontline teams could access Thiess' Health Hub quickly and easily by navigating to the LAAMP dashboard and selecting the appropriate tab for more information. Thiess' teams could now access key resources such as social distancing guidelines, hand hygiene etiquette and travel detail information at the same time as their office-based peers. It allowed people to follow protocols to prioritise their health and wellbeing and take decisive action to minimise the spread of COVID-19.

The LAAMP app was mobilised across Australia, Indonesia, Mongolia and Chile and included multi-lingual functionality to ensure all messages could be communicated inclusively. This is an example of how Thiess works collaboratively across its business to ensure Thiess' safety vision, everyone safe everyday, is realised.

Sedgman implemented Safety Essentials in 2019 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.

Drones review lifting

At the Barquito site in the north of Chile, Sedgman is upgrading a 60-year-old copper concentrate port, starting with the demolition of two 60-year-old conveyor trestles, each measuring over 18m high and weighing 120 tonnes. The conveyor trestles joined the original stockpile conveyor, shiploader and gallery conveyor, and all the original components are to be removed as the first stage of the plant upgrade.

The Sedgman team has trialled the use of drone footage to review lifting operations to verify critical controls were in place. The on-site team arranged for the capture of the drone footage, which was then supplied to the Brisbane-based project management team. The footage is used to review how the project is progressing, how the site is set up for the next phases of work, and to assess any specific high-risk tasks that are conducted. The drone footage also provides opportunities for the HSE team to coach the Barquito project team on high-risk tasks and promotes regular reviews and discussions between the teams on critical controls.

In addition to the safety reviews, the drone footage has provided the opportunity for the HSE team to remotely identify equipment that may need minimum critical or mandatory controls applied, prompting the need for further review or an application of an Alternate Risk Control process where necessary.

As with construction projects, a range of measures have been implemented at mining and minerals processing projects that respects government social distancing regulations, seek to keep our people and subcontractors safe, while also ensuring that projects maintain their momentum.

Supporting FIFO workers to live and work through the COVID-19 pandemic

With different COVID-19 restrictions and requirements in place between and within countries, the Thiess team worked hard to support Fly-In Fly-Out (FIFO) colleagues who were impacted by work roster and restricted travel arrangements. In Western Australia (WA), a hard border closure in place since April 2020 restricted entry for anyone travelling from interstate. FIFO workers offered an exemption to enter WA but were required to self-isolate for 14 days before beginning their shift. Some workers were required to self-isolate for another 14 days when returning to their home state.

The spikes in COVID-19 community transmissions in New South Wales, Victoria and South Australia meant employees from these states were unable to return to work in WA. Thiess worked to support its people, some of whom were forced to make unenviable decisions. Some people have had to choose between staying at work and not see their family for longer periods or returning home and possibly not being able to return to WA to work.

Thiess' People and Capability team worked closely with sites to ensure team members had access to our Employee Assistance Program and providers. They also focused on supporting site teams through buddy programs, R U OK conversations and scheduling regular mental health check-ups.

Enabling regular connection with family has been critical while also ensuring teammates unable to return home have regular downtime and social connection. Thiess worked hard to create some flexible options for the team to have rest and recuperation and spend time with friends between shifts and rosters. Thiess has also supported employees who stayed in WA by setting up offsite accommodation so they can get away from work when they are off roster. Additionally, team excursions and social events (prioritising physical distancing) have been created to enable personal connection and some fun.

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.

Exoskeleton trial to improve safety

UGL Unipart - a joint venture between UGL and Unipart Rail - completed an exoskeleton trial during the year. The exoskeleton assists operators to complete heavy manual tasks, by providing support to the shoulders, neck and back. The exoskeleton takes much of the weight of the tool, reducing the potential for injury to the operator. The exoskeleton is part of a wider investment into zero gravity tools at UGL Unipart. Zero gravity support frames for rattle guns are already being used by teams in the wheel line, jacking road and bogie strip down areas.

For UGL, critical risks are managed through their Critical Risk Control Protocols which include: working at height; operation of mobile plant; working in confined spaces; excavation and trenching; cranes and lifting operations; energy isolation; working with electricity; managing traffic; hazardous chemicals; working with asbestos; working in and around the rail corridor; and movement of rolling stock.

UGL Safety Conversations focus on critical risks

Leaders talking with their teams about how they control critical risks is at the core of UGL's approach to improving critical control effectiveness. All operational leaders and HSE professionals participate in UGL's Safety Conversations program with over 13,000 conversations undertaken across the business and participation increasing month-on-month.

Capturing safety conversations electronically enables analysis of critical control performance and insights into where UGL needs to focus improvement efforts. Voice to text functionality makes collecting data even easier. The outcomes of the program have been integrated into monthly dashboards allowing the business to understand insights on:

- what critical risks are being discussed and at what frequency;
- where improvement opportunities have been identified; and
- the areas of good practice.

Over the initial implementation, senior leadership teams across UGL took the opportunity to support the program and new technology, providing insights and feedback to the wider business. The program is supported by a Safety Conversations app which is seen as a positive way to connect with the teams and can be used to open up the conversation about things that are important to people at UGL.

Wearable cameras to minimise risk

UGL Health, Safety, Environment and Quality (HSEQ) team has been trialling an innovative new tool. This tool, a hands-free camera, allows for real-time first-person perspective communication between a site and a leader who is offsite. The camera connects into the Microsoft Teams environment and is personal protective equipment (PPE) compatible. Its use will improve both the speed and effectiveness of the safety conversations and ensure improvements and learnings are understood and implemented quickly. The benefits of using this device mean increased opportunities and flexibilities for leaders to engage with site-based teams, particularity in a COVID-19 environment where managers may face travel constraints.

As with the other segments of the Group's business, the Services 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.

Each project and/or workplace is required to maintain a record of all new cases of work-related injury or occupational illnesses. In 2020, Group Operating Companies reported 28 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 0.23 for CIMIC Group employees and contractors.

	2020	**2019**	**2018**	**2017**
Group Occupational illnesses or injuries (#)[37]	28	79	48	15
Group OIFR (# / MhW)	0.23	0.53	0.30	0.09

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. 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.

[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).
[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 2017.

Promoting healthy eating and sun safety at UGL
In November 2020, UGL - in partnership with Medibank - promoted Healthy Living Month as part of their 'Be Well With UGL' program. This partnership delivered a series of free, 30-minute webinars related to healthy eating and sun safety for UGL employees and their families. Some of these sessions included the benefits of good nutrition, healthy eating ideas during the festive season, menu planning, understanding food labels and guides as to what to look for on packaging, and the importance of sun safe practices. In the sun safety session, a doctor covered what skin cancer is, what the risks are, how people can be sun safe and performing self-checks. In Australia, all CIMIC Group employees and their families have access to private health insurance savings and benefits with Medibank's CIMIC Group Corporate Health Plan.

Rehabilitation

"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 people 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 rehabilitation opportunities 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

Across CIMIC, we support initiatives that help 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.

Launch of the 'Benny Button' initiative to support well-being
In 2020, UGL's Resources and Defence Division launched the 'Benny Button' program as a HSEQ well-being initiative. Based on the premise of F. Scott Fitzgerald' book - The Curious Case of Benjamin Button - where the central character's aging process was reversed, this app-based service assesses user's well-being across eight factors, providing immediate feedback and prompting the development of an individualised improvement program.

A 'locker room' in the app provides access to resources, support material and zoom-based workshops on well-being topics such as stress management and mindful action. Anonymised data on well-being performance from different user groups allows UGL to consider other organisational initiatives to support employee well-being.

A trial cohort of 320 people resulted in an engagement rate with the well-being assessment of 80% and ongoing attendance rate at workshops of more than 30%. The feedback so far has been overwhelmingly positive. During the COVID lockdowns, users reported that the app was useful for raising their awareness and moderating their consumption of alcohol, and in increasing their focus on exercise and sleep.

CIMIC promotes and provides access to the 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 proactive EAP aims to foster a shared understanding of mental health care in our workplace and provide 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.

[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.

The Group's 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, Mates in Mining, Black Dog Institute, Carers Australia, Headspace, MensLine Australia, Relationships Australia, Support after suicide, and R U OK? Day.

Sparking conversation for mental health
In NSW, UGL and Newcastle Coal Infrastructure Group (NCIG) teams work closely on the Kooragang Island coal terminal site. Since the NCIG team lost one of their own to suicide, these two teams have held an annual initiative to raise awareness for mental health and wellbeing. Each year the funds raised are donated to a different mental health charity.

In 2020, the teams at Kooragang Island organised 'conversation starter' Hawaiian PPE work shirts. These loud and vibrant hi-reflective shirts aim to act as a catalyst for starting a conversation around mental health and contribute to reducing the rate of male suicide in Australia. The Kooragang Island team aim to wear these shirts every Friday as a reminder to 'look after your wellbeing and your workmates.' The team also held a BBQ for the site which raised more than $3,500 for Lifeline.

UGL's ongoing promotion of mental health supports a culture of respect and inclusivity, where everyone feels comfortable to speak openly about their mental health.

CIMIC provides salary continuance insurance (SCI or income protection insurance) automatically, at no cost and without a medical for eligible employees[40] in Australia and New Zealand. In Australia, CIMIC Group 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 you 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, including 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 2020, the AIA Vitality Program[41] had an overall activation rate[42] of 50% (versus 47% at September 2019) and an overall engagement rate[43] of 45% (versus 31% at 30 September 2019). Over the 12 months to 30 September 2020, employees have made savings or earned benefits totalling $166,000 which recognise the healthy lifestyle choices they are making.

More ways to be well
As part of September's Wellbeing month and continuing into October, CIMIC partnered with Medibank to provide free virtual fitness classes to all CIMIC, EIC Activities and Pacific Partnerships team members. Virtual fitness and wellbeing classes are a great way to keep people's mind and body in shape, whether they are working in the office or from home. On offer was a mindfulness session, to build focus and master being in the moment, and a stretching class so that employees could learn how to move their muscles and joints to boost circulation and concentration while seated.

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.

As a part of the induction process for CIMIC's intake of 2020 graduates, all 214 attended a mental health resilience program designed to provide them with the skills to identify early warning signals, build their resilience and to know how to seek assistance if necessary. Now in its third year, the program has been well received and is seen as an essential element in the preparation of graduates, as many have moved from education to their first full-time employment experience.

[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 2020 as Dec 2020 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.

UGL launches peer support program

UGL is working toward creating a psychologically safe environment and enhancing mental fitness for all its people. This means developing a culture of respect and inclusivity, without discrimination, bullying or harassment, where everyone feels comfortable to speak openly about their mental health. To support this goal, UGL introduced the national UGL Peer Support Program in 2020.

The Peer Support Program has been designed to assist workmates deal with stress. The peer supporter's role is to actively listen, assist with problem solving and connect the individual to external services (such as medical or counselling support). Employees can nominate themselves or a colleague to be part of the program. Leaders review all expressions of interest/nominations, conduct informal interviews and put forward candidates who are deemed suitable for the role. Peer supporters do not receive any payment for undertaking the role.

Nominated candidates undertake a two-day peer supporter training course run by Gryphon Psychology. Candidates who successfully complete the course are invited to become a peer supporter.

Across the Group in 2020, a range of physical and mental health initiatives continue to have been promoted.

Promoting Mental Health Week 2020

Across the CIMIC Group, various initiatives have been undertaken to support World Mental Health Week, an annual event that aims to improve community awareness and interest in mental health and wellbeing. The week started on Saturday 10 October with World Mental Health Day which encouraged everyone to "look after your mental health, Australia." This simple call to action was even more relevant in 2020 given the increased uncertainty and anxiety experienced by employees and their families impacted by the current COVID-19 pandemic.

As part of a commitment to 'Healthy Minds at UGL', their Health Team organised online events to help with mental health awareness and steps that can be taken to promote individual wellbeing. A session facilitated by Plum Superannuation featured a panel discussion on achieving emotional wellbeing despite uncertainty. Another session, delivered by the UGL health team, addressed anxiety; helping to explain what anxiety is, what it can feel like and, importantly, what individuals can do about it. A third session focused on maintaining work-life balance and mental wellbeing; taking employees through some simple steps to managing their mental wellbeing as they transition out of isolation to the new normal of work/life, manage the impacts of COVID-19, and explore options for support.

A range of other resources were published on the Group intranet and included links to the EAP program, self-help articles and videos, and a Mental Health Pack provided by Medibank.

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.

Robotic surveyor delivers safer construction environment

Earlier in 2020, CPB Contractors commenced construction on a northern section of Melbourne's M80 Ring Road. Works on the $330m project 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.

The project team is using Matey, a fully autonomous tiny robot surveyor, to spot for line marking and set out survey. An operator controls Matey from a safe observation point via a tablet, which reduces the risk of interface with the workforce and live traffic. Matey can operate on several surfaces including asphalt, grass and dirt, and is now booked in for work on other CPB Contractors projects.

During 2020, the Group is not aware of any significant incident or event 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 2021, we will focus on embedding existing initiatives from 2020. This will ensure that the disruption of managing the effects of COVID-19 has not impacted the effectiveness of our strategic initiatives.

In 2021, 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 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

At CIMIC, 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 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	▪ The Code is 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 business concerns ▪ Third-party due diligence solution to screen third parties
Actions taken during 2020	▪ 18,112 employees completed some form of training on the Code as part of a requirement to be trained within three months of joining and, thereafter, every two 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 ▪ 98 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 2020	▪ Made 123 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 2020	▪ 24,581 vendors and suppliers screened using due diligence solution
Performance	▪ 5% of suppliers and vendors required further investigation and assessment related to their identified risk rating and justification for continued use by CIMIC Group with corrective action plans in place
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, Thiess, Sedgman and UGL all have a Reconciliation Action Plan (RAP) in place ▪ CPB Contractors partners with CareerSeekers, a humanitarian employment program
Actions taken during 2020	▪ Numerous, project-by-project initiatives tailored to meet the needs of local communities ▪ Sedgman launched its first RAP
Performance	▪ Operating Companies invested $1.3m 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]

Along with the Code, CIMIC's commitment is supported by additional governance documents including: Group Code of Conduct - Management, Monitoring and Reporting Policy; an explicit Anti-Bribery and Corruption Policy; Whistleblower Policy; Dealing with Third Parties Policy; and 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.

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.

Each Operating Company is required to maintain a Reportable Conduct Group (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 nominate 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 Reportable Conduct Group 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.

In 2020, the nature of the matters considered by Operating Company RCGs and reported to the ECSC have been as follows:

Issues reported to the ECSC (#)	**2020**	**2019**
Conflicts	12	5
Breaches of Code/procedures	15	28
Misappropriation/theft	8	9
Fraud	5	1
Human resources related	47	28
Other	11	11
Total	**98**	**82**

Of the matters reported in 2020, all were investigated by the respective Operating Company's RCG and the ECSC apprised of the material details.

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). The Group 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. 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.

[44] Facilitation payments are 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.

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 2020 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.

The screening found that, across 25,875 vendors and suppliers, ~5% of suppliers required further investigation and assessment related to their identified risk rating and justification for continued use by CIMIC Group.

Appropriate due diligence must be carried out on all third parties prior to their formal engagement with approval to engage subject to the Group Delegation of Authority. 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 [46] 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[47], 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.[48]

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

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

[47] 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.

[48] Refer to http://www.dfat.gov.au/sanctions/sanctions-regimes.

Political donations

The Group 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. CIMIC's approach is described in the Corporate Affairs Policy and reinforced in the Code.

Attendance is not permitted by employees at a function or event which is a political fundraiser. This includes fundraising events where employees do not pay for attendance. The Group retains 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, the Group has not made any donations, either directly or in-kind, to political organisations, political parties, politicians, or trade unions since 2014.

Supporting and protecting whistleblowers

CIMIC 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. 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 communication and training program has been undertaken to ensure that the legislative changes, and obligations under it, are well understood.

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.

The Ethics Line is 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 has been made available this year – via the iTunes App Store or Google Play – to facilitate the reporting of an issue to STOPLine.

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 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).

All 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, 18,112 employees completed some form of training on the Code in 2020 versus 25,419 in 2019.

Employees completing Code training (#)	2020	2019	2018
Total	18,112	25,419	23,837

The reduction reflects the decline in the number of Group employees. 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'[49] 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 2020, 7,842 employees undertook this face-to-face training versus 2,580 in 2019.

OPERATE HONESTLY AND TRANSPARENTLY

CIMIC expects its 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 so as 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 the Australian Securities Exchange, CIMIC is committed to complying with the Australian *Corporations Act* and the ASX Listing Rules, including meeting all continuous disclosure obligations. CIMIC publishes to its website a comprehensive Market Disclosure and Communications Framework which sets out the principles, policy and procedures which have been adopted.

A comprehensive Securities Trading Policy is also in place - and published on CIMIC's website - 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 Group 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 2020, 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 the 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 outside Australia, will be treated in accordance with the applicable law.

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 2020.

[49] 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.

Tax payment and disclosure

CIMIC is 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, and 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.

In terms of tax, CIMIC's approach 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.

CIMIC seeks to maintain open and transparent relationships with relevant tax authorities. In Australia, CIMIC is regarded as a 'key taxpayer' under the Australian Taxation Office (ATO) Risk Differentiation Framework and participates in the ATO's annual pre-lodgment compliance review and the justified trust assurance review programs. These programs are based on transparent and cooperative disclosure and enables CIMIC to provide increased confidence in relation to the amount and timing of tax paid.

The Group reports an aggregated tax expense in the Financial Report section of the Annual Report. In 2020, the Group's effective tax rate was 27.1%[50] (versus 27.0% in 2019), 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 difference between the effective tax rate and the Australian corporate rate is reconciled in the Financial Report[51] and is primarily impacted by the blend of different tax rates on profits and losses from the various jurisdictions in which the Group operates and taxes on the gains and losses of divestments.

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 2019/20 year CIMIC paid more than $128m of state payroll tax in Australia (versus $138m in 2018/19).

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.[52] The value of any standard tax relief measures are disclosed in the Financial Report.

During 2020, JobKeeper wage subsidies of $20m were received by some of the Group's subsidiary entities impacted by COVID-19 as per the Federal Government's eligibility requirements. JobKeeper payments were used as intended to support employment across affected entities during the COVID-19 outbreak. $5m in other COVID-19 related financial support was received in New Zealand and Canada. In addition, the Group received $8m of payroll tax savings as well as a temporary benefit from the deferral of payroll taxes by some state governments in Australia.

Open and transparent relationships

The Group's commitment to the principles of free and fair competition and avoiding any anti-competitive conduct is 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 complying with 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 2020.

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[50] For the Underlying Business as set out in the Operating and Financial Review section.

[51] The amounts of which are disclosed in Note 7: Income tax expense – Reconciliation of prima facie tax to income tax expense, in the Financial Report within the Annual Report.

[52] 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.

During 2020, 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.[53, 54]

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

SUPPORT SUSTAINABLE PROCUREMENT

CIMIC's Procurement Policy aims to ensure 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.

Local workers and suppliers build Mackay Ring Road

In September 2020, CPB Contractors completed construction of the Mackay Ring Road in Qld's north. The works included more than 11km of highway, 13 bridge structures including two underpasses, two dual-lane roundabouts. The project took 1.3m hours to complete and had zero Lost Time Injuries.

In an example of CPB Contractors' commitment to supporting the communities, more than 80% of workers, subcontractors, and suppliers were from the local area. Throughout the project, 1,800 people were inducted to work on Mackay Ring Road, and more than 140 subcontractor businesses and suppliers were engaged.

The Mackay Ring Road project will help reduce the number of heavy vehicles travelling through Mackay's city centre and significantly improve local, regional, and national road networks. It will provide a more efficient transit system from the north to the south of Mackay, with its benefits to be felt right along the coast of Qld.

CPB Contractors has not just delivered a road network that enhances capacity, accessibility, and safety but one that will have a lasting impact for local businesses and residents for many years to come. Through the construction of this project, CPB Contractors has collectively delivered many benefits to the Mackay community through employment, training and upskilling, and the purchase of materials and products from local businesses.

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.

A comprehensive assessment must be undertaken when evaluating suppliers that includes pricing criteria along with other factors, including:

- the supplier's ability to meet specifications;
- contract conditions;
- warranties;
- total life-cycle cost;
- Indigenous and local community involvement; and
- supplier ratings as per the approved supplier list.

[53] In February 2012 CIMIC advised the ASX that it had self-reported to the Australian Federal Police (AFP) an alleged breach of the Code by employees within the Leighton International business prior to 2012 that, if substantiated, may have contravened Australian laws. CIMIC is continuing to cooperate with the relevant authorities in their investigations. In November 2020, the AFP arrested and charged an ex-employee with two foreign bribery offences contrary to sections 70.2 and 11.5 of the *Criminal Code Act 1995 (Cth)* and with allegedly engaging in conduct to falsify books linked to the corporation, and knowingly providing misleading information, contrary to sections 1307 (1) and 1309 (1) of the *Corporations Act 2001 (Cth).* In January 2021, the AFP made another arrest in relation to the matter, charging an ex-employee with two counts of knowingly providing misleading information contrary to sections 1309 (1) of the *Corporations Act 2001 (Cth).* The AFP have indicated that a further warrant to arrest another ex-employee is outstanding.

[54] On 30 September 2020, the NSW Court of Criminal Appeal allowed Mr Peter Gregg's appeal against his conviction of two counts of falsifying the books of the Company. In allowing the appeal on a number of grounds, the Court of Criminal Appeal quashed the verdicts of guilty and acquitted the former CFO of all charges. The Australian Securities and Investment Commission has not alleged that the falsification has misstated the accounts of the Company in the relevant period, nor has the Company been charged with any offence.

In applying the due diligence solution screening process to third parties (see page 85), CIMIC has captured detailed supplier information as follows.

Supplier information	Absolute number of suppliers (#)	Share of total procurement spend (%)	Percentage of suppliers assessed for risk in the last 3 years (%)
Total Tier 1 suppliers[55]	25,875[56]	100	100[57]
Critical Tier 1 suppliers[58]	922	63	
Local suppliers[59]	23,287	90	
New suppliers	4,282		

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.

Supporting small businesses through COVID-19

Thiess has increased its support for small, local and Indigenous businesses as part of the company's commitment to care for communities during the COVID-19 pandemic. With a supply chain that supports projects across seven countries, Thiess is focused on engaging local suppliers and boosting regional spending.

During 2020, Thiess' Supply Chain team purchased $60,000 worth of hand sanitiser from an Indigenous business located in the Hunter Valley. This commitment to supplier diversity is helping regional businesses to invest in creating jobs and opportunities. By supporting small businesses, Thiess is creating opportunities for future work which is fundamental for economic sustainability and prosperity.

Thiess is looking at other new ways to invest in local communities, having partnered with a number of specialist Brisbane and Balikpapan businesses to supply hygiene products to their operations. Thiess' Supply Chain team also engaged an Indonesian supplier to help manufacture government-enforced masks for their local workforce.

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).

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.

New construction methodology improves sustainability outcomes

On the M1 Pacific Motorway widening project between Tuggerah and Doyalson, north of Sydney in NSW, CPB Contractors has used a new construction methodology to demolish, recycle and reuse concrete pavement. Traditionally, existing concrete pavement would be repurposed by first being demolished using an excavator and breaker, then transported to a processing facility to be crushed and screened. The recycled product would then be returned to site by trucks.

CPB Contractors saw an opportunity to improve this process and successfully adopted a new approach. The team saw that safety and efficiency challenges, as well as potential community concerns could be avoided through the use of two pieces of specialised equipment. The use of a rubbiliser and mobile impact crusher (MIC) on the alignment eliminated the need for 6250 truck trips between the site and the processing facility. The rubbiliser and MIC minimised the project's impact on traffic, carbon emissions, and noise levels on the local community while also improving safety and operational performance.

Another piece of specialist equipment used was a rubbiliser machine that works faster (up to 500m2/hr) than traditional concrete demolition methods, such as excavators and hammers. The rubbilised product provides consistent feed material for crushing into a road base material, making the crushing operation more efficient and quieter than traditional excavators.

[55] Refers to suppliers that directly supply goods, materials or services (including intellectual property (IP) / patents) to the company.
[56] Each of CIMIC's Operating Companies maintains its own supplier database and the cumulative number of suppliers is currently 25,875.
[57] The implementation of the third party due diligence solution and supporting processes across all Operating Companies, outlined on page 79 of the 2019 Annual Report, has enabled the confirmation of 100% of all suppliers being assessed.
[58] Critical suppliers include high-volume suppliers, suppliers of critical components and non-substitutable suppliers.
[59] Local suppliers: Suppliers located within the country or region of the entity's operations, assumes 90% of suppliers are local.

Suppliers and subcontractors play a valuable role in the Group's ability to deliver projects and promotes their fair treatment and payment within negotiated and contractually agreed terms. CIMIC will continue to comply with all payment terms prescribed by the federal and state Governments.

Partnering with Indigenous supplier Jatu
Jatu, a 100% Aboriginal owned, family business provides high-quality workwear solutions to suit a wide range of workplaces. Jatu has been a supplier to UGL since 2016, commencing with new starters at Chevron's LNG project on Barrow Island.

Starting from their family home in WA, Jatu was created to support family, and to contribute to Aboriginal training and employment within the community. In January 2019, in partnership with Workforce Clothing, Jatu commenced supplying workwear for UGL projects across WA. As the business grew, Jatu was able to employ a graduate Aboriginal accountant to assist in managing the UGL account.

UGL has supported Jatu's growth, helping the company to develop their business capabilities, provide an agile service and to continue to be receptive to UGL's supply requirements. Since August 2019, Jatu has operated from a warehouse to keep up with demand. In 2019, ATOM Supplies acquired Jatu's supply partner - Workforce Clothing. To support the change, UGL facilitated a working relationship between ATOM Supplies and Jatu as part of UGL's commitment to supporting Aboriginal and Torres Strait Islander businesses and to facilitate the continuity of engagement and supply.

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 and the payment of interest to banks; 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 2020[60]
Clients	▪ Provide high quality, safe, value-adding solutions ▪ Invest capital on behalf of clients to efficiently and effectively deliver projects	▪ Delivered $6.6bn worth of construction activity and provided $2.4bn worth of O&M services for infrastructure, building and resources projects ▪ Delivered almost $3.6bn worth of outsourced mining services work ▪ Invested $580m 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[61], a significant portion of which was paid to employees based in rural and regional areas ▪ Invested in 909,964 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 $3.5bn employing subcontractors, most of them local
Governments	▪ Generate and pay taxes which provide revenue for various National and State governments ▪ Mine minerals on which clients paid royalties ▪ Contribute to trade through the export of services ▪ Invest capital to boost productivity and support economic growth	▪ $173.5m of corporate tax expenses paid ▪ $128m of state payroll taxes paid in Australia (in 2019/20) ▪ CIMIC employees paid substantial personal income taxes to the Australian and other international governments ▪ Facilitated the generation of significant mining royalties for Australian governments through Thiess' mining activities ▪ Contributed $3.1bn to the Australian economy through the export of construction, mining and minerals processing, and O&M services ▪ Invested $579.7m in property, plant and equipment which fosters productivity

[60] The figures quoted are estimates based on CIMIC's internal calculations
[61] Based on personnel costs as per Note 3. Expenses in the Financial Report.

Communities	▪ Design, financing, construct, and operate and maintain infrastructure and property which improve the productivity of economies and the quality of people's lives ▪ Deliver sustainable infrastructure ▪ Provide local employment opportunities for people ▪ Support local communities through charitable giving and participation programs	▪ Delivered $6.6bn worth of construction work and provided $2.4bn worth of operations and maintenance services ▪ CPB Contractors' delivered $2.9bn worth of sustainably rated or 'green' projects ▪ Many of CIMIC's 37,838 direct and indirect employees are from local communities and regional and remote communities ▪ Directly invested $1.3m into community investments, charitable donations and other commercial initiatives
Shareholders	▪ Compensate shareholders via dividends and/or buyback program	▪ Returned $281.3m to shareholders in the form of share buybacks
Debt and facility providers	▪ Generate secure and reliable returns for providers of debt and other financial facilities	▪ Paid $167.5m 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	▪ $2.5m specifically invested in innovation projects

CIMIC's activities bring significant and sustainable benefits to communities and society.

Supporting training and employment of Aboriginal people
Thiess' Prominent Hill team continues to pave sustainable career pathways for Aboriginal Australians with its trainee program. Delivered in partnership with Agangu Mining and Oz Minerals, the two-year program focuses on training and developing local Antakirinja Matu-Yankunytatjara (AMY) people. The provision of long-term, secure employment for local AMY people is providing them with a steady income that benefits the individuals, their families, and the wider AMY community

Located on the traditional lands of the AMY people, Oz Minerals' Prominent Hill copper-gold mine is approximately 650km north-west of Adelaide, SA. Thiess first began working with Oz Minerals in 2005, initially providing early feasibility works. Over the next 13 years, Thiess' scope of work expanded to include full mining services until the mine's closure in 2018. During the contract term, Thiess and Oz Minerals completed a social impact study which identified that local employees, specifically the AMY people, would be impacted when the mine closed after reaching the end of its life. A subsequent run-of-mine (ROM) and stockpile rehandling tender provided an opportunity to reduce these impacts.

In 2018, Thiess and the local Traditional Owner group Antakirinja Matu-Yankunythatjara Aboriginal Corporation (AMYAC) partnered to present a join tender submission with key objectives that included facilitating employment and training outcomes for AMYAC members in a culturally safe workplace, and providing an ability to grow the commercial capacity and capabilities of AMYAC's commercial subsidiary, AMY Nominees through labour hire services, Anangu Mining. The joint submission was successful with Thiess and Anangu Mining securing a $112m contract to provide stockpile rehandling and ROM services. Under the five-year contract, Thiess is continuing to work with Anangu Mining to grow their plant and equipment fleet, improve their labour skills and strengthen their commercial capabilities, to position them to pursue other business development opportunities in the future.

The direct economic value, as defined by the GRI, generated and distributed by CIMIC over the past two years is set out in the table below.

Economic value created (A$m)[62]		**2020**		**2019**
Economic value generated: Revenue		9,686		14,701
Economic value distributed		(9,519)		(13,588)
Of which: Operating costs	(6,552)		(8,922)	
Employee wages and benefits	(2,577)		(2,690)	
Payments to providers of capital	(162)		(632)	
Payments to governments	(227)		(297)	
Community investments	(1.3)		(1.0)	
Economic value retained		167		1,113

[62] 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 is 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.

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

A key focus in successfully delivering projects is minimising disruption, as much as practicably possible, to those communities impacted by the Group's activities. Our Operating Companies will try to minimise the consequence by engaging proactively, being approachable and developing positive relationships with potentially impacted community members.

Preserving history on the Parramatta Light Rail project

CPB Contractors is delivering the Parramatta Light Rail for the NSW Government in a 50:50 joint venture that will connect Westmead to Carlingford via the Parramatta CBD and Camellia with a 12km, two-way track. The project includes constructing a 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.

Archaeologists working on the Parramatta Light Rail project unearthed a fascinating collection of historical artefacts and evidence of long-term Indigenous settlement. Digs conducted at the Cumberland Health Precinct, Queens Wharf Reserve, and Robin Thomas Reserve unearthed crockery, bottles, buttons, and pipes dating from 1790 to 1810. The collection tells a unique historical story about the early colonial period of Australia providing opportunities for the local community to reflect on the early days of the colony. In addition, archaeologists found evidence of long-term aboriginal settlement in these same places including earth pits used for cooking that are thousands of years old.

Each of the Group's Operating Companies develops its own community engagement policy and framework, relevant to its individual business. Stakeholder engagement plans are incorporated in the planning process for many projects, which include the recording and tracking of community concerns. Interaction with communities is undertaken 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.

Project life cycle

The Group's Operating Companies work with their clients to evaluate the lifecycle consequences of their projects and, where possible, 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.

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.

Prefabrication overcomes logistical challenges

In Hong Kong, Leighton Asia and its joint venture partner are delivering the largest contract of 12 major civil works contracts awarded for Phases 1 and 2 of the Shatin to Central Link rail project. Works include the construction of an underground station (Exhibition Centre Station) and 300m of cut and cover tunnel.

An important part of the project has been the installation of a 92 metre long footbridge weighing 220 tonnes, which was prefabricated and erected in three sections. The initial section was constructed on-site in November 2018 and took six weeks to assemble and erect. The team decided to prefabricate the remaining two sections, each weighing 85 tonnes, at an offsite facility in Mainland China. This had the benefit of allowing other critical elements of the works to progress and helped decongest a very busy site while ensuring a safe work environment.

The prefabricated bridge sections were transported to Hong Kong by barge. After lifting onto the shoreline, the two sections were moved a short distance by road at night and lifted into position over a weekend without incident according to plan. The successful erection of the bridge within this busy urban environment was the culmination of two years of detailed planning and engineering design.

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.

Supporting recovery from the Australian bushfires
Australia's 2019/20 summer of bushfires left a substantial mark on many regional and rural communities. The fires were extinguished by courageous volunteer firefighters, some from our own teams and, finally, welcome rain.

With Australia's focus turning to helping communities get back on their feet, rebuild and come back stronger than before, CIMIC's bushfire response included supporting our people, who were affected by the fires or involved in volunteer activities, and establishing an employee matched giving initiative. The initiative matched employees' donations to eligible registered charities, dollar-for-dollar, and our combined donation of $95,000 to the Salvation Army has contributed to relief and recovery efforts.

CIMIC's donation was made to key organisations where our employees have directed their donations such as the Red Cross and Salvation Army - organisations well placed to address community needs including mental health and wellbeing. CIMIC will continue to assess opportunities to support the recovery with in-kind giving - looking to potentially contribute skills and equipment where we can use our expertise to add value.

Each Operating Company develops its own program which underpins their social licence to operate and empowers our clients to achieve their community objectives.

In 2020, CIMIC directly invested ~$1.3m in corporate community investment programs, up from $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.

Sedgman sponsors the Royal Flying Doctor Service in Qld and WA
Sedgman has again provided support to the Royal Flying Doctors Service (RFDS) in both Qld and WA. The RFDS is committed to serving the community and providing the best healthcare to Australians, regardless of remote location.

In 2020, Sedgman provided funds to the RFDS in WA for the emergency aeromedical service which serves as a 24/7 standby service acting at intensive care unit in the sky. Additionally, this donation allows expert teams of doctors, nurses and dentists to deliver community-based primary healthcare in remote regions, allowing patients to remain close to home while being treated.

The donation to the RFDS in Qld was used to purchase six ventilators used to assist in response to this year's COVID-19 pandemic. The ventilators supply oxygen to patients needing concentrated air flow while in the aircraft. The RFDS routinely deals with diseases, however COVID-19 presented new challenges and increasing volume in patients this year.

Following on from our initial donation earlier in the year, our Sedgman people also made a further donation to mark 40 years of Sedgman's history. To celebrate the milestone year, Sedgman released a commemorative book highlighting 40 years of history in the business. Copies of the book were made available with a minimal $20 donation to be sent to our partners at the RFDS Qld. Sedgman was proud to celebrate the occasion and praised the RFDS for the hard work they do for our Qld communities.

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.

Donations in Mongolia to combat COVID-19
Thiess' team in Mongolia have donated fifty protective clothing sets to staff at the National Centre for Zoonotic Diseases, who are working on the frontline to support local communities during the coronavirus pandemic. Established 89 years ago, the Centre works to prevent the spread of zoonotic diseases from animals to humans with Mongolia having more than ten times as many livestock as people.

The Centre has also been pivotal to containing the spread of COVID-19 in Mongolia, disinfecting more than of 350,000 m2 of surfaces. These include isolation shelters, aircraft used for charter flights, trains, vehicles, passengers' hand luggage, cargos and shipping containers. Thiess' support will help the Centre to protect workers at the Centre fighting the challenges posed by COVID-19.

The Group has not identified any incidents of violations involving the rights of Indigenous people during the reporting period.

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.

Local partnerships delivering a world-class project

In New Zealand, CPB Contractors has worked with approximately 70 local suppliers and sub-contractors to deliver the stunning Te Pae Christchurch Convention Centre. This 28,000m2 world-class facility has been designed as the city's gathering place and forms a vital element of Christchurch's regeneration following the devastating 2011 earthquake. CPB Contractors has partnered with qualified local businesses and suppliers to deliver this project, which provided a good opportunity to showcase their talent, innovation, and craftsmanship.

The iconic braided river façade cladding is made of 43,000 herringbone, fibre cement tiles which are individually cut and placed onto panels which wrap around the curving structure. Fibre cement production has 90% less global warming potential than aluminium sheeting. The tiles will last for over 50 years and are fully recyclable.

The design of the façade is based on the building's cultural narrative developed to reflect Ngāi Tūāhuriri / Ngāi Tahu values and narratives which reflect the importance of the braided rivers of Canterbury to the local iwi. The concept for the façade is aligned with ki uta ki tai (from the mountains to the sea). This term relates to the movement of water through the landscape and the numerous interactions it may have on its journey. Ki uta ki tai recognises the interconnected nature of people, land and water. This concept also has a strong connection with both mahinga kai and whakapapa.

Local input critical in delivering Brisbane Airport project

In July 2020, Brisbane's New Parallel Runway project, delivered by CPB Contractors in a joint venture, was officially opened with the first flight departing for Cairns. The project included construction of a 3.3km long, 60m wide runway, a 12km taxiway system, lighting, utilities, signage, and 300 hectares of landscaping. Five million cubic metres of bulk sand earthworks were also completed, 100,000 tonnes of aircraft-grade asphalt used, and 175,000 cubic metres of concrete produced on site.

One of the largest aviation projects ever undertaken in Australia, it delivered substantial local benefits for the industry with more than 3,700 people and 300 subcontractors inducted and 90% of construction materials provided locally.

Building Better Together with Wamarra

In Melbourne, CPB Contractors is delivering the Monash Freeway Upgrade. The new Freeway includes 36km of new lanes, an upgraded interchange with new freeway ramps, and delivering associated roadworks, including rolling out a Freeway Lane Management System to manage traffic flows better.

On the project, CPB Contractors is seeking to achieve the targets set out in its Reconciliation Action Plan (RAP), which commits the CPB Contractors to achieve a spend of 2% of revenue with Aboriginal and Torres Strait Islander businesses and 4% employment of Aboriginal and Torres Strait Islander people. The team has partnered with Wamarra - an Aboriginal owned and operated Vic-based civil contractor. Wamarra will deliver site establishment and compound works, including civil works, hardstand, concreting, and covered walkways. The engagement of Wamarra has resulted in a contribution of more than 550 hours towards the project's employment target and $385,000 towards social procurement revenue. As of October, seven Wamarra employees were working on the project.

OUTLOOK AND FUTURE PLANS

We are committed to acting with integrity and doing the right thing, regardless of where we operate. In 2021, 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

The success of CIMIC is driven largely by the skills, passion and expertise of our more than 29,000 people, working in more than 20 countries. They are delivering projects that push the boundaries of engineering for better, more sustainable solutions for the future.

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 provide 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 Islanders businesses the opportunity to partner
Actions taken during 2020	▪ Rolled out cultural awareness Indigenous training to build knowledge of Aboriginal and Torres Strait Islander culture ▪ Rolled out training to raise awareness of modern slavery and our program response to Modern Slavery Act
Performance	▪ Thiess' Allies program received the 2020 AMMA Diversity and Inclusion Award ▪ CPB Contractors received the Social Traders 2020 Award for the Social Procurement Business/Government Agency of the Year
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 2020	▪ Provided 159 intern/vacation positions which placed students into short-term programs with CPB Contractors, Thiess, Sedgman, EIC Activities and UGL ▪ 4,128 employees have completed the family and domestic violence eLearning module ▪ Delivered workshop training to 67 leaders on how to recognise, respond and refer an employee experiencing family and domestic violence ▪ 5,377 employees completed modern slavery eLearning; 209 senior leaders have completed face-to-face workshops ▪ Delivered Equal Employment Opportunity (EEO) Anti-bullying and Harassment and Unconscious Bias training to 13,009 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 2020 with 214 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 169 frontline employees and 47 middle managers ▪ Online whistleblower training delivered to over 5,458 employees
Performance	▪ Employed 214 graduates ▪ Ranked 41st in a survey of Top 100 Graduate Employers of 2020 by GradConnection[63] / Financial Review (versus 32 in 2019)

[63] 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.

	▪ Recognised as an endorsed employer of women by Work180 ▪ Ranked 17th in the list of 'Australia's 2021 Top 75 Graduate Employers' by AAGE[64]
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 ▪ CIMIC Group is a supporter of, and registered employer, on Work180[65] ▪ Operational self-assessment tool to assess and address the risks of modern slavery in the Group's operations and supply chain
Actions taken during 2020	▪ 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 78 employees including across the Asia-Pacific region (total trained now 1,073) ▪ Conducted reviews of prior human rights impact assessments undertaken in India, Indonesia and the Philippines
Performance	▪ 9,688 employees undertook EEO, Discrimination, Anti-Bullying and Harassment training ▪ Sedgman supported programs such as METS STEM Career Pathways[66] 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 2020	▪ Our policy of 'promote from within' was emphasised and promotional increases were generated where appropriate
Performance	▪ All remuneration increases and bonuses have a recent performance review rating of 'meets expectations or above' as a key input ▪ Ensure gender pay equity issues are considered during any decisions made regarding appointments, remuneration increases and bonus awards

Employee details

As at 31 December 2020, the Group directly employed 29,339 people, 16,418 in Australia and 12,921 in the international operations, down from 35,373 last year (16,959 in Australia and 18,414 in the international operations).

	2020	2019	2018
Direct Group employees (#)	29,339	35,373	38,423
Of which: Male	25,462	31,073	34,452
Female	3,877	4,300	3,971
Total Group employees (#)	37,838	40,234	46,959
Of which: Male	31,706	35,320	42,260
Female	6,132	4,914	4,699

Based on a share of the employees in our investments as follows - Ventia (46.96%) and Devine (59.11%) - our total Group employees is 37,838, down from 40,234 last year. The main reasons for the change are investments and divestments.

PROVIDE SUPPORTIVE WORKPLACES

CIMIC seeks to provide workplaces where people are supported, are 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

At CIMIC Group, we recognise that successful leadership and accountability are intrinsically linked, for leadership without action and accountability cannot produce great outcomes. We understand that it's about 'leading with principle' – the central concept of the CIMIC Group 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.

[64] Australian Association of Graduate Employers (AAGE), the peak industry body for the graduate recruitment and development market.
[65] WORK180 is an international jobs network that connects employers with talented women.
[66] METS - Mining Equipment Technology Services, STEM - science, technology, engineering and mathematics.

During 2020, 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 2020, and despite COVID-19, CIMIC again conducted 'Program One' workshops for 169 frontline leaders and 47 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 2021.

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.

Communicating in times of COVID-19

The COVID-19 pandemic had accelerated our digital transformation efforts as we sought to accommodate employee's revised working practices. The Group's various Information and Communications Technology (ICT) teams swung into action to ensure that they could support remote collaboration and maintain our teams' sense of connection.

Our ICT teams responded to the pandemic by ensuring our people could continue to work together and access their business systems remotely, by extending the Virtual Private Network provider 'Global Protect' to users, to support increased demand. Many of our business systems are now web-based, which means they were able to be accessed online through Office365 and home internet connections. The change in working conditions has also empowered our team to use Microsoft Teams as our preferred tool to connect and communicate with friends, family and colleagues. The tool has also been enabled in meeting rooms using a smart link between Teams and BlueJeans. Another area of focus has been on building digital capability to enable our people to access any device, anywhere, anytime.

CIMIC continued to undertake on-boarding and exit surveys to better understand the employee's experiences.

Human rights and modern slavery

The Group operates in some industries and geographies that are considered as being of higher 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.

CIMIC rejects all forms of forced labour and will not tolerate child labour or any form of exploitation of children or young people. Our commitment to respecting and adhering to all of our human rights and civil liberties obligations is enshrined in the Group's policies[67] with governance oversight from 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.

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".

[67] Diversity and Inclusion Policy; Sustainability Policy; Anti-Bullying, Harassment and Discrimination Policy; Group Code of Conduct; Ethics, Compliance and Sustainability Committee Charter.

Celebrating International Children's Day in Mongolia
Thiess' team in Mongolia celebrated International Children's Day in June giving a number of gifts to employees' children - a local tradition dating back to the 1950s when the day was first recognised on the national calendar. With 40% of Mongolia's population under the age of 19 years, International Children's Day is one of the country's most significant dates. Celebrated each year with a public holiday, families spend the day together attending performances, festivals and other activities.

Thiess' support of International Children's Day in Mongolia is part of our broader commitment to protecting the rights of children around the world and providing safe environments in which they can thrive with dignity. The Mongolian team has a long-standing record of caring and providing for Mongolia's orphans, helping to build the Lotus Children's Centre outside of the nation's capital city Ulaanbaatar and giving items donated by employees to children at the Erdem orphanage.

Creating safe and rewarding career opportunities for local Mongols is just one way that Thiess is contributing to the development of future generations.

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.

Over the past four 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;
- 2019 - construction operations in the Philippines; and
- 2020 - mining operations in Mongolia 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.

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[68] and an internal evaluation of potential risks when reviewed against the HRCA Quick Check.

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 undertaken in India, Indonesia, the Philippines and Mongolia. These countries included 9,762 direct employees[69] which equates to around 33% of the Group's direct workforce or approximately 11% of revenue based on the Group's financial performance in 2020.[70]

The HRIAs have resulted in a range of remedial action plans being put in place. In India, Indonesia and the Philippines, all outstanding matters have been addressed and closed out.

The HRIAs have also 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 includes 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 increased accuracy of employee payments, such as facial recognition technology linked to site entry.

A HRIA planned for Hong Kong in 2020 was deferred due to COVID-19 imposed travel restrictions.

[68] Global Slavery Index.
[69] As of 31 Dec 2020.
[70] For the purposes of responding to DJSI, the HRIAs have covered 33% of direct employees for the last 3 years. Revenue is based on the Group's statutory revenue and includes Thiess' revenue from Mongolia for this calculation.

CIMIC is preparing to comply with the Australian Federal Government's new modern slavery reporting framework and we expect to publish 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;
- 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 - Thiess, Sedgman, CPB Contractors and UGL. The tool was rolled out in Mongolia;
- 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 Pulse articles; and
- leadership - actively driving communication program.

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 86.

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.

Thiess' Allies drives social change

In June 2019, to coincided with Pride Month, Thiess launched Allies, a support network which aims to connect employees who identify as part of the LGBTIQA+[71] community. Allies is open to anyone at Thiess who wishes to support their colleagues and learn more about the community. Today, Allies has more than 180 frontline and office-based employees from across Australia and Chile.

The popularity of the network has even seen site-based employees launch their own initiatives. Most notably, in 2020 the team at the Mt Arthur South project painted four haul truck trays violet, symbolising the spirit in the LGBTIQA+ rainbow, to raise awareness and to celebrate Thiess' LGBTIQA+ community.

In October 2020, the Allies network was recognised at the 2020 AMMA Industry Awards where it was announced as the recipient of the Diversity and Inclusion Award. The judges recognised the network for its success in creating awareness and understanding of diversity and inclusion, and for challenging bias, stereotypes and intolerance.

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.

United together against family and domestic violence

Thiess' team in Mongolia is committed to ending domestic violence and to standing together to ensure people feel safe, respected and valued. With this purpose in mind, the team in Mongolia has raised vital funds for building repairs at a shelter that protects domestic violence survivors in Ulaanbaatar.

Since first opening in 2014, the shelter has supported more than 1,500 survivors. They provide urgent assistance to protect the lives of those in danger while connecting survivors with health, psychological and legal support. The shelter, which can support 30 survivors per day, was in need of repair having sustained roof damage caused by a leak and an old fence that needed to be replaced. Thiess' support was critical to creating a safe environment for survivors by improving the shelter's security.

Freedom of association and collective bargaining

CIMIC recognises the right of employees to freely associate and collectively bargain, and we aim to fairly, consultatively and constructively engage with workers, union representatives and regulators. This commitment aligned with Principle 3 of the UN Global Compact, as outlined on page 98 in the Human Rights sub-chapter where we note our support for upholding freedom of association and the effective recognition of the right to collective bargaining. We also undertake to fairly, consultatively and

[71] A common abbreviation for Lesbian, Gay, Bisexual, Pansexual, Transgender, Genderqueer, Queer, Intersexed, Agender, Asexual, and Ally community.

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 50.7% are covered by collective bargaining agreements; 18.4% at CPB Contractors, 74.9% at Thiess, 22.2% at Sedgman and 59.5% at UGL.

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

At CIMIC, we invest in the training and development of people so as to equip our workforce for the future. We provide skills-based, vocational and technical training that supports our business requirements and the development of our employees.

Investing in training

CIMIC values its employees and seeks to support their ongoing learning and development. We invest in a range of different types of training to support their personal development and the Group's ability to deliver its projects. We identify skill gaps, train and develop our people, and share knowledge across the Company. By doing so, we improve employee attraction, retention and engagement, all of which ensures that we have the skills to execute on our strategy.

In 2020, we delivered 909,964 hours of training across the Group (versus 898,080 in 2019), which equates to more than 31 hours per annum for each direct employee. The average amount spent per FTE[72] on training and development was $416. 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[73]) training modules.

Project Manager capability and competency development

UGL's Transport and Technology Division has rolled out a Project Management Capability and Competency Framework. The initiative aims to upskill project delivery roles, focused on learning and development to deliver operational excellence.

The program is designed by and for UGL, and features real-life examples, is cost-effective and the sessions can be recorded and reused. New starters can also easily pick up the program. The program is delivered through One Learning - our 'one stop shop' for online training - as a series of two-hour webinars led by UGL experts, followed by a competency test at the end of each module. Participants track their progress through One Learning. The key focus of this program is to develop competency learning modules for the key topics in each segment of the framework. Content is developed, and peer-reviewed via the General Managers and other senior leaders.

This program is aimed at developing a 'learning culture' in UGL. Building on the program, participants will be introduced to a Continuing Development Program (CDP). A key element will include a set number of hours per year of compulsory learning, with an initial target of eight hours per year (one webinar per quarter). The CDP process is linked to the planning and performance process for participants.https://cimic.sharepoint.com/sites/cimic-group/SitePages/Project-Manager-Capability-And-Competency-Development.aspx

[72] Full-time equivalent.

[73] 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.

A Group-wide Capability Framework is in place based on the core capabilities that are a priority for our business. This Framework is designed to deliver consistent training across the Group. Each Operating Company conducts regular skills-based training and programs, designed to support each businesses market specific requirements, and includes technical and vocational training, as well as dedicated health and safety programs.

Training notifications take off

The training notifications process at Sedgman was overhauled during 2020 resulting in an increase in training activity across the business. From June, all employees received a personalised monthly email advising them of the status of training required for their roles, supported by intuitive training management reports for senior leaders. This includes external and internal training and the increased use of online platforms to deploy training due to COVID-19 social distancing restrictions.

At Sedgman, subject matter experts run training sessions for technical content. The various courses provide generic and Sedgman-specific training related to managing and storing engineering design files, on-site access to data and models, in-house estimating and meeting legislative requirements related to safety in design. These training programs ensure that drafters and engineers have a common baseline knowledge of systems ensuring consistency of record keeping and other important governance processes. More than 420 individuals have enrolled in these sessions since the first of the new training notifications was sent on 1 June 2020.

Invest in future leaders

Building a sustainable business requires CIMIC to continue to invest in future leaders. We do this by recruiting graduates into our Group-wide, two-year Graduate Program which further develops their skills and provides them with exposure to a global organisation operating across multiple industries.

Graduates receive structured, on-the-job training, guided learning plans and leadership mentoring. With support for their transition from student to professional from technical experts and mentors, 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 program, the graduates experience three eight-month 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.

The 2020 graduate intake commenced in February 2020, with an induction held in Sydney. This year, 214 graduates commenced with CPB Contractors, Leighton Asia, Broad, Thiess, 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.

Annual intake to the Graduate Program (#)	Female	Male	Total
2020	75	139	214
2019	84	141	225
2018	51	157	208
2017	38	136	174

Across the Group, 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.

Thiess offers a national apprenticeship program, recognised Australia-wide for delivering consistent, high-quality on-the-job and off-the-job training. Certificate III qualification outcomes are promoted in: eengineering - mechanical trade (diesel fitter); automotive electrical technology; engineering - fabrication trade (boilermaking/welding); and electrotechnology electrician (high voltage systems). Thiess also offers a vacation program with opportunities in the following disciplines: mining, mechanical and mechatronics engineering; surveying; and health and safety.

Total graduates, trainees and apprentices employed at end of 2020 (#)	Female	Male
Graduates	119	233
Trainees and apprentices	162	961

Pre-apprenticeship program in Wagga Wagga has been recognised by the NSW Training Awards
The CPB Contractors' building project, Wagga Wagga Health Service (WWHS) Stage 3 Redevelopment has received a Collaboration of the Year award for its pre-apprenticeship program in Wagga Wagga, in partnership with TAFE NSW. The program offers students nationally accredited training from TAFE NSW and construction industry work experience on a CPB Contractors project.

The program's purpose was to increase local employment opportunities for disadvantaged people in the community, including Indigenous residents, and address Wagga Wagga's skill shortages. Twelve students, including two women and eight Indigenous students, completed two weeks of work placement with the CPB Contractors' team delivering the WWHS Stage 3 Redevelopment Project in southern NSW. This industry experience allowed students to apply the knowledge learned from their TAFE NSW training.

After the program concluded, four students joined the CPB Contractors team delivering the WWHS Project, and three others gained employment in the local area. Due to its success, the program will continue in 2020, with 11 students currently participating in the program.

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.

CIMIC supports UNSW 2020 Women in Engineering Camp
In February, CIMIC Group participated in the annual University of New South Wales (UNSW) 2020 Women in Engineering Camp., held at the UNSW Kensington Campus. Across four days, 70 female students from Years 11 and 12 reside on campus exploring engineering as a career – attending lectures, workshops and networking with real-life female engineers, including CIMIC Group representatives. CIMIC Group is proud to support this initiative as it works to address the challenges associated with the relatively small numbers of women entering the engineering trades and professions.

During the year, the Group continued to work with the University of Queensland Mining and Metallurgy Association Student Society, a university program providing student support on academic, industry and social levels to best equip students for a future in the minerals industry.

We also collaborated with universities where, during some or all of 2002, the following research services agreements were in place:

- University of Sydney – 'optimising solar panel foundation systems';
- University of Technology Sydney – 'developing innovative design and performance procedures for stabilising landfills bearing long term infrastructure loads: with special reference to Moorebank intermodal rail link'; and
- University of Western Sydney – 'alkaline-activated treatment of residual Bringelly shale'.

Thiess continued to offer scholarship opportunities to university students in Australia in surveying and mining engineering, women in engineering, and to Aboriginal and Torres Strait Islanders. Thiess' scholarship program includes financial support for the duration of studies up to a maximum amount (subject to the successful completion of the semester), vacation placement at a Thiess project or office (depending on availability and discipline), and the opportunity to secure a permanent position in CIMIC Group's Graduate Program.

CIMIC also engages with students through school-based traineeships in local communities; hosting urban and remote schools as part of career programs. We partner with Explore Careers, Australia's leading careers and employment program, which is designed to bring school students and their future employers together. Partnering provides an opportunity for CIMIC to promote the Group to secondary school students and provide them with employment pathways.

Supporting National Science Week
As part of National Science Week in August 2020, UGL was invited to participate in Engineers Australia's Winter Schools event. National Science Week is Australia's annual celebration of achievements in science and the future's up-and-coming talent. It's an opportunity to appreciate science, innovation, mathematics, engineering and technology, and their role in maintaining and improving our society, economy and environment.

The annual Winter Schools event provides an opportunity for students in years 10, 11 and 12 to visit universities and engineering firms and get a taste of the profession. In 2020, the event was held virtually, allowing more students to attend. UGL delivered an engineering panel event and an interactive Smart Cities webinar to over 500 students receiving positive feedback.

Recruit internally

CIMIC seeks to recruit internally and provide existing staff with opportunities to fill vacancies before looking externally. Our Recruitment Policy declares that internal candidates across the Group must be considered for roles, prior to external recruitment and this includes employees who are in redeployment. Our 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.

By favouring internal recruitment, we hope to encourage loyalty and by reducing turnover we can reduce the recruitment, training and other cost that apply when recruiting externally.

Of all of the jobs offered by the Group in 2020, 2,523 were filled by internal candidates (versus 2,092 in 2019), a 20.6% year-on-year increase.

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 2020, the Group recruited or onboarded 9,062 new hires versus 16,245 in 2019.

The Group's projects - particularly in construction - are typical quite bespoke 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 (%)[74]	**2020**	**2019**
Overall - voluntary and involuntary staff and wages	47.3	48.9
Voluntary - staff and wages	10.6	12.3
Voluntary - male staff	10.1	11.9
Voluntary - female staff	3.4	3.8

The turnover rate, across most of the Group's entities, has remained static or declined markedly since 2016.

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 project also means that our workforce is predominantly composed of permanently employed full time and fixed term employees.

Workforce composition (%)	**Female**	**Male**
Permanent full time	11.0	75.1
Permanent part time	0.7	0.2
Fixed term	0.6	3.0
Casual	0.9	8.5

Over time, and for a range of reasons, men have been more likely to seek employment in many of the construction and mining 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 4.6 years (versus 3.9 in 2019 and 3.4 years in 2017 and 2018) with men having an annual tenure of 4.7 years and women of 4.4 years.

[74] Percentages are based on total departures for the year divided by the average headcounts.

Length of service with the Group in years (% of workforce)	Female	Male
Less than 1 year	2.7	19.6
Greater than or equal to 1 year and less than 3 years	4.8	27.1
Greater than or equal to 3 years and less than 5 years	2.0	15.4
Greater than or equal to 5 years and less than 10 years	2.0	12.5
Greater than or equal to 10 years and less than 15 years	1.0	7.1
Greater than or equal to 15 years	0.5	5.0

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 2020, 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 2021.

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.

Breaking the glass ceiling with gender equality

In 2020, Leighton Asia celebrated International Women's Day to recognise the achievement of women as the company continues to foster an inclusive culture that values diversity. The Day's theme - Each for Equal - emphasised how people's actions and mindsets can impact their surrounding community.

Each of Leighton Asia's employees brings their own experience and perspective to work, and this diversity of thought, capability and skill helps to deliver a better business outcome. Various activities, including wellbeing events were delivered to support Leighton Asia's people on this meaningful day. A company-wide webinar on 'Supporting women at the workplace' was delivered by a certified Psychotherapist in India with key focus on ways to create an inclusive and respectful workplace, breaking the myths about feminism and the importance of people recognition in organisation growth. Posters were put up in sites and offices for people to pledge to support women in the workplace and share ideas for challenging gender stereotypes.

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[75] 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 2020 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 females 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.

[75] The Council is chaired by the CEO and its members include the CFO, the Chief HR Officer and all Operating Company Managing Directors.

Diversity indicators (%)[76]	2020	2019
Female share of total workforce	13.2	12.2
Females in senior management positions (as % of total management workforce)	14.3	13.9
Females in management positions (as % of total management workforce)	14.2	15.1
Females in junior management positions (as % of total junior management positions)	14.3	15.5
Females in top management positions (as % of total top management positions)[77]	13.4	13.8
Females in management positions in revenue-generating functions (as a % of all such managers)	7.9	8.3

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 Groups is supportive of breaking down some of the traditional stereotypes.

Mongolia focuses on gender equity

Since 2010, Thiess has been working with local women from Khushuut and the South Gobi Desert to provide training and career progression opportunities to increase female representation in site-based roles. Thiess is committed to providing equal employment opportunities for females in Mongolia.

In 2010, Uyanga Dalaibaatar became Thiess' first female operator in Mongolia to drive a dump truck at the Khushuut mine. In 2017, legislation was passed allowing women to work underground. Since then, from 2018 to 2020, four female Thiess employees have become qualified to work as underground operators at the Oyu Tolgoi copper and gold project after completing extensive training. For the duration of the project, Thiess has also been focused on building local capability, with over 90 per cent of the workforce being Mongolian.

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.

Helping women access employment

CIMIC, Pacific Partnerships and EIC Activities marked International Women's Day by teaming up to help women secure employment and financial security. In Brisbane, Sydney and Melbourne, teams collected professional clothing and toiletries for Dress for Success – a charity that works to empower women to achieve economic independence.

Dress for Success helps women to build the confidence to enter or return to the workplace. They provide a network of support, professional attire and the development tools for women to thrive in work and life. The initiative collected more than a dozen boxes of high quality, ready to wear professional attire for women attending interviews or starting a new job, including suits, dresses, shoes and accessories, along with toiletries.

CIMIC is actively working to increase female participation in the workforce through recruitment into our Graduate Program. For the 2020 graduate cohort, the female participation rate was ~35%, which is well above the average participation rate of the 'Heavy and Civil Engineering Construction' industry subdivision of 14.8% and the 'Mining' industry subdivision of 17.0%[78].

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.

[76] As per disclosure requirements of DJSI.
[77] Executives and General Managers.
[78] WGEA Data Explorer - https://data.wgea.gov.au/

UGL offers Emerging Female Leaders Program
As part of the Diversity and Inclusion Strategic Plan, UGL is focused on supporting gender equity and increase female representation in senior leadership roles across all divisions. The introduction of an Emerging Females Leaders Program is an important initiative to enable this outcome in conjunction with the implementation of specific individual development plans.

The key objectives of this program are to increase visibility and expand participants' professional networks; increase confidence and effectiveness in building their career; obtain perspective on any work-related issues, areas of concern and career development questions; and to build on participants' strengths so that they can be stronger leaders within the workplace.

Delivered as a hybrid-learning program it combines structured group sessions; individual leadership coaching sessions to support participants' individualised learning; 16 hours of professional development; and a strengths profile, strengths cards and workshop materials. Female leaders with a minimum of five years' experience in an operational role are eligible to participate.

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)[79] 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.

Stepping out to help end domestic and family violence
In Brisbane, Pacific Partnerships, CPB Contractors and UGL, as part of the Pulse consortium, are delivering the Tunnel, Stations and Development (TSD) Public Private Partnership package of the Cross River Rail Project. This is 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.

In October, team members from the TSD project team supported the Darkness to Daylight Challenge, raising funds and awareness throughout the month. Run by the Australian CEO Challenge (ACEOC), the Darkness to Daylight Challenge is a symbolic 110km run with each kilometre representing the lives lost on average each year across Australia to domestic and family violence (DFV). Participants can run the 110km individually or as part of a team. This year's event was virtual, with participants completing or beating the 110km target over the one-month challenge.

The ACEOC aims to bring DFV out of the darkness and into the daylight through this community event. Participants from the TSD team logged their progress as they walked, ran, cycled and swam a combined 2,971kms, raising more than $10,100 for the cause.

The ACEOC also actively educates workplaces and particularly leaders about how they can assist the safety and wellbeing of employees who are affected. Members of the project team have participated in leadership training with ACEOC, which works with the CIMIC Group to empower our people to be part of the solution to help end DFV.

The publicly available 2019/20 WGEA submissions[80] show that, for the Group's contracting entities of CPB Contractors, Thiess, Sedgman and UGL, which have substantial employee numbers, females 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[81])	**2019/20**	**2018/19**
All managers	14.8	13.9
- CEO and Key Management Personnel	10.0	8.0
- General Managers/other executives	7.6	6.9
- Senior managers	15.6	17.5
- Other managers	15.5	13.9
All non-managers	14.8	16.1

These results reflect the traditionally male dominated nature of the construction, mining and services industries. Although these results appear low by comparison to many other industries across Australian society, the WGEA Data Explorer[82] 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 female participation across the Group's Operating Companies, including in leadership positions.

[79] www.wgea.gov.au/report/public-reports.
[80] Based on the aggregated Public Reports for 2019/20 by CIMIC's Australian based Operating Companies to the WGEA. The reporting period is 12 months, from 1 April to 31 March.
[81] Includes CPB Contractors, Thiess, Sedgman and UGL.
[82] https://data.wgea.gov.au/

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 males 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 2019/20 (as reported to WGEA)	**Female**	**Male**
Managers taking primary or secondary carer’s leave	19	38
Non-managers taking primary or secondary carer’s leave	148	129
Total taking primary or secondary carers leave	**167**	**167**

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.

In 2020, the Group directly employed 451 Indigenous people in its Australian workforce.

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 Islander and are committed to supporting people’s aspirations and those experiencing disadvantage with access to training and business opportunities.

From training to jobs

CPB Contractors is committed to providing Indigenous people with employment and training opportunities and, in 2019, established a pre-apprenticeship program in Wagga Wagga, NSW, in partnership with TAFE NSW. Due to its success, the program continued in 2020.

The initial program supported 12 students, including two females and eight Indigenous students, to complete two weeks work placement with the CPB Contractors health infrastructure delivery team on the Wagga Wagga Health Service Stage 3 Redevelopment project. This industry experience allowed students to apply the knowledge learned from their TAFE training. After the program concluded, four students stayed on with the CPB Contractors team.

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 2020, our Operating Companies engaged 48 interns through this partnership.

Indigenous and Social Inclusion on the Avon River Bridge Upgrade Project

CPB Contractors is replacing an existing rail bridge with a new 504 metre single-track bridge over the Avon River in Stratford, Vic. The new bridge will allow trains to travel at up to 90km/hour - a significant improvement on the current 10km/hour speed limit - and CPB Contractors will also deliver a new flood relief structure, earthworks, track works, and signalling as part of the contract.

The project team has focused heavily on Indigenous and Social Inclusion (I&SI). It has achieved an Aboriginal and Torres Strait Islander participation rate of 6.6% by hours worked, comfortably exceeding the original workforce participation target of 2,500 work hours (or 2.5%). Other initiatives on the project have included:

- Employing eight Indigenous staff – through direct employment, apprenticeship arrangements, a structured mentor training program, and engaging Gunaikurnai Land and Waters Aboriginal Corporation staff;
- Engaging six Aboriginal businesses to grow plants for landscaping, supplying PPE and office supplies, undertaking dilapidation surveys, and providing cultural heritage services; and
- Engaging social enterprises for apprenticeship programs, catering, signage, and printing.

Early engagement on the project has meant that CPB Contractors has established strong links with local I&SI networks, which has resulted in genuine commitment and greater project impact.

Numerous initiatives are being undertaken across the Operating Companies to foster cultural sensitivity and understanding.

New cultural awareness learning module launched

Thiess' diversity and inclusion vision is to create a place where Everyone Matters Always - where people feel safe, empowered and valued. Thiess respects the profound history of Aboriginal and Torres Strait Islander communities and values their contribution to society and the company.

To help further strengthen people's understanding, Thiess has rolled out a new Cultural Awareness learning module. It shares knowledge of Aboriginal and Torres Strait Islander history and culture and challenges some common stereotypes and myths. Participants are provided a perspective of what it means for Indigenous people to live and work in two, often very different, worlds. Undertaking this training is one way that Thiess people can each demonstrate their reconciliation commitment and show respect for Indigenous peoples and cultures. The training is mandatory and forms a key component of Thiess' 2017-2020 Reconciliation Action Plan (RAP).

The Cultural Awareness learning module has been rolled out across other Operating Companies.

Each of CPB Contractors, Thiess, Sedgman and UGL has a Reconciliation Action Plan (RAP) in place that formalise their support for Aboriginal and Torres Strait Islander people.

Sedgman launches first Reconciliation Action Plan

In February 2020, Sedgman launched its first Reconciliation Action Plan which has been endorsed by Reconciliation Australia and includes practical actions to drive a contribution towards reconciliation. This strategic document commits Sedgman to meaningfully and practically contributing to the important work of reconciliation and relationship building with Aboriginal and Torres Strait Islander peoples. The RAP is available on Sedgman's website.

To help Sedgman achieve its objectives in employment, education and partnerships, a number of initiatives have been rolled out. In WA, Sedgman has formed strong partnerships with local organisations MEEDAC and Wirrpanda Foundation. By forming alliances with Aboriginal communities in the form of a Memorandum of Understanding (MOU), new business can be formed creating jobs for locals and supporting an economy for Aboriginal and Torres Strait Islander people. The aim of the MOU is for Aboriginal people to become part of the Sedgman business whilst developing their own sustainable businesses that will provide a sustainable future for Aboriginal people.

In WA, Sedgman is also utilising the service of Many Rivers which is a not-for-profit organisation that helps gain funding and setup for small Aboriginal companies; this enables these small companies to become suppliers of goods and services to Sedgman, again creating work and benefiting local economies. Sedgman will continue its active recognition of significant events such as NAIDOC Week and National Reconciliation Week and introducing cultural awareness training.

Thiess' first RAP was introduced in 2013 (and the second in 2017), UGL's was created in 2016 (the second was launched in 2019) and CPB Contractors launched its first RAP in June 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.

Supporting the Clontarf Foundation

UGL partners with the Clontarf Foundation to regularly host events including academy and site visits, employer forums, cultural immersion activities, as well as National Reconciliation Week and NAIDOC celebrations. The Clontarf Foundation is a not-for-profit organisation that aims to improve the education, discipline, self-esteem, life skills and employment prospects of young Aboriginal and Torres Strait Islander male students. As of December 2020, the Foundation operated 123 academies in WA, NT, QLD, NSW, VIC and SA, supported more than 9,000 participants and employed over 475 dedicated staff members.

Clontarf strives to equip students to participate more meaningfully in society. UGL's partnership aims to create employment pathways and work opportunities for Clontarf students across the business.

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 transferral 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.

Encouraging skills, training and local employment in the construction industry
In NSW, for example, the Government has recognised the need to develop the skills, capability and capacity of the construction workforce in partnership with the private sector. The Government has developed the Infrastructure Skills Legacy Program (ISLP), administered by Training Services NSW, to "capitalise on the NSW Government's record levels of infrastructure investment to boost the number of skilled construction workers and create fresh pathways to employment across the state."[83]

The ISLP was approved by the NSW Procurement Board on 27 May 2020 as a mandatory requirement for all major NSW Government infrastructure projects, effective from 1 July 2020. It is not retrospective and applies to all new projects from 1 July 2020. For construction project over $100m, "the minimum ISLP targets are:

- 20% of the total project workforce to be made up of 'learning workers' (defined as trainees and workers who need to update their qualifications to meet the needs of the infrastructure project)
- 20% of all trades positions on a project to be made up of apprentices
- apply the Aboriginal Participation in Construction Policy
- doubling the number of women in trade-related work (up from the NSW average of 1% to 2%)
- ensuring at least 8% of the total project workforce is aged less than 25 years
- reporting the employment and training outcomes for people from the local region (local region to be defined in the contract)."[84]

The Group is supportive of these initiatives by the NSW government, and other similar programs in other states, which aim to benefit the individual and local communities, and support underrepresented groups.

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.

Oyu Tolgoi's national workforce rises to the leadership challenge
In 2020, Oyu Tolgoi's Mongolian national workforce rose to the leadership challenge, taking on greater responsibilities and achieving a consistent improvement in production during COVID-19.As a result of travel restrictions, the team faced manning obstacles including multiple operators being unable to enter the country and over 20 expatriates returning home with only four expatriates remaining at the project.

Despite this, the team has achieved development decline results averaging 320m per month ahead of their 300m target. This meant that not only did the project remain on schedule, but the team has consistently achieved higher production results over the past six months. They did this while also completing their first transfer chamber, commissioned an 80-man refuge chamber, used remote collaboration to deliver a series of complex electrical and construction works, commissioned a state-of-the-art electronic tagboard and PPE allocation system, and successfully negotiated scope changes.

The performance results achieved during the COVID-19 pandemic are a testament to the outstanding efforts of the national employees.

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)	2020	2019
Group	92	94

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.

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.

[83] Training Services NSW website, 'Infrastructure Skills Legacy Program'.
[84] NSW Procurement Board Direction, 'PBD 2020-03: Skills, training and diversity in construction'.

UGL seeks input from veterans
UGL has launched a Veterans Network which is focused on veteran and reservist support and recognition, and the wider Defence community. All veterans eventually transition to civilian life and they bring skills in leadership, technical trades, self-motivation and discipline, loyalty and commitment, and enrich the diversity of our workforce. UGL wants to recognise veterans and ensure that the company is a veteran employer of choice.

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	5.0	9.7
30-40	8.9	26.0
41-50	5.5	22.5
51-60	3.1	14.5
>60	0.7	4.1

Thiess mentoring program
Thiess' mentoring program offers an informal development opportunity for employees to learn and grow professionally from the diverse knowledge and experience of exceptional people. The program is available to all Thiess employees and is designed to help them to take the next step in their career. It is an opportunity to connect to experienced professionals, who can give career insight, guidance and advice to help them succeed. To ensure success, a suite of resources has been developed including briefing webinars, detailed workbooks and FAQs to help employees determine whether mentoring could support their career path. These resources also help them to learn more about the commitment required and the responsibilities of being a mentor and/or mentee.

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.

We note, mainly for the benefit of international investors who may be unfamiliar with Australia's compulsory superannuation[85] (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 9.5% 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 responsibility 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.

[85] Refer the Australian Government's website https://business.gov.au/Finance/Superannuation for more details.

We recognise the reporting requirement of DJSI to disclose the median or mean annual compensation for all employees except the CEO. For the 2020 year, the mean employee compensation ratio has fallen.

Compensation measures	2020	2019
Total CEO base salary (A$)	1,250,000	1,320,000
Average base salary – all employees (excluding the CEO (A$)[86]	132,751	129,872
Compensation ratio (CEO to all employees)	9.42	10.2

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 2021, 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 128 employees in 2021;
- 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 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.

[86] Data reflects staff remuneration. Due to timing of publication of the Annual Report, 2020 data is as at 30 November 2020 while 2019 data is as at 31 December 2019. 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 the Group's four Principles and is central to our culture. We constantly challenge how we deliver projects and invest in innovation to create value. This means we are continually pushing our performance and evolving our offer to the market. We invest in innovation to ensure that we stay at the forefront of our industries and deliver clients the best solutions with sustainable outcomes. Our approach starts with the Group's Innovation Council which provides a structured framework for the coordination of innovation initiatives across our Operating Companies. The Council is supported by our engineering and technical services business - EIC Activities - and is supplemented by Nexplore, a digital transformation incubator and accelerator which leverages digital innovation capability across CIMIC Group, HOCHTIEF and ACS.

We focus on making tasks safer or simpler and achieving more value by working differently or smarter on technical solutions, methods, and processes. We also seek to embed a safety legacy into the assets, infrastructure and resources projects we deliver – safeguarding the people who will operate, maintain and use them in the future.

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 ▪ Dedicated engineering and technical services resources from our EIC Activities supplements the Group's commitment to innovation ▪ EIC Activities employees commit to spending 10% of their time on innovation projects ▪ Dedicated software platforms to support the ideation process through capture, evaluation, development and implementation
Actions taken during 2020	▪ Trained 1,344 employees in the use of BIM and GIS
Performance	▪ Achieved a 51% increase in the application of BIM and GIS on projects ▪ EIC Activities' employees achieved innovation time of 7.3% and spent 12,827 hours on innovation projects ▪ 1,321 hours spent on BIM/GIS training
Capture knowledge	
Measures in place	▪ Interactive Project Knowledge Library (iPKL)
Actions taken during 2020	▪ EIC Activities provided training and webinars to over 5,730 participants during 2020 ▪ EIC Activities hosted 25 best practice 'Webinar Wednesdays' watched by 3,394 employees ▪ EIC Activities provided on-demand training for 2,336 employees across the Group
Performance	▪ iPKL expanded to capturing details of over 2,300 projects with over 47,000 documents
Encourage collaboration	
Measures in place	▪ 23 communities of practice established in iPKL to promote collaboration across the Group
Actions taken during 2020	▪ 8 green standard projects registered in 2020 and 4 certifications received ▪ Building projects have received 95 Green Star[87] certifications since 2006 ▪ 86 employees accredited to 'green project' or 'Cleantech'[88] standards
Performance	▪ CPB Contractors is Australia's leading sustainability contractor having received 32 IS rating certifications from ISCA ▪ $2.9bn of 'Cleantech' revenue generated from CPB Contractors' sustainably rated or 'green' projects – the equivalent of 22% 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 2020	▪ 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 120 tender review management committee meetings 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.
Performance	▪ 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

[87] 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.

[88] 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.

Actions taken during 2020	▪ 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

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.

CIMIC's Innovation Council is a Group-wide committee accountable and responsible for the coordination and promotion of innovation initiatives. The Council guides and reviews innovation processes and practices in Operating Companies, including innovation campaigns, and evaluation and subsequent development of promising concepts proposed by the business. CIMIC and Operating Company senior managers are represented on the Innovation Council. The Council fosters our Innovation Program and sets the framework for collaboration between our Operating Companies, EIC Activities and Nexplore (which is addressed in the 'Encourage Collaboration' sub-chapter).

Smart plant strategy

Sedgman's Smart Plant Strategy aims to digitally transform minerals processing plants so that they can be remotely monitored and supported on any internet enabled device. One of the initiatives being implementing includes the installation of WiFi enabled vibration sensors to provide almost instant feedback on process and equipment operating conditions, and cloud-based platforms to analyse and visualise plant data on any web-enabled device. Some of the technology that supports these initiatives is being developed in-house, and with support from EIC Activities and Thiess' Data Science and ICT teams. This collaboration ensures that costs are minimised, new skills are developed, and the Group owns the knowledge.

A dense medium cyclone[89] (DMC) Internet of Things (IoT) condition monitoring system trial was completed over eight months in 2020 at a client's coal handling and preparation plant. Real-time dashboards were established to track online DMC yield and the performance of the DMCs. This monitoring has the ability to identify issues much earlier, thereby reducing the potential for costly downtime and improving the operational efficiency of the plant. The use of these WiFi enabled sensors has broader application to other minerals plants and is being considered for its potential in other industrial applications by UGL.

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.

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.

Using technology to deal with contracts and sub-contractors

The Group is developing a sub-contractor administration portal - Minerva - that provides a transparent overview of the contract value, the payments requested and the payments due, to enable clear oversight of the payment process in real time. This system provides assurances regarding on time assessments and payments for both the contractor and our supply partners. Minerva is supported by blockchain technology to provide additional assurance in respect of transactions and exchanges in data between the related parties.

CIMIC and Nexplore are also modernising our in-house system - Rover - to improve our existing digital timesheet and docket system. Rover is used to allow sub-contractors and supervisors to enter and agree records digitally, reducing the potential for disputes and providing daily production reporting and analysis.

Another tool is a Contract Document Review and Analyser (CDRA), a solution that extracts legal, engineering and management requirements, organising and distributing them for easy use by large teams. The CDRA pre-processes and annotates tender and contract documents, then distributes required parts, highlighting risks and concerns for early action. CDRA moves beyond the concept of 'searching' to 'serving up' information automatically with the benefit of the application of AI.

The CIMIC Innovation Program, now in its fourth year, has continued to build momentum with our Operating Companies. In 2020, more than 600 ideas were submitted through our campaigns, with participation above industry benchmarks. These campaigns are an important tool in populating the innovation pipeline at each Operating Company. EIC Activities has been very active in taking these ideas through the proof-of-value testing phase, to pilot and then on to wider adoption.

[89] Key units for density separation of coal from rock gangue (the commercially valueless material in which ore is found) in many coal preparation plants.

Autonomy at Lake Vermont delivers continual improvements
Thiess' Lake Vermont team is delivering dozer utilisation through continuous improvement initiatives such as reducing internal operating delays and improving blast fragmentation. Since introducing four semi-autonomous Caterpillar D11 dozers to the project in January, the team has recorded a consistent monthly increase in dozer push volumes. In October 2020, the team reached a major milestone, moving over one million banked cubic metres (BCM) of overburden, representing a 90% increase in push volumes since the start of the year.

The dozers, fitted with a semi-autonomous tractor system (SATS) technology, are operated remotely by a single operator reducing in-field risks and exposure to noise, dust and vibration. Thiess has since introduced two additional Caterpillar D11 dozers, fitted with SATS technology, and a second remote operating station to its Lake Vermont project.

Thiess' team has prioritised planning, allowing them to achieve greater efficiencies, implement cost savings and offer greater client certainty with less risk. Data-based insights have helped to improve dozer productivities by informing decisions such as improvements to dozer push design to ensure cost effectiveness. The team are currently working on developing systems to ensure the lowest possible dollar per BCM is achieved using either autonomous or manned dozer push units. The team has also documented multiple business processes, including implementation procedures, tools and knowledge to support future projects in better delivering and integrating autonomous technologies. The technology has enabled Thiess to upskill the workforce and they now have eight qualified semi-autonomous dozer operators and three more in training.

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.

3D modelling breakthrough for a better, faster and safer design
Being able to see an entire underground structure and its surrounding ground layers in 3D has, until now, required intensive manual design work, specialist software skills, and a significant time and cost investment. Stepping up with a great innovation, EIC Activities has automated parts of the modelling process to efficiently complete 3D models of multiple stations for the Cross River Rail project.

Working in 3D means the construction of the entire structure can be simulated, including temporary and permanent works, in a way that 2D simulation does not allow. This new tool removes a lot of the difficulty and time-consuming elements from 3D modelling. On one of the stations, it was expected to take three weeks to set up the model using traditional methods but, with this new process, it was able to be done in one week.

With the success of the modelling on the Cross River Rail stations, the EIC Activities Geotechnics team are now looking at implementing the faster 3D modelling process on more projects, including at the tender stage. There is great benefit to being able to show a client, at the tender stage, a model of what the construction process will look like including all the layers of ground and how that will impact the structure. Being able to simulate reality with greater accuracy allows potential issues and risks to be identified during the design process.

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 2020, EIC Activities invested more than $2.5m in progressing new innovation projects, with a total of 35 active projects still underway at the close of 2020. EIC Activities helps CIMIC to source, evaluate and - if required - create new and better ways of executing work for our businesses.

Using technology to improve mining safety

Thiess has successfully trialled the IDS Hydra-X slope monitoring system to monitor highwall stability at an open-cut coal operation. Using the IDS Hydra-X slope monitoring system, mounted on a solar-powered trailer, the team was able to identify that once the wall was excavated and coal was removed there was movement and dilation of approximately 9mm over 14 days.

This movement wasn't visible to the human eye however, with the Hydra-X measuring to sub-millimetre accuracy it detected slight movement/dilation directly above the coal seam which could lead to instability in the remaining highwall. The IDS Hydra-X slope monitoring system uses radars to gather the information the team needed at an increased resolution and decreased scan time.

By identifying the cause of potential failures, Thiess can implement a more rigorous planning and communication process to prevent any collapses. This includes reducing some of the highwall batter angles (the slope of the wall) from 70 degrees to 65 degrees to reduce the pressure on the weaker section of the highwall. Following the trial, the team is now looking to capture more data on how rocks behave under certain stresses, providing a framework for developing more accurate models to incorporate into future mine plans.

Each of the Group's Operating Companies has a dedicated innovation team. These teams meet regularly with the assistance of EIC Activities to ensure that the knowledge is captured and transferred between projects and Operating Companies.

Smart construction – the modular solution

Globally, the construction industry faces an increasing demand for improved safety, quality, productivity and sustainability. For Leighton Asia's Black Point Power Station project team in Hong Kong, Modular Integrated Construction (MiC) is one solution helping to meet the challenge.

MiC, also known as offsite or modular construction, is an innovative construction method using factory assembly followed by onsite installation. Instead of fabricating effluent tanks - one of the project's major components - onsite, the Black Point project team arranged for the tanks to be manufactured, assembled in a pre-fabrication yard in China and then transported to site by barge for installation.

Offsite fabrication is more successful as the labour-intensive and time-consuming process is carried out regardless of weather conditions and in a controlled environment, which is beneficial for process repetitive works. An added advantage for this task was that the paint system could be applied without being affected by the humidity in the region, and the tanks could be built in a sequence offsite that didn't result in confined space work. MiC not only minimised the duration of works onsite, but it also greatly enhanced productivity, site safety and quality of work, and accelerated the construction process.

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.

CAPTURE KNOWLEDGE

At CIMIC, we seek to systematically and rigorously capture knowledge 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. A key tool to facilitate the capture of knowledge has been the creation of our own, custom-built, intellectual property database in the form of our interactive Project Knowledge Library (iPKL). Launched in 2016, and built and continually developed by EIC Activities, iPKL holds key data from over 2,300 diverse projects.

The iPKL platform also 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

iPKL is the Group's central repository for all types of project related resources including: pre-contract documents; work pack/execution resources; project data sheets; images; case studies; lessons learned; final project reports; innovations; technical papers; award submissions and awards received; and capability statements. iPKL supports the efficient preparation of tenders and assists project delivery. By using iPKL to access and store key information resources, our people can fast track learning, repeat successes, avoid mistakes and innovate to win projects.

Plant acceptance testing successful at Byerwen
At the Byerwen mine, located 20km west of Glenden in Qld's Bowen Basin, Sedgman has been duplicating the existing coal handling and processing plant (CHPP). Sedgman successfully completed the Plant Acceptance Testing for the Stage 2 CHPP on the first attempt. The finalisation of Stage 2 is the latest in a series of contracts at the site, beginning in early 2018 with the stockpile and train load-out, followed by the engineering, procurement and construction (EPC) for the Stage 1 CHPP and then, later that year, the ongoing operations and maintenance contract.

The Acceptance Test milestone was achieved five days prior to the contractual practical completion date and only 10 days after the commencement of load commissioning. The success was due, in part, to Sedgman's ability to capture lessons learned from other similar projects and to put them into practice across all facets of the work.

A team effort and excellent collaboration with the client and subcontractors, mean that these significant construction and commissioning works were completed without serious injury or incident. With the completion of the Acceptance Test, the focus then shifted to Plant Optimisation and Completion of Performance Test criteria which was achieved once again on the first attempt, in line with production schedules.

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.

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.

Augmented reality on projects
EIC Activities' focus on innovation and collaboration is helping our Operating Companies to stay at the forefront of their industries using digital technologies such as augmented reality (AR). This is an experience where computer generated information and imagery is overlaid on the real-world environment to appear as though it exists in the same space. This allows project teams to view 3D BIM designs on their sites through a smartphone or tablet at any time point during construction.

EIC Activities' Digital Engineering team is developing an AR mobile application which will keep 3D models anchored in their real-world position as users move around the site. AR is being tested on several sites across the Group to review, analyse and demonstrate the value of its use in practical applications.

At CPB Contractors' Parramatta Light Rail project, EIC Activities is working with the project team to use AR to visualise the utilities model on the construction site. The utilities model encompasses all existing and proposed utilities. This is allowing employees to view the digital model, overlayed on the construction site, and to gain a clear understanding of where the utilities are or will be underground.

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.

BSI Kitemark certification awarded to Leighton Asia's team in Hong Kong
At the Hong Kong International Airport, a joint venture including Leighton Asia has been responsible for the foundations and substructure works required for the expansion of the existing Terminal 2 building. The project team achieved the Building Information Management Kitemark certification ISO19650 due, in part, to the combined efforts of the Group's Operating Companies.

The British Standard Institution (BSI) Kitemark certification is the international benchmark for excellence in digital engineering and project delivery, and Leighton Asia is one of the first contractors in Hong Kong to achieve this new standards series.

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.

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 2020, EIC Activities recorded a 51% increase in the use of BIM and GIS across the Group. 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. CPB Contractors implemented standardised digital engineering practises on numerous major infrastructure projects in 2020.

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.

The Group continues to implement digital engineering best practices on all the Group's infrastructure and building projects. In 2020, more than 1,344 people were trained for a total of 1,321 hours in the use of BIM and GIS.

Fast tracking virtual reality innovations
Screen sharing and video conferencing are useful tools but reviewing a complex project design with team members working in different locations can be a challenge. EIC Activities, CPB Contractors and key project stakeholders had been trialling virtual meeting spaces alongside other virtual reality (VR) applications to benefit projects. When people switched to working remotely in March 2020, they fast tracked the trial to support project design reviews. The virtual meeting space concept has been trialled on CPB Contractors' projects with participants using low-cost standalone headsets to review designs.

VR technology is rapidly becoming more accessible in terms of cost, processing power and ease of use and there are multiple ways that VR can be utilised to enable live mark-up of designs with a design and construction team and the client before an asset is built. VR enables appreciation of a design at full scale which means people can interact more and pick-up issues and opportunities that can be difficult to see when viewing the design on a screen or printed drawing.

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 25 roughly 40-minute interactive webinars - with a question-and-answer session at the end of each presentation - were watched by more than 3,394 employees in 2020. The webinars can be found in the online library and are available for viewing later. In 2020, the subjects covered included:

- Applied technical training 2020 launch
- Use of recycled glass in concrete
- Introduction to Last Planner for Teams
- 4D planning and Asta Powerproject
- Design and construction in a brownfield rail environment
- Current state of immersive technologies across CIMIC Group
- UN World Creativity and Innovation Week - CIMIC Group innovation showcase
- Getting the best out of designers
- C-CAP launch (CIMIC Group Computer Applications for Projects)
- A guide to temporary road safety barriers
- Construction ventilation
- Improving information management in engineering, construction & handover: getting the whole picture
- Fast trains transitioning to high-speed rail
- Project application of digital engineering
- Innovative solutions for managing complex interfaces
- Bridges - designing for construction and Interface of permanent and temporary Works
- Power quality and Cross River Rail tunnelling
- Rail systems assurance - A holistic approach
- Challenges and solutions provided by digital technologies
- Temperature effects in large concrete pours
- Duratrack composite recycled plastic railway sleepers
- An introduction to design of retaining structures
- UGL's Integra™ ecosystem
- Learnings of challenging ground conditions
- Waikeria Corrections Facility driven piles case study

ENCOURAGE COLLABORATION
Across the Group 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.

Collaboration expanding the Group's horizons

Nexplore is an exciting, new digital transformation incubator and accelerator, leveraging digital innovation capability across the CIMIC Group, our major shareholder HOCHTIEF and their major shareholder, the ACS Group. Nexplore combines leading research with top institutions, and leading technical capability internally, to empower industry collaboration and advances on a global scale – including digital innovation and development centres.

In Hong Kong, collaboration is channelled through Nexplore's new Hong Kong based Innovation Development Centre. At the Centre, Leighton Asia is collaborating with other Group businesses, technology start-ups, clients and stakeholders such as the Hong Kong Construction Industry Council, and research institutes such as Hong Kong Science and Technology Park (HKSTP) and Advanced Science and Technology Research Institute (ASTRI).

An example of the type of innovation being progressed is the practical application of artificial intelligence (AI) within the CIMIC Group. AI has the potential to transform selected processes and practices to increase efficiency, improve safety and quality and to reduce cost. Leighton Asia has developed roadmaps for the use of this technology, most notably with the ASTRI, with whom we are working at the Nexplore Centre. Together, Leighton Asia and ASTRI are developing a camera which uses AI and computer vision to protect workers from impact by mobile plant.

Green rated projects

Governments and private developers are increasingly mandating the requirements for their infrastructure or building projects 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[90].

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[91]. 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	Mandating thresholds for IS rating[92]
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	Department of Transport and Main Roads	▪ All projects >$100m
	Building Queensland	▪ Sustainability rating consideration at business case
WA	Main Roads WA	▪ All projects >$100m
ACT	Territory policy	▪ All project > 10m
VIC	VicRoads	▪ 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
New Zealand	City Rail Link	▪ All projects in program
	Waka Kotahi NZ Transport Agency	▪ All projects >$15m

CIMIC is 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 life cycle costs for projects.

ISCA awards the M4 East a 'Leading' As Built Rating

CPB Contractors and its joint venture partners delivered the 6.5km long (with 5.5km of the motorway in a tunnel) WestConnex Stage 1B: New M4 Tunnels project in Sydney, which opened to traffic in July 2019. The New M4 Tunnels connect to the widened M4 and extends, via twin motorway tunnels, from Homebush to Haberfield with three lanes in each direction.

CPB Contractors and its partners have been awarded a 'Leading' rating from ISCA for the design and construction of the New M4 Tunnels. The 'Leading' rating is the highest level of certification achievable using the IS Rating Tool and enhances CPB Contractors' reputation as an industry leader in the sustainable delivery of infrastructure.

The New M4 Tunnels 'Leading' result is due to strong construction environmental management, meaningful stakeholder and community relations strategies, and the implementation of several innovations across design and construction. These included:

[90] World Green Building Council – The benefits of green buildings, https://www.worldgbc.org/benefits-green-buildings
[91] ISCA – Infrastructure Sustainability, https://www.isca.org.au/Who-We-Are/Infrastructure-Sustainability
[92] Detail reviewed by ISCA, 26 November 2020.

- The use of 13 road-headers fitted with dual-operator cabs for tunnelling allowed a new operator to sit with an experienced operator and receive one-on-one training while improving worker safety.
- Mounting cable trays to the wall of the tunnel, rather than trenching the cables into the ground. This innovation reduced construction excavation and back-fill requirements and improved operational maintenance access.
- LED lights, rather than continuous fluorescent lighting, were installed throughout the tunnel's interior. Using LED lights reduced material and installation and commissioning requirements during construction; reduced operational energy demand; and improved operational maintenance requirements.

CPB Contractors has established an industry leader position in the delivery of 'green' rated infrastructure projects in Australia and New Zealand. CPB Contractors is currently working on, or has delivered, 34 IS registered or certified projects worth around $37bn in total.

Green standard construction projects (#)	**New registrations during 2020**	**Cumulative certifications since 2006**
IS	1	32
Green Star	2	95
BEAM Plus	5	8
LEED[93]	0	10
Green Roads[94]	0	2

In 2020, CPB Contractors generated 'Cleantech'[95] revenue of $2.9bn from sustainably rated or 'green' projects. This figure - marginally down on last year - represents approximately 22% of the Group's 2020 underlying revenue.

CPB Contractors' green project revenue ($m)	**2020**	**2019**	**2018**
Total	2,869	3,021	4,932

Sydney Metro tunnelling works wins international award

CPB Contractors, as part of a joint venture delivering the tunnelling works for the Sydney Metro City & Southwest project, has been globally acknowledged, winning the award for the Environment and Sustainability Initiative of the Year at the New Civil Engineer (NCE) 2019 Tunnelling Festival in London.

Sydney Metro is Australia's biggest public transport project, and the consortium is building the 15.5km long twin railway tunnels between Chatswood and Sydenham and excavating six new metro stations.

The award recognised the successful collaboration of the project team with external stakeholders to adopt sustainable spoil management solutions, which included:

- beneficially reusing 100% of over 5 million tonnes of clean tunnelling spoil; and
- using barges on Sydney Harbour to reduce traffic congestion in the CBD and residential areas.

The award follows the project receiving a 'Leading' IS rating of 100.05 by ISCA, which is the highest rating received by an infrastructure project in Australia and New Zealand.

At the NCE Tunnelling Awards, the consortium was also highly commended in the category, Equality, Diversity and Inclusion Initiative of the Year, for the project's workforce development and industry participation programs. These initiatives include:

- a school-based apprentices and trainee program, which employed 15 trainees from a range of ethnic and Aboriginal backgrounds; a pre-employment program, which offered the opportunity for unemployed people to gain the necessary skills and training to begin a career in civil construction; and
- a partnership with Souths Cares, which supports Aboriginal high-school students to develop high aspirations and goals for their education and employment.

The project also maintained a target to ensure the workforce included a minimum of 5% females in non-traditional roles.

[93] 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.
[94] Greenroads is an independent non-profit that advances sustainability performance management and education for transportation capital projects.
[95] Cleantech - short for clean technology - is used to refer to various companies and technologies that aim to improve environmental sustainability.

Canberra Metro achieves 'Leading' rating for sustainability
Stage 1 of the Canberra Light Rail project achieved an IS rating of 88 which placed the project at the 'Leading' level of sustainability - the highest ISCA rating category that can be achieved. Stage 1 was just the seventh infrastructure project in Australia to be rated at a Leading level by ISCA.

Some of the sustainability features that contributed to the Leading rating included:

- 100% of the electricity needed to power the light rail vehicles, as well as the maintenance and administration buildings, is generated from renewable energy. This is being supported by design initiatives like solar panels on the roof of the light rail depot, solar powered lights, and regenerative braking technology;
- Rainwater is harvested from the track and re-used to water the trees and plants along the 12km route;
- The project has substantially reduced the volume of concrete and steel required in the construction of the track slab by using fibreglass reinforcing material, rather than traditional steel reinforcement. Glass fibre reinforcing is one quarter of the weight of steel with double the tensile strength.

Canberra Metro - which is being operated by a consortium including UGL for a period of 20 years - intends to work towards an IS score during the network's operational phase.

Setting an example, CIMIC and its Operating Companies are headquartered in a number of green rated offices as described in the 2018 Sustainability Report.

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.

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

- American Productivity & Quality Center
- ANCOLD (Australian National Committee on Large Dams)
- Association for Payroll Specialists
- AusCERT
- Austmine
- 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 Mines & Metals Association (AMMA)
- Australian Railway Association
- Australian Shareholders' Association
- Australian Ship Building & Repair Group
- Australian Society for Concrete Pavements
- Australian Water Association
- Australian Women in Resources Alliance
- buildingSMART Australasia
- Business Council of Australia
- CareerSeekers
- CareerTrackers
- Chamber of Minerals and Energy of WA
- Chartered Institute of Building
- Civil Contractors Federation of SA
- CEDA (Committee of Economic Development of Australia)
- Corporate Tax Association (of Australia)
- Diversity Council of Australia
- Global Mining Guidelines Group
- GradAustralia
- GradConnection
- Infrastructure Association of Qld

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)
- Asosiasi Pertambangan Batubara Indonesia (Indonesian Coal Mining Association)
- Gapenri (National Association of Indonesia Design)
- Indonesia Australia Business Council
- Indonesian Mining Association
- Indonesian Mining Services Association (IMSA - ASPINDO)
- KADIN (Jakarta Chambers of Commerce & Industry)
- Kamar Dagang dan Industri Indonesia (Indonesian Chamber of Commerce and Industry)
- PT Justika Siar Publika (Jentera Indonesian Law College)

Hong Kong

- Hong Kong Alliance of Built Asset & Environment Information Associations
- Hong Kong Construction Association
- Hong Kong Federation of Electrical and Mechanical Contractors
- Hong Kong Electrical Contractors Association
- Plumbing Association of Hong Kong
- Hong Kong Plumbing & Sanitary Ware Trade Association
- AustCham Hong Kong (Australian Chamber of Commerce Hong Kong)

- Infrastructure Partnerships Australia
- Infrastructure Sustainability Council of Australia
- International Project Finance Association
- Kalgoorlie-Boulder Chamber of Commerce and Industry
- La Camara (Spanish-Australian Chamber of Commerce)
- Master Builders Associations (various)
- Mates in Construction
- Minerals Council of Australia
- Muswellbrook Chamber of Commerce
- National Association of Women in Construction
- NSW Business Chamber
- NSW Minerals Council
- Permanent Way Institution
- Property Council of Australia
- Qld Exploration Council
- 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
- Reconciliation WA
- Resources Industry Network
- Roads Australia
- Singleton Chamber of Commerce
- Social Traders
- Supply Nation
- Supply Chain Sustainability School
- Sydney Business Chamber
- WORK180
- The Lighthouse Club

Philippines
- Philippine Constructors Association
- People Management Association of the Philippines
- Association of Structural Engineers of the Philippines
- Makati Business Club
- Lighthouse Club Philippines Branch

Singapore
- Singapore Business Federation
- Singapore Contractors Association
- Building and Construction Authority
- Tunnelling and Underground Construction Society (Singapore)

Malaysia
- Malaysian Employers Federation
- Malaysian Australia Business Council
- Lighthouse Club Kuala Lumpur

Mongolia
- AustCham Mongolia

Canada
- Alberta Mine Safety Association
- Canadian Institute of Mining, Metallurgy and Petroleum

Chile
- Association of Industries Suppliers
- Cámara Chilena Australiana de Comercio (Australian Chilean Chamber of Commerce)

Africa
- Botswana Chamber of Mines
- Business Botswana

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 issues 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.

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 asset across their lifecycle.

Partnership to predict behaviour of landfills

Redevelopment and construction directly above closed landfills are complicated procedures due to the highly variable properties and behaviour of waste material. EIC Activities is working with the University of Technology Sydney to establish new approaches of testing and characterisation to improve current standards of predicting landfill behaviour and reduce the potential risk and cost associated with construction upon landfill.

PhD candidates are working with EIC Activities and CPB Contractors to obtain real-world data from the WestConnex M8 project in NSW and comparing it to landfill numerical modelling predictions. The research includes innovations into new site investigation techniques, laboratory testing and new modelling methods to predict movements of structures to allow for safer and more efficient designs as well as provide a competitive advantage in tenders, design and construction on projects with landfill considerations.

EIC Activities has also maintained its partnership with the Smart Pavements Australia Research Collaboration (SPARC) research hub, a $3m industry partnership into alternative subgrades, pavements and various road and civil innovations.

University-industry partnership a road to innovation

With CIMIC Group as its major industry partner, the SPARC (Smart Pavements Australia Research Collaboration) Hub is the first university-led research collaboration platform to focus on advancing transport pavement innovations. CIMIC Group, through our engineering and technical services business EIC Activities, is collaborating with SPARC Hub alongside Monash University, the Australian Road Research Board (ARRB) and Austroads, which represents the Australian and New Zealand transport agencies.

The SPARC Hub aims to advance and transform the Australian pavement manufacturing industry by addressing short, medium and longer-term transport challenges. Through high-quality, collaborative research in innovative materials, smart technologies and advanced design, construction and maintenance methods, they are working to make Australia's transport pavements smarter and more sustainable.

Last year, EIC Activities was invited to be a contributor to research topics and facilitated the CIMIC Group funding nine research projects. The collaboration is allowing innovation and skill development to future proof the industry. EIC Activities benefits from the research through access to intellectual property and the PhD students get to be mentored by subject matter experts and gain site access which assists with research. More information about the SPARC Hub can be found at https://sparchub.org.au/

New projects begun in 2020 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 2020, EIC Activities employees invested more than 13,000 hours in targeted innovation effort across 53 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

For 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.

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.

Digitisation supports safety and quality on site
As the use of digital technology advances within the construction industry, and the delivery of complex projects generates ever increasing volumes of data – Leighton Asia is ahead of the game, developing data management solutions. To facilitate the efficient collection and management of site inspection data, Leighton Asia has developed an in-house cloud-based platform which includes mobile applications.

The applications enable front-line team members to effectively manage safety and quality related inspection activities, including capturing inspection observations with notes and photographs, tracking actions and approvals, and submitting reports. The inspection processes are recorded on eForms, with notification and alert systems predetermined to ensure that the workflow proceeds within the required timeframe. The eForms can be customised to suit the needs of the project, with the collected data providing rich insights for project teams to optimise their operational performance. Data is input directly at the work front and then it is available instantly on the web-based platform.

Each Operating Company sets quality objectives based on 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.

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:

- Thiess - AS/NZS ISO 9001 (DNV-GL Quality System Certification);
- 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); and
- Sedgman - ISO 9001 (SAI Global)[96].

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.

	2020	2019	2018	2017	2016
Repeat Client rate (%)	98	94	88	86	83

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.

Thiess mobilises second autonomous drill at Lake Vermont
Thiess is continuing to strengthen its autonomy capability, with a second drill fitted with an Autonomous Drilling System (ADS) now in operation at its Lake Vermont project. The introduction of a second drill on site makes Lake Vermont the first coal mining operation in Australia to have two multi-pass fully autonomous rigs drilling side-by-side. Since the introduction of autonomous drills at the project, Thiess has drilled over 3,000 holes equating over 90,000 metres.

The deployment of additional rigs, operated from a remote operating station on-site, offers significant advantages as part of an integrated system, which optimises autonomous drills and dozers and provides increased operability and flexibility. The two Epiroc Pit Viper 275 (PV-275) drills use state of the art guidance technologies to assist operators drill holes to the exact location and depth specified by the drill plan, resulting in proven performance and reliability. The current multi-pass capability enables operators to drill holes up to 59.4m deep and 171mm to 270mm in diameter. Future development will enable greater depth capacity, with the Epiroc PV-275 capable of drilling holes up to 72m deep.

Looking forward, other potential disruptions or trends include the impact of COVID-19 on the business.

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[96] 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.

COVID-19 pandemic

Across the Group we have established plans and protocols to respond to the risk of COVID-19 and are continuously monitoring the evolving situation.

The Group's 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 range of safety protocols - observing good personal hygiene practices, applying social distancing, avoiding unnecessary travel, implementing effective cleaning, 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 Europe and North America.

However, as detailed in the Operating and Financial Review section of this Annual Report, COVID-19 impacted the Company's financial performance in 2020, delaying the award of new projects and resulting in higher overheads, increased costs associated with safety and other additional project costs.

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 do not take the threat lightly but are remaining 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 and/or Governments instigated greater restrictions on travel or implemented more extreme lock-down measures.

OUTLOOK AND FUTURE PLANS

We are committed to bringing an innovative approach to the successful delivery of projects. In 2021, we plan to:

- continue to work with ISCA 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 ISCA and Green Star ratings, sustainable procurement and, supplier evaluation, amongst others;
- 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

Sound environmental management is integral to the delivery of safe, sustainable, and efficient operations. CIMIC Group respects the diverse and sensitive regions and environments in which we work. We aim to continually improve and innovate to increase resource efficiency and reduce waste, lowering costs, creating greater value 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 which state that:

- 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; Environmental Policy supplemented by Operating Company Policies and systems ▪ Quarterly reviews of the performance of Operating Companies by the ECSC ▪ 100% of Operating Company management systems certified to ISO 14001 ▪ 277 environmental experts employed across the Group
Actions taken during 2020	▪ Maintained a rigorous approach to environmental management ▪ Numerous, project-by-project initiatives tailored to manage risks as appropriate
Performance	▪ Solid environmental result with 0 Level 1 incidents and 18 Level 2 incidents recorded ▪ 34 breaches resulted in six fines totalling $18,113
Use energy efficiently and reduce emissions	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2020	▪ Reported Australian energy use and Scope 1 and Scope 2 emissions to the Clean Energy Regulator as per the Group's NGER obligations ▪ Submitted a comprehensive response to CDP's 2020 Climate Change survey ▪ Numerous, project-by-project initiatives tailored to energy efficiency and reducing emissions as appropriate
Performance	▪ Reported energy intensity of 0.76 GWH/$m of revenue versus 0.72 GWH/$m in FY19 ▪ EY undertook a Limited Assurance audit of the Group's NGER submission and signed off on the Energy and Emissions Report ▪ Received a 'B' rating from CDP (versus a 'C' last year)
Reduce waste	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2020	▪ Numerous, project-by-project initiatives tailored to reduce waste as appropriate
Performance	▪ Each Operating Company has a range of programs in place to actively reduce waste and encourage recycling ▪ Achieved a recycling/reuse rate of 94.3% with only 4.6% of waste disposed to landfill ▪ Recycled 86,611 tonnes of concrete
Conserve water	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2020	▪ Submitted a comprehensive response to CDP's 2019 Water survey ▪ Numerous, project-by-project initiatives tailored to conserve water as appropriate
Performance	▪ Reported water intensity of 0.89 ML/$m of revenue versus 0.38 ML/$m of revenue in FY19 ▪ Achieved water recycling/reuse rate of 16.2% ▪ Received a 'B-' rating from CDP

Use materials efficiently and reduce impact	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2020	▪ Numerous, project-by-project initiatives tailored to use materials efficiently as appropriate
Performance	▪ Continued to integrate the use of recycled materials on projects
Protect biodiversity	
Measures in place	▪ Sustainability Policy; Environmental Policy supplemented by Operating Company Policies and systems
Actions taken during 2020	▪ Numerous, project-by-project initiatives tailored to protect diversity as appropriate
Performance	▪ Reshaped 549 ha, top-soiled 534 ha and seeded 118 ha of mining projects
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 2020	▪ Numerous, project-by-project initiatives tailored to build resilience as appropriate
Performance	▪ Climate change resilience initiatives integrated into project plans and lifecycle assessments

PREVENT POLLUTION

CIMIC is committed to preventing the incidence, and mitigating any impact, of any pollution to air, water or land. We use a comprehensive, systematic, and consistent approach to identifying and controlling environmental hazards and risks and monitoring our environmental performance. Our approach helps us prevent or mitigate and remediate environmental impacts across the lifecycle. By continuously monitoring and improving our performance, we ensure we remain competitive and compliant in the markets in which we operate.

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.

No stone unturned to protect environment

On the North Island of New Zealand, a consortium including Pacific Partnerships (as a sponsor and equity investor), CPB Contractors (as design and construction contractor) and Ventia, CIMIC Group's 47% owned associate, (providing operations and maintenance) is delivering the 27km four-lane Transmission Gully motorway. The project used 400,000 tonnes of a specific 40mm sized rock, termed 'All passing' or 'AP40' product, for road pavement construction. The rock was sourced from Willowbank Quarry, which is subject to protection measures that make it one of the most environmentally friendly quarries in New Zealand.

Before works began, ecologists were brought in to capture lizards, with 19 species found and relocated to a temporary home onsite at the quarry, out of harm's way during construction. Around 200 tonnes of rock was used to construct a new boulder field habitat for the lizards.

Several branches of streams have also been de-fished with 250 eels - mainly long-fin, relocated to suitable habitats downstream within the catchment area. Water was then diverted through a series of temporary pipes, allowing new streams to be built. Four new streambeds - totalling roughly 700m in length - provide many new habitats for different fish species.

A fish passage structure, or "fish ladder", was constructed in order to connect the stream above and below the quarry site and return a section of the stream to the surface. The stream had been compromised by previous quarrying activities. The fish ladder is an approximately 90m long concrete structure that is designed to allow the fish to overcome a steep gradient change between the bottom of the quarry and the natural stream below. A series of steps, resting pools, baffles and a roughened low flow channel enable fish to travel up the structure to habitat upstream.

To protect the environment further, the site has two large sediment retention ponds. These ponds capture water runoff, which is stored, and an approved 'flocculant' product is added to help the sediment settle out of the water. Before water is released back into surrounding waterways, it is tested to make sure that it meets environmental compliance, which is set by Greater Wellington Regional Council.

Once the new motorway is open, the quarry will be decommissioned. The quarry and its surrounding environment will then be handed back to the landowner, who will have a significantly enhanced environmental asset for the future.

In 2020, zero Level 1 incidents were recorded (1 recorded in 2019) and 18 Level 2 incidents were recorded (versus 29 in 2019).

Environmental incidents[97]	**2020**	**2019**	**2018**
Level 1 (#)	0	1	0
Level 2 (#)	18	29	14
Level 3 (#)	316	447	693
Environmental incident frequency rate (#/MhW)	0.15	0.20	0.09
Number of breaches (#)	34	32	21
Number of violations of legal obligations/regulations resulting in fines	6	18	5
Value of fines incurred ($)	18,113	307,538	21,379

Environmental representatives learn how to keep waterways safe
Early in 2020, environmental representatives from across eight of Thiess' projects in Indonesia attended training to learn how to keep their waterways safe. Delivered by the Jogja Training and Career Center and the National Environmental Professional Certification Agency (LSP-LHN), participants completed written and interview tests to complete their certification. Participants were assessed against 10 key competencies including:

- Identifying the source of wastewater pollution;
- Determining the characteristics of wastewater pollution;
- Assessing the level of wastewater pollution;
- Determining instruments required for wastewater treatment plants;
- Operating wastewater treatment plants;
- Recycling wastewater;
- Establishing and implementing wastewater quality monitoring plans;
- Identifying hazards in wastewater treatment; and
- Implementing health and safety procedures for wastewater treatment.

Participants were able to work together to identify water treatment solutions and learn what treatments would be effective at each of their projects. All participants passed their testing and were presented with a water pollution controller certificate from LSP-LHN.

CPB Contractors recorded 14 Level 2 incidents, mainly related to uncontrolled releases of surface water during or following high rainfall events. CPB Contractors recorded 23 legal breaches for environmental incidents and five fines totalling NZ$3,300 (A$3,113) for incidents at the Transmission Gully project relating to discharges and vehicle movements during restricted hours. All incidents were investigated in accordance with environmental management processes and corrective actions were implemented.

Leighton Asia recorded zero breaches and four Level 2 incidents, three for mosquito breeding incidents and one for 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.

Zero Level 1 or Level 2 incidents were recorded at Thiess however there were 11 breaches which related to licence limit exceedances for water discharges; four in Indonesia and seven in Australia.

In August 2019, an environmental inspection found that the Mt Owen mine in New South Wales has failed to adequately minimise dust generated by the development and to minimise visible air pollution on this date. This resulted in the issuance, in February 2020, of a penalty notice of $15,000 which has been passed on to Thiess in line with contractual provisions.

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 decreased from 447 in 2019 to 316 in 2020.

USE ENERGY EFFICIENTLY AND REDUCE EMISSIONS

CIMIC is committed to using energy efficiently, reducing energy intensity, utilising renewables when efficient to do so and minimising greenhouse gas emissions. We understand that, by doing so, we are helping the environment and creating value by reducing operating costs, given that energy is a considerable business expense.

Thiess' mining activities are the largest single energy user as the operation of haul trucks, excavators and other equipment utilises substantial quantities of diesel fuel. Constant innovation is undertaken by Thiess to find more energy efficient ways to deliver its mining services. Some of the initiatives include optimising mine planning and operations, as well as improving equipment utilisation.

[97] 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.

Diesel is also used to power construction and operation and maintenance services equipment such as trucks, excavators and dozers albeit the usage in these market segments is substantially less than in mining.

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.

Construction power system on Cross River Rail
Pacific Partnerships, CPB Contractors, and UGL, as part of the Pulse consortium, are delivering the Tunnel, Stations and Development (TSD) Public Private Partnership package of Brisbane's Cross River Rail Project. This is 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.

Among other engineering and technical services, EIC Activities is supporting the project with electrical solutions that ensure a safe and economical construction program and improved delivery. EIC Activities has worked with the project's plant team to devise solutions to electrical constraints across each construction site.

One of the main challenges was to design temporary construction supplies to power the project's tunnelling equipment. Designing a solution that allowed tunnel boring machines and road headers to operate successfully but not impact electricity supply to local communities and surrounding infrastructure was paramount.

In collaboration with the project team, EIC Activities' solution was to investigate the implementation of a battery energy storage system (BESS). The BESS can help manage both peak electricity consumption and mitigate power quality issues that can potentially arise during the operation of tunnelling equipment.

The Group's energy consumption and spend over the last three years was as follows:

Energy consumption	**2020**	**2019**	**2018**
Total Gigawatt hours (GWH)	9,541	10,570	10,798
Of which: Liquid, gas and solid fuel (%)	99.1	98.5	98.4
Non-renewable electricity (%)	0.8	1.3	1.5
Renewable electricity[98] (%)	0.1	0.2	0.1
Energy spend ($m)	199	262	290

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.

Electric excavator shows its worth
CPB Contractors is the first contractor in Australia to use an electric excavator on a road project. In Melbourne, Vic, our team is delivering the M80 Upgrade, which will widen the freeway, widen on and off ramps, and install a new freeway management system along 38km of road.

The electric excavator, powered by three batteries, operates for up to four hours and can be recharged in two hours. It produces zero emissions and very low noise levels, allowing it to work near residential properties with little impact. The M80 Upgrade team used it to excavate 41 tonnes of dirt for the relocation of communications cables. Enhancing sustainability and creating less disruption to the local community are important outcomes, especially when working in high-density urban environments.

CPB Contractors' M80 Upgrade project team also used one of the only two spider excavators in Australia to safely undertake vegetation removal on a batter. A batter is the side slope that connects the road surface to the contour of the surrounding land. The spider excavator is a special type of all-terrain vehicle consisting of leg or arm-like extensions on the undercarriage that can move in increments and operate at different levels and directions.

By using these innovative pieces of plant, the M80 Upgrade team got the jobs done safely while also benefitting the environment and the community.

CIMIC recognises 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 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.

[98] CIMIC has only been reliably able to track renewable electricity purchases from 2018 onwards.

Major highway infrastructure project recognised for sustainability
CPB Contractors' delivery of the Logan Enhancement Project in Brisbane, Qld for Transurban Qld, was recognised by the Infrastructure Sustainability Council of Australia (ISCA) in 2020 for its demonstrated leadership in sustainable infrastructure. The major highway upgrade project was certified with a 'Leading' As Built rating for avoiding 17,093 tonnes of CO2-e emissions, reducing energy by 9.8%, water by 36%, and materials by 12%. It is Qld's first infrastructure project to receive an IS 'Leading' rating.

The reductions were achieved through a number of measures. For example, to reduce energy use and greenhouse gas emissions, LEDs were used in street lighting instead of high-pressure sodium lamps, and more efficient technology was used in the variable speed limit signage. Electricity was used to power site offices instead of diesel-powered generators, the project used solar-powered light towers during construction and water saving initiatives were implemented.

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.

The bulk of the Group's Scope 1 emissions (~93%) were generated from the consumption of diesel in the contract mining activities of Thiess. In 2020, total Scope 1 emissions fell by 9.4%, this was less than the 7.4% reduction reported for the mining and mineral segment.

Scope 1 greenhouse gas emissions	2020	2019	2018
Total (kt.CO2-e)	2,391	2,634	2,689

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 reduction in revenue .

Scope 2 greenhouse gas emissions	2020	2019	2018
Total (kt.CO2-e)	61	122	126

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.

CPB Contractors finalises second major WestConnex project
In July 2020, the WestConnex M8 project in Sydney, constructed by a joint venture including CPB Contractors, opened to traffic. Previously known as the New M5, the WestConnex M8 duplicates the M5 corridor east of the King Georges Road Interchange at Beverly Hills via twin 9km tunnels to a new interchange at St Peters. The WestConnex M8 is saving motorists around 30 minutes on a trip from south west Sydney to the southern CBD. The tunnels are line marked for two lanes in each direction with space to add a third lane in the future.

Leading up to the opening, the construction team worked hard to complete the tunnels' mechanical and electrical fit-out. Works included installing more than 2,500 electronic signs, over 940 speakers for public announcements, over 850 CCTV cameras, and 1,600 km of electrical, communications, and fibre optic cable. Of the close to 7,500 lights installed throughout the twin 9km tunnels, more than 50% are LED, providing a more energy-efficient and sustainable solution.

CIMIC's preferred performance measure is 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, overcomes some of the inherent challenges in setting targets which include the variability and/or growth in revenues, 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 - mining and minerals processing, construction, and services - are quite diversified and have very different energy usage profiles. Therefore, CIMIC believes that measuring 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 all three of the Group's business activities.

Scope 1 and Scope 2 greenhouse gas emissions intensity (kt. CO2-e/$m)	2020	2019	2018
Mining and minerals processing[99]	0.57	0.55	0.59
Construction	0.03	0.04	0.04
Services	0.01	0.01	0.01

[99] Includes Thiess and Sedgman for purposes of comparison even though Thiess is treated as a ''Discontinued operation' in the Financial Report.

The mining and minerals processing business has reported a gradual reduction in energy usage and emission intensity over the last three years reflecting an ongoing focus on improving the efficiency of the primary energy source which is diesel.

Energy usage in the construction business is significantly lower than the mining and minerals processing business and 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.

LED lighting in UGL rail workshops halves electricity consumption
Conventional lighting in rail workshops is the single biggest consumer of power at UGL. In some cases, lighting can represent up to 70% of the load. UGL's Rail team at the Milperra and Spotswood sites developed and implemented LED lighting projects to reduce power consumption and carbon emission pollution at these large rail maintenance facilities. The LED lighting projects have saved over 3,000 tonnes of Co2-e per year and reduced electricity consumption by up to 50%, making these facilities more sustainable and cost effective. The LED lights are also brighter than the conventional lights they replace, making for more productive and safer workplaces.

In addition, CIMIC will also work with clients to develop energy and emissions targets that are relevant to those individual projects.

Emissions targets on Sydney Metro
On the Sydney Metro City & Southwest project, where the tunnel and station excavation works are being delivered by a consortium including CPB Contractors, a number of sustainability initiatives have been incorporated into the project by the client. These include:

- using the TfNSW Carbon Estimate Reporting Tool (CERT) and relevant ISCA credits to set energy use and emission reduction targets;
- using energy efficient construction practices, and temporary facilities;
- offsetting 25% of the electricity used during construction;
- ensuring that major equipment is selected and operated for optimum energy efficiency, especially large equipment such as tunnel boring machines and road headers;
- using modern vehicles, plant and equipment utilising technology that minimises carbon emissions, including hybrid technology where available;
- encouraging workers to travel to and from construction sites using public transport; and
- prioritising local sourcing of materials where feasible.

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.

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 (kt.CO2-e)	**2020**	**2019**	**2018**
Total (kt.CO2-e)	801	1,143	1,016

In 2020, CIMIC's Scope 3 emission declined by 30%, primarily reflecting a decrease in the amount of concrete used and the reduction in revenue.[100]

As a substantial energy user and greenhouse gas emitter, CIMIC is registered to report under the Australian Government's' NGER[101] scheme. The Group's Operating Companies collect energy use and emissions data is 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:

[100] The substantial reduction in emissions from 2017 to 2018 reflects a change in the materials emission factors used at CPB Contractors and an overstatement of emission generated by landfill, waste and steel in 2017 by UGL. These changes were reported in the 2018 Sustainability Report.
[101] 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.

- 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)
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 2019/2020 NGER data as requested.

REDUCE WASTE

Using resources efficiently, encouraging recycling and taking a lifecycle approach to waste management is central to the Group's approach to delivering projects. This can often include seeking ways to reduce waste through smarter design and procurement and pursuing opportunities for recycling or reuse.

Re-using and recycling materials on the Parramatta Light Rail project

In suburban Sydney, CPB Contractors and its joint venture partner are delivering the Parramatta Light Rail, connecting Westmead to Carlingford via the Parramatta CBD and Camellia, with a 12-kilometre two-way track. On the project, CPB Contractors is focused on the environmentally responsible re-use of materials.

The project will re-use more than 11,000 metres of AS60 rails, 12,000 sleepers and 8,000 cubic metres of ballast that were removed from the original single-track T6 Carlingford Line. Since major construction commenced, the team has successfully removed all overheard wires, signal boxes, electrical components, sleepers, ballast and track. The project will be able to re-use more than 60% of the removed AS60 rails, 90% of the removed sleepers and 50% of the removed ballast.

The materials that cannot be re-used on the new Parramatta Light Rail will be recycled with remaining rail sent to a metal recycler and the remaining sleepers sent to concrete recyclers. The ballast is being stockpiled, washed and rescreened to meet specifications for the new Parramatta Light Rail, and the remaining ballast will be re-used on-site as much as possible. In total, the re-use of these materials will help to reduce the project's CO2-e output by more than 3,500 tonnes.

The Parramatta Light Rail team was also able to help rebuild vital rail infrastructure in the Blue Mountains following the damage caused by the bushfires of 2019/20. The following components were recycled for Blue Mountains work: three pole transformers; three 11kV ABSW frame assemblies; one battery charger; and one battery bank.

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.

In 2020, the Group generated a total of 8,514,549 tonnes of waste, of which more than 94.3% was diverted - mainly for reuse - and only ~4.6% (versus 4.2% in FY19) was disposed of in a landfill.

Waste generation (tonnes)	2020	2019	2018
Disposed - landfill	392,192	353,976	188,121
Disposed - other	97,177	1,450,400	440,653
Diverted - reuse	7,218,873	5,464,433	10,677,213
Diverted - recycling	806,307	1,169,803	1,820,119
Diverted - other	0	377	862
Total	**8,514,549**	**8,438,989**	**13,126,968**

During 2020, 85,611 tonnes of concrete was recycled which avoided this material being sent to landfill.

Recycling and reusing materials on the Prominent Hill Connection Project

In SA, UGL is designing, constructing and commissioning two high voltage switching stations and approximately 300kms of high voltage transmission lines to connect the Prominent Hill copper-gold mine to the State's Australian electricity grid. Due to its remoteness, located 650km north west of Adelaide, the team on the Prominent Hill Connection Project implemented a number of initiatives to recycle and reuse materials including:

- recycled 624 tonnes of steel from redundant structures that were removed during the project;
- recycled a further 47 tonnes of timber and general construction steel;
- successfully released over half a million litres of waste ground water from site, in a controlled fashion through purpose made filtration devices, ensuring the water was free of contaminants; and
- adopting low impact clearing methods throughout the project including trimming of tree branches where possible rather than complete clearing of trees.

During the year, the Group generated 252,188 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.

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)	2020	2019	2018
Group	252,188	73,211	90,505

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

CIMIC understands the importance of and is committed to minimising water usage and implementing opportunities for water efficiency and recycling. Projects - be they construction, mining or services - can often be substantial users as water is often used for dust suppression on construction and mining projects, in the operation of minerals processing plants (such as coal handling preparation 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.

Award winning Choa Chu Kang Waterworks in Singapore

UGL work on upgrading the Choa Chu Kang Waterworks has been recognised with the award of the Water Project of the Year at the 2020 Global Water Awards. UGL was chosen to construct, commission, and maintain the ceramic membrane filtration system facility.

The Choa Chu Kang Waterworks is now the largest ceramic membrane drinking water facility in the world following an extensive three-year upgrade. The ceramic membrane system is more efficient at removing suspended particles from raw water than the plant's previous sand filtration system. As part of the upgrade, ozone-biological activated carbon filters were also added to the water treatment process. This additional step helps to destroy microbes and remove organic matter from the water.

The plant now has a total capacity of up to 80 million gallons per day, enough to fill about 145 Olympic-sized swimming pools. It treats water from Kranji, Pandan and Tengeh reservoirs before it is delivered to taps in homes, businesses and industries.

Each construction, mining and minerals processing, and services project develops an Environmental Management Plan (EMP) which integrates water management as a central element. The plans recognise and are adapted for the unique conditions of that 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.

The EMPs systematically address all of the risks and opportunities associated with water management on the project. They identify the controls that the project will 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.

Saving water on the WestConnex M8 Project
In July 2020, the WestConnex M8 - the second major stage of the WestConnex motorway network, much of this underground - opened to traffic. The WestConnex M8 runs for 9km from Kingsgrove to the new St Peters Interchange and is marked as two lanes in each direction with the capacity to add a third lane if required. The WestConnex M8 doubles the capacity of the existing M5 East and is saving motorists around 30 minutes on a journey from south west Sydney to the southern CBD.

Delivered by a construction joint venture including CPB Contractors, and in a world-first outside of an oilfield, the project used Dry-Flo® technology to test the fire deluge system on the WestConnex M8 Project. The water deluge system deploys if a fire is detected in the tunnel, and Dry-Flo® testing allows the deluge system to be tested using low pressure air instead of high-pressure water.

The team was able to test 678 deluge zones, incorporating over 10,000 individual sprinkler nozzles, in less than three months across 18km of the project. This saved 11 million litres of potable water - equivalent to more than four Olympic swimming pools - which would otherwise have been wasted.

In 2020, the Group withdrew 18.5 million kilolitres of water and discharged more than 7.2 million kilolitres which led to a substantial variation in consumption compared to the prior year. The variation between 2020 and 2019 reflects continued drought conditions in Australia which led to an increase in water use for dust suppression in the Australia Mining business.

Water usage and consumption[102]	**2020**	**2019**	**2018**
Withdrawals (ML)	18,488	17,188	8,121
Discharge (ML)	7,233	11,567	9,022[103]
Consumption (ML)	**11,255**	**5,621**	**(901)**
Recycled-reused (ML)	3,567	4,297	9,200
Recycled-reused (%)	16.2	20.0	53.1

The Group's Operating Companies seek opportunities - where possible - to recycle or reuse water and, in 2020, 3.6 million kilolitres was sourced in this way. This generated a recycling-reuse percentage[104] of 16.2%.

Water withdrawals in 2020 were primarily sourced from rainwater and rivers, wastewater from other organisations, renewable groundwater and mains supply.

Withdrawals sources (%)	**2020**	**2019**	**2018**
Fresh surface water, including rainwater, water from wetlands, rivers and lakes	67	69	44
Brackish surface water/seawater	0	0	3
Groundwater - renewable	6	15	17
Groundwater - non-renewable	2	1	9
Third-party sources	26	15	27

Discharges in 2020 were primarily made to rivers, marine environments, and industrial wastewater treatment plants and public utilities.

Discharge destinations (%)	**2020**	**2019**	**2018**
Fresh surface water, including rainwater, water from wetlands, rivers and lakes	99	100	86
Groundwater - renewable	0	0	6
Brackish surface water/seawater	0	0	7
Third-party destinations	1	0	1

USE MATERIALS EFFICIENTLY AND REDUCE IMPACT

The Group's Operating Companies are continually seeking to innovate to improve the efficiency of the resources they use, thereby reducing the impact on the environment and society while also lowering costs. Clients are supportive of this approach as they are increasingly seeking sustainable solutions which provides an opportunity for the Operating Companies to improve their value proposition.

[102] These water disclosures for withdrawals, discharges and consumption align with the 'CDP Technical Note on Water Accounting', CDP Water Security 2018.
[103] The significant amount of water discharged in 2018 relates to pit dewatering activities at the Senakin coal mine in Indonesia where mining recommenced that year. This meant that the open cut pits, which were holding a significant amount of water, had to be pumped out resulting in significant discharge volumes.
[104] Total water recycled and reused / (Total water recycled and reused + Total water withdrawals).

Sustainable asphalt mix used for temporary works

In Western Sydney, CPB Contractors is delivering Stages 5 and 6 of The Northern Road upgrade project. Providing the new and upgraded roads will support integrated transport in the region and capitalise on the economic benefits from developing the Western Sydney Airport at Badgerys Creek.

With a focus on improving environmental outcomes, a sustainable asphalt mix called Reconophalt™ was used for temporary pavement works. By using Reconophalt™, the project reduced the amount of virgin material required for the asphalt mix and re-used materials that would have ended up in landfill, including:

- 900 plastic bags;
- 283 glass bottles;
- toner from 20 used printer cartridges; and
- 337 kilograms of reclaimed asphalt pavement.

The cost-competitive product will also last longer because it has enhanced fatigue and deformation resistance properties to better withstand heavy vehicle traffic.

In 2020, the Group's Operating Companies procured more than 3.6 million tonnes of construction materials. The decline 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.

Material use (kilotonnes)	2020	2019	2018
Quantity	3,627	6,753	4,295

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 (%)	2020	2019	2018
Concrete	64	82	88
Steel	3	2	3
Asphalt	32	15	8
Timber	1	<1	<1
Glass	<1	<1	<1

Materials made up approximately 19.9% of the Group's total expenses in 2020 (versus 21.5% in 2019). Detail on the Group's other expense items can be found in 'Note 3. Expenses' in the Financial Report section of the Annual Report.

Using recycled glass on the Sydney Metro project

In Sydney, a joint venture between UGL and CPB Contractors is helping to deliver the new world-class Sydney Metro, expanding the city's new metro railway into the CBD and beyond to Bankstown. The joint venture is playing 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 Sydney Metro Trains Facility is being expanded to provide train stabling and maintenance for the extra 37 trains which will run on the expanded Sydney Metro line. At the facility, an estimated 1,000 tonnes of recycled glass have been crushed and used by the team, instead of sand, to bed down pipes in the drainage. Recycled road base, made of old crumbled concrete, has also been used to make the hardstands for laydown areas and a car park for staff.

PROTECT BIODIVERSITY

The Group's activities - across construction, mining and mineral processing, and operations and maintenance services - have the potential to impact on the natural habitats of these projects being delivered and to their biodiversity. CIMIC is committed to minimising disturbances and avoiding impacts on habitats and ecology, and to promote biodiversity where this is possible.

'Turtle chute' protects critically endangered species

On Qld's Burnett River, 80km southwest of Bundaberg, CPB Contractors undertook essential risk reduction measures at Paradise Dam, a key component of the Bundaberg Water Supply Scheme.

During project delivery, the team worked closely with the Department of Environment and Science (DES) and dam operator Sunwater to protect the critically endangered White-throated Snapping Turtle during its nesting season. The White-throated Snapping Turtle is one of the largest short-necked freshwater turtles in Australia, typically found in the Fitzroy, Mary, and Burnett Rivers of South East Qld and associated waterways. It was listed as Critically Endangered in 2014.

Supported by the CPB Contractors' team, DES recovered 30 eggs, which were housed at the site's specially-designed 'Turtle Chute', a protective nest enclosure that helped shield the vulnerable eggs from predators such as foxes and wild pigs during incubation. The eggs' protection followed the relocation of three endangered turtles during downstream destocking, of which two were female with eggs. The enclosure was then monitored until the eggs hatched.

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.

Preservation of a wedge-tailed eagle nest on the Prominent Hill Connection Project

During the initial access and easement clearing process of the Prominent Hill Connection Project a wedge-tailed eagle nest was identified along the centreline stringing corridor. The wedge-tailed eagle is the largest bird of prey in Australia and can weigh 4kg, measure 1m from head to tail-tip and have a wingspan of up to 2.3m (females are larger than males).

The nest was identified during a standard pre-clearance survey by the site environmental advisor and local indigenous monitors which aims to identify points of environmental significance such as weeds and active breeding places. The nest was marked with flagging tape and a 10-meter buffer zone was left so as not to disturb the area.

Considering that wedge-tailed eagles are territorial and return to the same nest site yearly, and given advice from the environmental advisor and preference from the indigenous monitors, it was decided to keep the nest in situ. Site engineers worked alongside the stringing team with assistance from the construction manager to successfully plan and carry out powerline stringing operations without disturbance of the nest.

The rehabilitation of disturbed areas remains an integral element of dealing with biodiversity on projects and is particularly important in mining. Thiess offers a specialist capability in rehabilitation design and planning, the bulk profiling and shaping of mine spoil, construction of erosion and sediment control measures, and topsoiling and seeding rehabilitated areas. Environmental specialists work closely with operational teams to develop progressive rehabilitation plans that optimise environmental outcomes and provide community amenity throughout the life of a mine.

Rehabilitation of mining area (ha)	**Reshaped**	**Top-soiled**	**Seeded**
Australia/Pacific	90.3	75.2	117.7
Asia/Africa/Americas	459.1	459.2	0
Total	**549.4**	**534.4**	**117.7**

Focused rehabilitation effort delivers results at Mount Pleasant mine

At the Mt Pleasant mine in the Hunter Valley region of NSW, the Thiess team continues to deliver industry-leading rehabilitation results, creating lasting environmental value. Working with the client, the team adopted a fluvial geomorphic landform design ensuring long term stability against erosion and building the foundation for the establishment of self-sustaining ecosystems post-mining.

The team identified areas where rehabilitation could connect more closely with the broader landscape and worked to create wildlife corridors to facilitate the movement of fauna. This included planting trees with hollows, creating land crevices and scattering loose bark and large branches to create a natural habitat for native species.

Since the start of the project in 2018, Thiess has progressively completed 60 hectares of rehabilitation with more than 354 habitat features incorporated into the current landscape. More recently, Thiess researched the habitat preferences of local bird species in the area. This allowed the team to identify the ideal placement for habitat features (trees) across the newly constructed landscape which is now home to a number of bird species.

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. CIMIC recognises 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, increasing the use of renewable energy and driving innovation.

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.

Canberra Metro first Australian transport PPP to execute a Green Loan
The Canberra Metro consortium has been contracted by the ACT Government for the design, construction, operations and maintenance, and financing of Stage 1 of Canberra's light rail system as a PPP. Canberra Metro is a consortium that includes CIMIC Group companies Pacific Partnerships, CPB Contractors and UGL, amongst others. The ACT Government and Canberra Metro are in partnership in delivering award winning, frequent, efficient, and sustainable light rail services to the public along the alignment from Gungahlin to Civic.

In December 2020, Canberra Metro announced that it had refinanced a $280m debt facility with a 'green loan'[105] with Climate Bond Initiative[106] certification under the 'Low Carbon Transport Criteria'. The green loan was established in accordance with the 'Green Loan Principles, 2020' issued by the Asia Pacific Loan Market Association (APLMA).

Achieving Climate Bond Initiative certification demonstrates Canberra Metro's alignment to the ACT government's goal of achieving net zero emissions by 2045. Canberra Metro and its owners, which includes Pacific Partnerships, are proud to pioneer the use of this sustainable finance product.

OUTLOOK AND FUTURE PLANS

We are committed to, wherever possible, preventing or otherwise mitigating and remediating any harmful effects from our operations. In 2021, 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;
- 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.

[105] Green loans are any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible green projects. The green loan market aims to facilitate and support environmentally sustainable economic activity.
[106] Climate Bonds Initiative is an international organisation working solely to mobilise the largest capital market of all, the $100 trillion bond market, for climate change solutions.

OUR AWARDS

SUSTAINABILITY

CIMIC

- FTSE Russell included CIMIC in the FTSE4Good Index Series, for the fifth 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.
- DJSI again recognised CIMIC with inclusion in the DJSI Australia Index, the only construction and engineering company to be included. CIMIC was identified as 'industry best' in the construction and engineering category in two categories; 1. Risk & Crisis Management, and 2. Resource Conservation and Resource Efficiency.
- Included in The Sustainability Yearbook 2021 by S&P Global.
- CDP recognised CIMIC with a 'B' rating for its 'Climate Change' submission (versus a 'C' rating last year).
- CDP again acknowledged CIMIC with a 'B-' rating for its 'Water submission'.
- CDP credited CIMIC with a 'C' rating for its first 'Forests' submission.
- Recognised as a 'Leading' company for sustainability reporting by the Australian Council of Superannuation Investors (ACSI) for the third year in a row.

SAFETY

Leighton Asia

- Awarded the '2019 Outstanding Performance in Occupational Health and Mining Safety in Concentrating Division Freeport Indonesia Site' by PT Freeport Indonesia.
- Recognised with a Merit Award at the Hong Kong 2020 Innovative Safety Initiative Awards (ISIA) for the adoption of a perimeter warning device for forklifts at the T1 Annex and Car Park 4 Expansion Project.
- Recognised with a Merit Award at the Hong Kong 2020 ISIA for the development of a Safety Inspection App – 'SFL Inspector'.
- Recognised with a Merit Award at the Hong Kong 2020 ISIA for adopting innovative engineering solutions for the mitigation of risks associated with working at heights at the Shatin to Central Link (SCL) 1123 – Exhibition Station and Western Approach Tunnel project

CULTURE

CIMIC

- Ranked 41st in the Financial Review's Top 100 Graduate Employers survey which lists the most popular firms for graduates.
- CIMIC's CEO and all Australian-based Operating Company Managing Directors recognised as WGEA Pay Equity Ambassadors.

CPB Contractors

- Emma McCaughey, Bid Manager, selected to participate in the 2021 Roads Australia Fellowship Program.
- Recipient of the Social Traders 2020 Award for the Social Procurement Business/Government Agency of the Year for driving social procurement success across the business, including corporate services, business units, and projects and subcontractors.

Thiess

- The Allies program is the recipient of the 2020 AMMA[107] Diversity and Inclusion Award.

INNOVATION

CPB Contractors

- Winner of the Infrastructure Partnerships Australia (IPA) '2020 Infrastructure Project of the Year', along with partners including UGL, for the Sydney Metro Northwest project.
- Winner of the IPA 'Industry Choice Award', along with partners, for the WestConnex M4 East project.
- Winner of an Australian Engineering Excellence Award (Canberra), along with UGL and Pacific Partnerships, as part of the Canberra Metro consortium, for the Canberra Light Rail project.
- Winner of an Australian Engineering Excellence Awards (Sydney), along with UGL, as part of the Northwest Rapid Transit, for the Sydney Metro Northwest – Operations, Trains and Systems Contract.
- Winner of an Australian Engineering Excellence Awards (Vic), as part of the Caulfield to Dandenong Level Crossing Removal Alliance, for the Caulfield to Dandenong Level Crossing Removal Project.
- Finalist in the IPA 'Contractor Excellence Award', for the Sydney Metro Northwest – Tunnels and Stations Civil Works Package project.
- Awarded an Excellence in Civil Construction Award in the category of 'Project value greater than $75m' at the 2020 Civil Contractors Federation Qld Earth Awards for Brisbane's New Parallel Runway project.

Leighton Asia

- Received a Merit Award from the Vocational Training Council in Hong Kong for '2019 Outstanding Apprentices Award Scheme'.

[107] Australian Resources & Energy Group AMMA (formerly the Australian Mines and Minerals Association).

UGL

- Finalist in the IPA 'Innovation Excellence Award' for the Lower South Creek Treatment Program project.
- Recognised with an Essington Lewis Award for their work on the Royal Australian Navy's LHD[108] Landing Craft (LLC) Sustainment Project.
- Awarded the Water Project of the Year at the 2020 Global Water Awards for Singapore's Choa Chu Kang Waterworks upgrade.

Pacific Partnerships

- Winner of the IPA 'Project of the Year', along with CPB Contractors and UGL as part of the Northwest Rapid Transit, supported by EIC Activities, for the Sydney Metro Northwest.
- Finalist in the IPA 'Project of the Year', along with CPB Contractors and UGL, for the Canberra Light Rail project.
- Winner of the IPA 'Operator & Service Provider Excellence Award', along with CPB Contractors and UGL, for the Canberra Metro.
- Winner of the IPA 'Government Partnerships Excellence Award', along with UGL as part of the Northwest Rapid Transit, for the Sydney Metro City & Southwest Augmentation.
- Recognised, along with CPB Contractors, UGL and EIC Activities with Asia Pacific Transport Deal of the Year at the PFI Asia Awards 2019 for the Cross River Rail Tunnel, Stations and Development (TSD) project.
- Recognised, along with CPB Contractors, UGL and EIC Activities with the Asia Pacific Rail Deal of the Year at the IJ Global Awards 2019 for the TSD project.
- Recognised, along with CPB Contractors, UGL and EIC Activities with the Asia Rail Deal of the Year at the Proximo Asia Awards 2019 for the TSD project.
- Recognised, along with CPB Contractors, UGL and EIC Activities with the Australia PPP Deal of The Year at the Asset Triple A Infrastructure Awards 2020 for the TSD project.
- Recognised, along with CPB Contractors, UGL and EIC Activities with the with the PPP Deal of the Year at the PFI Asia Awards 2019 for the Sydney Metro Northwest project.
- Recognised, along with CPB Contractors, UGL and EIC Activities with the Global PPP Deal of the Year at the Infrastructure Investor Annual Awards 2019 for the Sydney Metro City & Southwest PPP (SMC&S PPP) project.
- Recognised, along with CPB Contractors, UGL and EIC Activities with the Asia PPP Deal of the Year at the (Proximo Asia Awards 2019 for the SMC&S PPP project.
- Recognised, along with CPB Contractors, UGL and EIC Activities with the Australia Transport Deal of The Year – Rail at the Asset Triple A Infrastructure Awards 2020 for the SMC&S PPP project.

EIC Activities

- Peter Milton, Technical Principal was recognised with a Career Achievement award at the Australasian Rail Industry Awards.

ENVIRONMENT

Leighton Asia

- Received an Environmental Merit Award from the Hong Kong Construction Association.

[108] Landing Helicopter Dock ships.

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, 69 - 70, 97	●
102-8	Information on employees and other workers	69, 97 - 111	●
102-9	Supply chain	89 - 91	◑
102-10	Significant changes to the organization and its supply chain	OFR, 89 - 91	◑
102-11	Precautionary Principle or approach	Code, Sustainability Policy, Environmental Policy, 126	●
102-12	External initiatives	66, 98, Group Policies	●
102-13	Membership of associations	121	●
	Strategy		
102-14	Statement from senior decision-maker	Executive Chairman Chief Executive's Review	●
102-15	Key impacts, risks, and opportunities	OFR, 66 - 68	●
	Ethics and integrity		●
102-16	Values, principles, standards, and norms of behaviour	65, Group Policies, Code	●
102-17	Mechanisms for advice and concerns about ethics	86, Code, Ethics Line[109]	●
	Governance		
102-18	Governance structure	2020 Governance Statement, Corporate Governance[110]	●
102-19	Delegating authority	Corporate Governance	●
102-20	Executive-level responsibility for economic, environmental, and social topics	2020 Sustainability Report, www.cimic.com.au	●
102-21	Consulting stakeholders on economic, environmental, and social topics	66 - 68	●
102-22	Composition of the highest governance body and its committees	Directors' Report, 2020 Governance Statement	●
102-23	Chair of the highest governance body	Directors' Report, 2020 Governance Statement, www.cimic.com.au	●
102-24	Nominating and selecting the highest governance body	2020 Governance Statement	●
102-25	Conflicts of interest	Directors' Report, 2020 Governance Statement, www.cimic.com.au	●
102-26	Role of highest governance body in setting purpose, values, and strategy	2020 Governance Statement, Board & committee charters[111]	●
102-27	Collective knowledge of highest governance body	2020 Governance Statement	●
102-28	Evaluating the highest governance body's performance	2020 Governance Statement	●
102-29	Identifying and managing economic, environmental, and social impacts	2020 Governance Statement, Board & committee charters	●

[109] The CIMIC Group Ethics Line can be accessed at: http://www.cimic.com.au/ethics-line.
[110] The Group's approach to Corporate Governance can be accessed at: http://www.cimic.com.au/our-approach/corporate-governance.
[111] 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
102-30	Effectiveness of risk management processes	2020 Governance Statement, Board & committee charters	●
102-31	Review of economic, environmental, and social topics	71 - 137, 2020 Governance Statement, Board & committee charters	●
102-32	Highest governance body's role in sustainability reporting	65, Director's Report, 2020 Governance Statement, Board & committee charters	●
102-33	Communicating critical concerns	86, 2020 Governance Statement, Board & committee charters	●
102-34	Nature and total number of critical concerns	84, 2020 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, 2020 AGM Results[112]	●
102-38	Annual total compensation ratio	Remuneration Report, 111 - 112	●
102-39	Percentage increase in annual total compensation ratio	Remuneration Report, 111 - 112	●
	Stakeholder engagement		
102-40	List of stakeholder groups	66 - 68, 91 - 92	●
102-41	Collective bargaining agreements	100	●
102-42	Identifying and selecting stakeholders	66 - 68, 91 - 92	●
102-43	Approach to stakeholder engagement	66 - 68, 91 - 92	●
102-44	Key topics and concerns raised	66 - 68, 91 - 92	●
	Reporting practice		
102-45	Entities included in the consolidated financial statements	65, Financial Report	●
102-46	Defining report content and topic boundaries	65	●
102-47	List of material topics	66 - 68	●
102-48	Restatements of information	68, 69 - 70, Operating and Financial Review, Financial Report	●
102-49	Changes in reporting	65, Operating and Financial Review, Financial Report	●
102-50	Reporting period	65, Operating and Financial Review, Financial Report	●
102-51	Date of most recent report	Operating and Financial Review, Financial Report	●
102-52	Reporting cycle	65, 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	65	●
102-55	GRI content index	140 - 144	●
102-56	External assurance	Not externally assured	◎
	Management Approach		
103-1	Explanation of the material topic and its Boundary	66 - 68 (see references to sections of Annual Report)	●
103-2	The management approach and its components	66 - 68 (see references to sections of Annual Report)	●
103-3	Evaluation of the management approach	65 - 68 (see references to sections of Annual Report)	●
	Economic Topic-specific Disclosures		
	Economic performance		
201-1	Direct economic value generated and distributed	92	●

[112] 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; 128 and 136 of 2020 Sustainability Report; CIMIC Climate Change Paper (www.cimic.com.au)	◕
201-3	Defined benefit plan obligations and other retirement plans	111	●
201-4	Financial assistance received from government	88	●
	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	109 - 110	◕
	Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	66, 91 - 92	●
203-2	Significant indirect economic impacts	91 - 92	●
	Procurement Practices		
204-1	Proportion of spending on local suppliers	89 - 91	●
	Anti-corruption		
205-1	Operations assessed for risks related to corruption	89 - 91	●
205-2	Communication and training about anti-corruption policies and procedures	69, 86 - 87	●
205-3	Confirmed incidents of corruption and actions taken	84	●
	Anti-competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	87 - 89	●
	Tax		
207-1	Approach to tax	88	●
207-2	Tax governance, control, and risk management	88	●
207-3	Stakeholder engagement and management of concerns related to tax	88, 121 - 122	◕
207-4	Country-by-country reporting	Not disclosed	◎
	Environmental Topic-specific Disclosures		
	Materials		
301-1	Materials used by weight or volume	134 - 135	●
301-2	Recycled input materials used	132 - 135	◕
301-3	Reclaimed products and their packaging materials	132 - 135	◑
	Energy		
302-1	Energy consumption within the organization	70, 128 - 132	●
302-2	Energy consumption outside of the organization	70, 128 - 132	●
302-3	Energy intensity	70,	●
302-4	Reduction of energy consumption	70, 128 - 132	●
302-5	Reductions in energy requirements of products and services	70, 128 - 132	●
	Water and Effluents		
303-1	Interactions with water as a shared resource	133 - 134	●
303-2	Management of water discharge-related impacts	133 - 134	●
303-3	Water withdrawal	70, 133 - 134	●
303-4	Water discharge	70, 133 - 134	◕
303-5	Water consumption	70, 133 - 134	◕
	Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	135 - 136	◑
304-2	Significant impacts of activities, products, and services on biodiversity	135 - 136	◕
304-3	Habitats protected or restored	135 - 136	●
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	70, 128 - 132	●
305-2	Energy indirect (Scope 2) GHG emissions	70, 128 - 132	●

	GRI Standard	Annual Report section, Page number/s and/or URL	Application level / omission
305-3	Other indirect (Scope 3) GHG emissions	70, 128 - 132	●
305-4	GHG emissions intensity	70, 128 - 132	●
305-5	Reduction of GHG emissions	70, 128 - 132	●
305-6	Emissions of ozone-depleting substances (ODS)	70, 128 - 132	◑
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	132, 132 - 133	●
306-2	Management of significant waste related impacts	132, 132 - 133	●
306-3	Waste generated	132 - 133	●
306-4	Waste diverted from disposal	132 - 133	◑
306-5	Waste directed to disposal	132 - 133	◑
	Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	70, 127 - 128, Directors' Report	●
	Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	89 - 91	◑
308-2	Negative environmental impacts in the supply chain and actions taken	89 - 91	◑
	Social Topic-specific Disclosures		
	Employment		
401-1	New employee hires and employee turnover	69, 104	●
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not disclosed	◎
401-3	Parental leave	105 - 108	●
	Labor/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	71 - 81	●
403-2	Hazard identification, risk assessment, and incident investigation	71 - 81, 84	●
403-3	Occupational health services	78 - 79	●
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	71 - 81	●
403-6	Promotion of worker health	71 - 81	●
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	71 - 81	●
403-8	Workers covered by an occupational health and safety management system	71 - 81	●
403-9	Work-related injuries	64, 69, 72 - 74	●
403-10	Work-related ill health	78 - 79	◕
	Training and Education		
404-1	Average hours of training per year per employee	101 - 103	●
404-2	Programs for upgrading employee skills and transition assistance programs	101 - 103	●
404-3	Percentage of employees receiving regular performance and career development reviews	111	●
	Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	69, 105 - 111, Directors' Report, 2020 Governance Statement	●
405-2	Ratio of basic salary and remuneration of women to men	105 - 108	◑
	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	98 - 100	●
	Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	98 – 100	●
	Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	98 – 100	●

	GRI Standard	Annual Report section, Page number/s and/or URL	Application level / omission
	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	84, 105 - 111	●
	Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	98 - 100	●
412-2	Employee training on human rights policies or procedures	98 - 100	●
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	98 - 100	◑
	Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	91 - 95	●
413-2	Operations with significant actual and potential negative impacts on local communities	91 - 95	●
	Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	89 - 91	◕
414-2	Negative social impacts in the supply chain and actions taken	89 - 91	◑
	Public Policy		
415-1	Political contributions	86	●
	Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	81 - 82	●
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	81 - 82	●
	Marketing and Labelling		
417-1	Requirements for product and service information and labelling	81 - 82	●
417-2	Incidents of non-compliance concerning product and service information and labelling	81 - 82, 88 - 89	●
417-3	Incidents of non-compliance concerning marketing communications	88 - 89	●
	Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	87	●
	Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	87, 88 - 89	●


COMUNA
12 CRK ST
THE ANNEX
dexus
12 CRK ST

12 Creek Street – The Annex

Broad, Brisbane, Australia

Broad's design and construction of The Annex, a 14-storey commercial office tower for Dexus, has introduced a new vertical village to Brisbane's central business district, providing boutique space for stores, offices and restaurants.

Uniquely sited, the facade of the lower six levels aligns with the street's fig tree canopy. Above the arrival plaza nine levels are linked by an interconnecting stair. The building's top three levels and sky terrace frame a cascading garden.

The project included demolition of the existing building at the corner of Creek and Elizabeth Streets, and refurbishment of the existing four-level carpark.

A trusted managing contractor in the Australian building industry, Broad was recognised for The Annex at the Master Builders 2020 Queensland Housing and Construction State Awards, winning the Commercial Building $5 million to $50 million category.

Financial Report

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Consolidated Statement of Profit or Loss

for the 12 months to 31 December 2020

	Note	12 months to December 2020 $m	12 months to December 2019 $m Restated^
Continuing Operations			
Revenue	2	7,802.4	10,806.1
Expenses	3	(9,412.8)	(10,286.2)
Finance income	5	19.8	52.8
Finance costs	5	(179.8)	(141.5)
Share of profits of associates and joint ventures	28,29	69.0	63.7
Provision and asset impairment in relation to the Middle East exit	4	-	(2,724.7)
(Loss) / profit before tax		(1,701.4)	(2,229.8)
Income tax benefit / (expense)	7	434.2	774.7
(Loss) / profit for the year from continuing operations		(1,267.2)	(1,455.1)
Discontinued Operations			
Profit for the year from discontinued operations	32	1,883.9	417.8
Profit / (loss) for the year		616.7	(1,037.3)
Loss / (profit) for the year attributable to non-controlling interests		3.4	(2.6)
Profit / (loss) for the year attributable to shareholders of the parent entity		620.1	(1,039.9)
Dividends per share - Final	26	60.0¢	-
Dividends per share - Interim	26	-	71.0¢
Earnings per share from continuing operations			
Basic earnings per share	27	(395.1¢)	(447.2¢)
Diluted earnings per share	27	(395.1¢)	(447.2¢)
Earnings per share from continuing and discontinued operations			
Basic earnings per share	27	195.0¢	(320.9¢)
Diluted earnings per share	27	195.0¢	(320.9¢)

^Certain amounts have been re-presented to separately show those operations classified as discontinued in the current year as detailed in Note 32: *Acquisitions, disposals and discontinued operations*.

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 2020

	Note	12 months to December 2020 $m	12 months to December 2019 $m Restated^
Profit / (loss) for the year attributable to shareholders of the parent entity		620.1	(1,039.9)
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)	24	(123.0)	0.7
- Effective portion of changes in fair value of cash flow hedges (net of tax)	24	(64.9)	(8.6)
- Gains / (losses) reclassified to profit or loss on disposal of subsidiary	32	58.5	-
Other comprehensive (expense) / income for the year		(129.4)	(7.9)
Total comprehensive income / (expense) for the year attributable to shareholders of the parent entity		490.7	(1,047.8)
Total comprehensive income / (expense) for the year attributable to shareholders of the parent entity:			
Total comprehensive income / (expense) for the year		487.3	(1,045.2)
Total comprehensive expense / (income) for the year attributable to non-controlling interests		3.4	(2.6)
Continuing operations		(1,285.7)	(1,441.7)
Discontinued operations		1,776.4	393.9
Total comprehensive income / (expense) for the year attributable to shareholders of the parent entity		490.7	(1,047.8)

^Certain amounts have been re-presented to separately show those operations classified as discontinued in the current year as detailed in Note 32: *Acquisitions, disposals, and discontinued operations*.

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 2020

	Note	31 December 2020 $m	31 December 2019 $m
Assets			
Cash and cash equivalents	8	3,082.5	1,750.0
Short term financial assets and investments	9	4.5	4.5
Trade and other receivables	10	1,929.8	3,554.4
Current tax assets	11	1.0	-
Inventories: consumables and development properties	12	185.2	400.1
Total current assets		5,203.0	5,709.0
Trade and other receivables	10	89.8	130.4
Inventories: development properties	12	84.8	114.9
Investments accounted for using the equity method	13	1,378.2	250.5
Other investments	14	57.1	112.2
Deferred tax assets	15	757.9	1,025.2
Property, plant and equipment	16	814.2	2,279.1
Intangibles	17	912.3	1,104.4
Total non-current assets		4,094.3	5,016.7
Total assets		9,297.3	10,725.7
Liabilities			
Trade and other payables	18	4,569.8	6,024.6
Current tax liabilities	19	16.5	60.3
Provisions	20	218.3	327.2
Financial liability	4	151.2	1,483.4
Interest bearing liabilities	21	210.0	164.3
Lease liabilities	22	69.7	277.8
Total current liabilities		5,235.5	8,337.6
Trade and other payables	18	195.3	200.8
Provisions	20	42.7	60.5
Interest bearing liabilities	21	2,686.6	758.6
Lease liabilities	22	245.1	624.3
Deferred tax liabilities	15	-	20.9
Total non-current liabilities		3,169.7	1,665.1
Total liabilities		8,405.2	10,002.7
Net assets		892.1	723.0
Equity			
Share capital	23	1,458.7	1,738.4
Reserves	24	(658.0)	(527.0)
Retained earnings	25	165.7	(454.4)
Total equity attributable to equity holders of the parent		966.4	757.0
Non-controlling interests		(74.3)	(34.0)
Total equity		892.1	723.0

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 2020

	Note	Share capital	Reserves	Retained earnings	Attributable to equity holders	Non-controlling interests	Total equity
		$m	$m	$m	$m	$m	$m
Total equity at 1 January 2019		1,750.3	(514.3)	1,094.6	2,330.6	(44.4)	2,286.2
Profit for the year		-	-	(1,039.9)	(1,039.9)	2.6	(1,037.3)
Other comprehensive income		-	(7.9)	-	(7.9)	-	(7.9)
Transactions with shareholders in their capacity as shareholders:							
- Dividends	26	-	-	(509.1)	(509.1)	(4.2)	(513.3)
- Share buy backs		(11.9)	(4.8)	-	(16.7)	-	(16.7)
- Acquisition		-	-	-	-	11.9	11.9
- Other		-	-	-	-	0.1	0.1
Total transactions with shareholders		(11.9)	(4.8)	(509.1)	(525.8)	7.8	(518.0)
Total equity at 31 December 2019		1,738.4	(527.0)	(454.4)	757.0	(34.0)	723.0

		Share capital	Reserves	Retained earnings	Attributable to equity holders	Non-controlling interests	Total equity
		$m	$m	$m	$m	$m	$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	26	-	-	-	-	(18.6)	(18.6)
- Share buy backs		(279.7)	(1.6)	-	(281.3)	-	(281.3)
- Acquisition		-	-	-	-	5.1	5.1
- Disposal of subsidiary	32	-	-	-	-	(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

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 2020

	Note	12 months to December 2020 $m	12 months to December 2019 $m
Cash flows from operating activities			
Cash receipts in the course of operations (including GST)		13,807.5	16,684.3
Cash payments in the course of operations (including GST)		(13,754.4)	(14,971.0)
Cash flows from operating activities		53.1	1,713.3
Interest received		22.7	26.7
Finance costs paid		(167.5)	(139.3)
Income taxes (paid) / received		(173.5)	(351.2)
Net cash from operating activities	31 (a)	(265.2)	1,249.5
Cash flows from investing activities			
Payments for intangibles		(18.4)	(15.4)
Payments for property, plant and equipment		(579.7)	(774.4)
Payments for investments in controlled entities and businesses	32	(10.9)	(14.0)
Proceeds from sale of property, plant and equipment		30.5	22.5
Proceeds from sale of investments in controlled entities and businesses	32	2,223.4	-
Cash acquired from acquisition of investments in controlled entities and businesses		16.3	18.0
Cash disposed from sale of investments in controlled entities and businesses	32	(127.7)	-
Payments for investments		-	(29.1)
Loans to associates and joint ventures		-	(398.6)
Net cash from investing activities		1,533.5	(1,191.0)
Cash flows from financing activities			
Cash payments for share buy backs	23	(281.3)	(16.7)
Repayment of financial liability	4	(1,398.4)	-
Proceeds from borrowings	31 (b)	4,910.0	1,191.8
Repayment of borrowings	31 (b)	(2,752.9)	(801.8)
Repayment of leases	31 (b)	(317.8)	(320.0)
Dividends paid to shareholders of the Company	26	-	(509.1)
Dividends paid to non-controlling interests		(11.4)	(4.2)
Net cash from financing activities		148.2	(460.0)
Net increase / (decrease) in cash held		1,416.5	(401.5)
Cash and cash equivalents at the beginning of the period		1,750.0	2,141.7
Effects of exchange rate fluctuations on cash held		(84.0)	9.8
Cash and cash equivalents at reporting date	8	3,082.5	1,750.0

The consolidated statement of cash flows includes cash flows from both continuing and discontinued operations. Refer to Note 32: *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 2020

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 2021.

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.

Most of CIMIC's operations were classified as essential services through the Coronavirus Disease (COVID-19) pandemic, as a result projects have continued to operate with a focus on business continuity. Notwithstanding this, since the outbreak of the pandemic, the Group has been affected across all businesses with a corresponding impact on operating performance, including increased costs and delay in the award of new work both domestically and overseas.

In 2020, CIMIC's Operating Companies received $20.0 million in JobKeeper payments and $5.0 million in other COVID-19 related financial support, $8.0 million of payroll taxes savings, as well as a temporary benefit from the deferral of payroll taxes by some State Governments.

Despite any short-term impact from the evolving COVID-19 situation, the outlook across the Group's core markets remains positive with stimulus packages announced by governments in the core markets of Construction and Services with additional opportunities through a strong PPP pipeline.

As the situation continues to evolve, the potential impact on the business as a whole will continue to be monitored.

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 2020, as follows:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business;
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material;
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework;
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform; and
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

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.

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.
- Estimation of allowance for expected credit losses on financial assets.

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 in the areas listed above 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 10: *Trade and other receivables*, Note 18: *Trade and other payables* and Note 39: *Related party disclosures.*

- 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, including the Company's investments in BIC Contracting, Ventia Services Group Pty Limited and Thiess Pty Limited, identified no changes to previous control or joint control determinations, except for Thiess Pty Limited as outlined below.

- Disposal of 50% of Thiess Pty Limited and its controlled entities ("Thiess")

During the 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. 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 in an 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 have determined that CIMIC has lost control of Thiess and is therefore required to recognise 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 29: *Joint venture entities.*

The operations of Thiess have been classified as a discontinued operation in accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations*.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Accounting estimates and judgements continued

- 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.
- Asset disposals:
  - Controlled entities and businesses: determination of loss of control and fair value of consideration; and
  - Other assets: determination as to whether the significant risks and rewards of ownership have transferred.
- Estimation of the economic life of property, plant and equipment and intangibles;
- Asset impairment testing, including assumptions in value in use calculations;
- Assessment of measurement and classification of financial instruments including fair values and trade finance arrangements; and
- 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 the associates. 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 2020

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 30: *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.

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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

a) Revenue recognition continued

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.

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 estimated and included in the total costs of the contracts. Where required, amounts are recognised accordingly in line with AASB 137: *Provisions, contingent liabilities and contingent assets*.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

a) Revenue recognition continued

Loss making contracts
A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

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.

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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

(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 and through sale on specified dates. 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 presented net 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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e) Non-derivative financial instruments continued

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. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. 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.

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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

f) Derivative financial instruments continued

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'.

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 option to acquire interest in joint venture

The put option is 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.

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.

Liabilities associated with assets held for sale are presented separately from other liabilities in the statement of financial position. Interest and other expenses attributable to the liabilities associated with assets held for sale continue to be recognised.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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. Given the Group's operational involvement in the construction, mining and services sectors, leased equipment is a key component of the business.

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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

j) Leases continued

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.

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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 costs incurred in acquiring software and licenses that will provide future period economic benefits are capitalised to other intangibles. Costs capitalised include external direct costs of materials and services and direct payroll and payroll related costs of employees' time spent on projects. 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.

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 which 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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

o) Employee benefits continued

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.

p) 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.

q) 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 2020

2. REVENUE

	Note	12 months to December 2020 $m	12 months to December 2019 $m Restated^
Construction revenue[1]		5,445.7	7,532.1
Services revenue		2,351.4	3,228.3
Other revenue		5.3	45.7
Total revenue from continuing operations[2]	33	7,802.4	10,806.1

^Certain amounts shown here do not correspond to the consolidated financial report as at 31 December 2019 and have been re-presented to separately show those operations classified as discontinued in the current year, as detailed in Note 32: *Acquisitions, disposals and discontinued operations*.

[1]CPB Contractors, a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA completed the Gorgon LNG Jetty and Marine Structures Project (Gorgon Jetty) for Chevron Australia (Chevron). CIMIC's financial statements as at 31 December 2019 included $1.15 billion recorded in contract assets in relation to Gorgon Jetty and recovery of these contract assets was being pursued by CIMIC through an arbitration process in Australia against Chevron.

This arbitration has now concluded, and the Arbitral Tribunal has issued an award of $78.0 million to the Consortium (CPB and Saipem) and counterclaims of $35.0 million to Chevron. CIMIC's share of the net award along with certain legal expenses attributable to the arbitration process, has resulted in a one off reversal of revenue recognised in the period of $1.15 billion in accordance with the variable consideration reassessment requirements of AASB 15.

[2]31 December 2020: Total revenue from continuing operations excludes $3,606.2 million of revenue from discontinued operations (31 December 2019: $3,895.0 million). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

3. EXPENSES

	Note	12 months to December 2020 $m	12 months to December 2019 $m Restated^
Materials		(1,871.5)	(2,209.9)
Subcontractors		(3,498.0)	(4,050.0)
Plant costs		(511.5)	(540.7)
Personnel costs		(2,577.1)	(2,690.0)
Depreciation and impairment of property, plant and equipment	16,33	(255.7)	(222.6)
Amortisation of intangibles	17,33	(36.4)	(40.6)
Net gain / (loss) on sale of assets		8.0	0.9
Foreign exchange gains / (losses)		(7.0)	(18.7)
Lease payments		(101.2)	(112.2)
Design, engineering and technical consulting fees		(37.5)	(58.2)
Other expenses[2]		(524.9)	(344.2)
Total expenses from continuing operations[1]		(9,412.8)	(10,286.2)

^Certain amounts shown here do not correspond to the consolidated financial report as at 31 December 2019 and have been re-presented to separately show those operations classified as discontinued in the current year, as detailed in Note 32: *Acquisitions, disposals and discontinued operations*.

[1]31 December 2020: Total expenses from continuing operations excludes $3,051.7 million of expenses from discontinued operations (31 December 2019: $3,252.5 million). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

[2]Included in Other expenses for 2020 is an amount of $180.0 million additional provision recognised during the year in relation to the Group's existing contracts.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

4. PROVISION AND ASSET IMPAIRMENT IN RELATION TO THE MIDDLE EAST EXIT

As disclosed in the 31 December 2019 CIMIC Group Annual Report, on 23 January 2020 the Group announced to the ASX that it had completed an extensive strategic review of its financial investment of a non-controlling interest in BIC Contracting (BICC), a company operating in the Middle East region, with a decision to exit the region.

The Group continues to hold a call option to purchase the remaining 55% shareholding in BICC. This option has no substantive rights and does not impact on the control of the company. Following the Group's decision to exit the Middle East, the fair value of the call option was determined to be US$nil for 31 December 2020 (31 December 2019: US$nil), equivalent to $nil (31 December 2019: $nil).

The confidential M&A process previously initiated in respect of the Group's investment in BICC has continued in the period. Discussions are ongoing with potential acquirers for all or part of BICC. 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 shown on the Consolidated Statement of Financial Position.

A financial liability and other amounts payable were recognised at 31 December 2019 which represented amounts expected to be paid as CIMIC's financial guarantees of certain BICC liabilities materialise.

The financial liability recorded as at 31 December 2019 of $1,483.4 million reduced to $151.2 million as at 31 December 2020. The reduction in the liabilities recorded as at 31 December 2019 was due to $1,398.4 million having been paid in respect of CIMIC's financial guarantees, as well as the impact of foreign exchange, and other operational and financial expenses netted off with reductions in certain contingent exposures being recorded by CIMIC during the period.

5. NET FINANCE INCOME / (COSTS)

	Note	12 months to December 2020 $m	12 months to December 2019 $m Restated^
Finance income			
Interest income			
- Related parties	39 (b)	-	29.2
- Other parties		19.8	20.7
Unwinding of discounts on non-current receivables			
- Related parties	39 (b)	-	2.9
- Other parties		-	-
Total finance income		19.8	52.8
Finance costs			
Debt interest expense		(83.5)	(66.1)
Finance charge for lease liabilities		(18.2)	(18.2)
Facility fees, bonding and other finance costs		(66.9)	(50.7)
Impact of discounting			
- Related parties	39 (b)	-	-
- Other		(11.2)	(6.5)
Total finance costs		(179.8)	(141.5)
Net finance income / (costs) from continuing operations[1]		(160.0)	(88.7)

^Certain amounts shown here do not correspond to the consolidated financial report as at 31 December 2019 and have been re-presented to separately show those operations classified as discontinued in the current year, as detailed in Note 32: *Acquisitions, disposals and discontinued operations*.

[1]31 December 2020: Net finance costs from continuing operations excludes $27.8 million of net finance costs from discontinued operations (31 December 2019: $40.5 million). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

6. AUDITORS' REMUNERATION

	12 months to December 2020 $'000	12 months to December 2019 $'000
Deloitte Touche Tohmatsu and related network firms		
Audit or review of financial reports:		
- Group	3,843	4,459
- Subsidiaries and joint operations	237	291
Audit or review of financial reports	4,080	4,750
Statutory assurance services required by legislation to be provided by the auditor	281	185
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	3	18
Total services	4,364	4,953
Other auditors and their related network firms		
Audit or review of financial reports:		
- Subsidiaries and joint operations	232	264
Audit or review of financial reports	232	264
Other services:		
- Tax consulting services	-	20
Other services	-	20
Total services	232	284

The Group may use Deloitte on assignments in addition to their statutory audit duties 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 2020

7. INCOME TAX EXPENSE

	12 months to December 2020 $m	12 months to December 2019 $m Restated^
Income tax expense recognised in the statement of profit or loss		
Current tax expense	(92.0)	(334.0)
Deferred tax (expense) / benefit	(280.2)	935.1
Over provision in prior periods	(2.9)	(13.6)
Total income tax (expense) / benefit in statement of profit or loss	(375.1)	587.5
Deferred tax recognised directly in equity		
Revaluation of cash flow and net investment hedges	28.2	-
Total deferred tax benefit / (expense) recognised in equity	28.2	-
Reconciliation of prima facie tax to income tax expense		
(Loss) / profit from continuing operations	(1,701.4)	(2,229.8)
Profit / (loss) from discontinued operations	2,693.2	605.0
Profit / (loss) before tax	991.8	(1,624.8)
Prima facie income tax (expense) / benefit at 30% (31 December 2019: 30%)	(297.5)	487.4
The following items have affected income tax (expense) / benefit for the year:		
Tax losses not recognised	(61.1)	(5.4)
Overseas income tax differential and foreign exchange	21.8	33.7
Movement in provision for taxes on retained earnings of controlled entities	(15.7)	5.4
Equity accounted and joint venture income tax differential	12.5	17.0
Other items in relation to Middle East exit	-	67.1
Other items in relation to Thiess divestment	(26.9)	-
Other	(5.3)	(4.1)
Current period income tax (expense) / benefit	(372.2)	601.1
(Under) / over provision in prior periods	(2.9)	(13.6)
Income tax (expense) / benefit[1]	(375.1)	587.5

^Certain amounts shown here do not correspond to the consolidated financial report as at 31 December 2019 and have been re-presented to separately show those operations classified as discontinued in the current year, as detailed in Note 32: *Acquisitions, disposals and discontinued operations*.

[1]Income tax (expense) / benefit includes $434.2 million of income tax benefit (31 December 2019: $774.7 million benefit) from continuing operations and includes $809.3 million of income tax expense from discontinued operations (31 December 2019: $187.2 million). Refer to Note 32: *Acquisitions, disposals and discontinued operations.*

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8. CASH AND CASH EQUIVALENTS

	December 2020 $m	December 2019 $m
Funds on deposit	232.0	446.8
Cash at bank and on hand	2,850.5	1,303.2
Cash and cash equivalents[1]	3,082.5	1,750.0

[1]During the reporting period, the Group disposed of $127.7 million of cash and cash equivalents (31 December 2019: $nil). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

As at 31 December 2020: $447.5 million (31 December 2019: $468.1 million) of cash at bank is restricted. It includes cash subject to certain operational restrictions of $229.5 million (31 December 2019: $320.6 million) as well as cash in relation to the sale of receivables of $218.0 million (31 December 2019: $147.5 million). The receivables only include certified amounts with the factoring done on a non-recourse basis.

9. SHORT TERM FINANCIAL ASSETS AND INVESTMENTS

	December 2020 $m	December 2019 $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 2020 $m	December 2019 $m
Additional information on cash, cash equivalents and short term financial assets and investments:			
Cash and cash equivalents	8	3,082.5	1,750.0
Short term financial assets and investments		4.5	4.5
Cash and equivalent liquid assets		3,087.0	1,754.5

	December 2020 $m	December 2019 $m
Cash flows from operating activities	53.1	1,713.3
Change in short term assets and investments	-	1.0
Total cash from operating activities and changes in equivalent liquid assets	53.1	1,714.3

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for the 12 months to 31 December 2020

10. TRADE AND OTHER RECEIVABLES

	Note	December 2020 $m	December 2019 $m
Contract receivables		247.2	390.7
Contract assets[1]		944.4	2,080.1
Retentions and capitalised costs to fulfil contracts		130.4	137.1
Total contract debtors		1,322.0	2,607.9
Trade debtors		133.7	210.5
Other amounts receivable		434.5	691.0
Prepayments		78.3	102.1
Derivative financial assets	29, 37	2.9	9.3
Amounts receivable from related parties	39 (b)	42.5	32.1
Non-current tax asset[2]		5.7	31.9
Total trade and other receivables[3]		2,019.6	3,684.8
Current[1]		1,929.8	3,554.4
Non-current[2]		89.8	130.4
Total trade and other receivables[3]		2,019.6	3,684.8

[1]As at 31 December 2019 contract assets included an amount equal to $1.15 billion relating to the Gorgon LNG Jetty and Marine Structures Project being undertaken by CPB Contractors Pty Ltd (CPB), a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA (Saipem and CPB together referred to as the Consortium) for Chevron Australia Pty Ltd (Chevron) (Gorgon Contract).
The recovery of these contract assets was being pursued by CIMIC through an arbitration process in Australia against Chevron. This arbitration has now concluded, and the Arbitral Tribunal issued an award of $78 million to the Consortium (CPB and Saipem) and counterclaims of $35 million to Chevron. CIMIC’s share of the net award along with certain legal expenses attributable to the arbitration process, has resulted in a one off reduction in revenue and contract asset recognised in the period of $1.15 billion representing CPB’s full exposure.
[2]The non-current tax asset of $5.7 million (31 December 2019: $31.9 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.
[3]During the reporting period, the Group disposed of $828.4 million of trade and other receivables (31 December 2019: $nil). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

	December 2020 $m	December 2019 $m
Additional information on contract debtors		
Total contract debtors - trade and other receivables	1,322.0	2,607.9
Total contract liabilities - trade and other payables	(1,616.7)	(1,322.2)
Net contract debtors	(294.7)	1,285.7

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10. 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.

The decrease in net contract debtors is mainly attributable to the resolution of the Gorgon Jetty arbitration and subsequent derecognition of the associated contract asset, as well as the disposal of Thiess (refer to Note 32: *Acquisitions, disposals and discontinued operations*).

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was $982.4 million (31 December 2019: $998.5 million). Revenue recognised in the reporting period from performance obligations satisfied or partially satisfied in previous periods was $(1,279.8) million (31 December 2019: $145.3 million). Partially satisfied performance obligations continue to incur revenue and costs in the period.

Remaining performance obligations (Work in hand)

Contracts which have remaining performance obligations as at 31 December 2020 are set out below.

	December 2020 $m	December 2019 $m Restated^
Construction	12,526	16,229
Services	8,825	9,282
Corporate and Investments	8,728	12,000
Work in hand[1]	30,079	37,511

^Certain amounts shown here do not correspond to the consolidated financial report as at 31 December 2019 and have been re-presented to separately show those operations classified as discontinued in the current year, as detailed in Note 32: *Acquisitions, disposals and discontinued operations*. Following the sale of Thiess this has been reclassified to Corporate and Investments for 31 December 2019.

[1]Includes $11,368 million (31 December 2019: $5,157 million) of CIMIC's share of work in hand from joint venture and associates 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 short-term.

Construction	1-4 years
Services	4-10 years
Corporate and Investments	1-6 years

11. CURRENT TAX ASSETS

The current tax asset of $1.0 million (31 December 2019: $nil) represents the amount of income taxes recoverable from the payment of tax in excess of the amounts due to the relevant tax authority.

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12. INVENTORIES

	December 2020 $m	December 2019 $m
Property developments		
Cost of acquisition	18.5	18.5
Development expenses capitalised	70.2	100.7
Rates, taxes, finance and other costs capitalised	10.5	30.1
Total property developments	99.2	149.3
Other inventories		
Raw materials and consumables at cost	170.8	365.7
Total raw materials and consumables	170.8	365.7
Total inventories	270.0	515.0
Current	185.2	400.1
Non-current	84.8	114.9
Total inventories[1]	270.0	515.0

[1]During the reporting period, the Group disposed of $137.0 million of inventories (31 December 2019: $nil). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

Finance costs capitalised to property developments during the period were $0.8 million (31 December 2019: $1.3 million).

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	December 2020 $m	December 2019 $m
Associates	28	55.3	54.3
Joint venture entities[1]	29	1,322.9	196.2
Total investments accounted for using the equity method		1,378.2	250.5

[1]The increase is attributable to the disposal of 50% of Thiess, which is now accounted for as a joint venture. Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

Notes to the Consolidated Financial Statements

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14. OTHER INVESTMENTS

	Note	December 2020 $m	December 2019 $m
Financial assets at fair value through profit or loss			
Listed investments		0.5	1.0
Unlisted investments		56.6	111.2
Total other financial assets at fair value through profit or loss	37 (c)	57.1	112.2
Current		-	-
Non-current		57.1	112.2
Total other investments		57.1	112.2

15. DEFERRED TAXES

	December 2020 $m	December 2019 $m
Recognised deferred tax assets / (liabilities)		
Deferred tax assets are attributed to the following:		
Contract debtors	261.6	265.2
Property developments	34.0	14.4
Other inventories	4.1	4.1
Property, plant and equipment	9.1	75.7
Employee benefits	70.9	103.2
Contract profit differential	(47.7)	(420.5)
Withholding tax on retained earnings of non-resident and controlled entities	(17.6)	(98.6)
Investment revaluations	50.3	40.0
Jointly controlled entities	(25.0)	(30.7)
Foreign exchange	8.1	0.1
Tax losses[1]	273.0	945.6
Other	137.1	105.8
Total deferred taxes[2]	757.9	1,004.3
Comprising of:		
Deferred tax assets	757.9	1,025.2
Deferred tax (liabilities)	-	(20.9)
Total deferred taxes	757.9	1,004.3
Unrecognised deferred tax assets		
Deferred tax assets which have not been recognised in respect of tax losses	160.6	159.9

[1]31 December 2020 includes $150.7 million (31 December 2019: $826.5 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. The reduction is due to the realisation of tax losses arising on the sale of Thiess refer to Note 32: *Acquisitions, disposals and discontinued operations.*

[2]During the reporting period, the Group disposed of $56.6 million of deferred tax assets and deferred tax liability of $13.4 million (31 December 2019: $nil). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

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for the 12 months to 31 December 2020

16. 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 2019						
Cost or fair value	0.1	87.4	3,434.8	607.8	672.0	4,802.1
Accumulated depreciation	-	(50.4)	(2,179.2)	(336.6)	(167.8)	(2,734.0)
Net book amount	0.1	37.0	1,255.6	271.2	504.2	2,068.1
Year ended 31 December 2019						
Opening net book amount	0.1	37.0	1,255.6	271.2	504.2	2,068.1
Additions	-	5.2	786.6	124.0	177.0	1,092.8
Acquisitions	-	-	5.1	1.2	-	6.3
Disposals	-	-	(12.3)	(6.0)	(11.1)	(29.4)
Transfers	-	-	5.1	-	2.2	7.3
Depreciation	-	(7.8)	(580.8)	(65.7)	(219.7)	(874.0)
Effects of exchange rate fluctuations	-	-	9.4	-	(1.4)	8.0
Closing net book amount	0.1	34.4	1,468.7	324.7	451.2	2,279.1
Year ended 31 December 2019						
Cost or fair value	0.1	82.3	3,690.6	664.9	766.1	5,204.0
Accumulated depreciation and impairment	-	(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 subsidiary[1]	-	(2.0)	(802.1)	(72.6)	(381.0)	(1,257.7)
Effects of exchange rate 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

[1]During the reporting period, the Group disposed of $1,257.7 million of property, plant and equipment (31 December 2019: $nil). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.
[2]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 (31 December 2019: $651.4 million) which relates to discontinued operations. Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

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17. INTANGIBLES

	Note	Goodwill $m	Other intangibles[1] $m	Total intangibles $m
At 1 January 2019				
Cost or fair value		961.8	384.7	1,346.5
Accumulated amortisation and impairment		(13.6)	(239.4)	(253.0)
Net book amount		948.2	145.3	1,093.5
Year ended 31 December 2019				
Opening net book amount		948.2	145.3	1,093.5
Additions / acquisitions		31.3	44.4	75.7
Impairment	4	-	(20.5)	(20.5)
Amortisation		-	(43.6)	(43.6)
Effects of exchange rate fluctuations		(0.3)	(0.4)	(0.7)
Closing net book amount		979.2	125.2	1,104.4
Year ended 31 December 2019				
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 exchange rate fluctuations		(41.3)	(2.4)	(43.7)
Divestment of subsidiary[3]		(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

[1]Other intangibles include:
- IT software systems of $40.5 million with a useful life of up to 10 years (31 December 2019: $53.8 million up to 8 years);
- Customer contracts, concessions and other intangibles with useful lives of:
  - 1 to 5 years $5.9 million (31 December 2019: $8.2 million);
  - 6 to 15 years $32.9 million (31 December 2019: $57.7 million); and
  - Indefinite useful life $5.3 million (31 December 2019: $5.5 million).

[2]Amortisation includes $3.3 million (31 December 2019: $3.0 million) which relates to discontinued operations. Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

[3]During the reporting period, the Group disposed of $162.7 million of intangibles (31 December 2019: $nil). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

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17. INTANGIBLES CONTINUED

	December 2020 $m	December 2019 $m
Impairment tests for cash generating units containing goodwill		
Goodwill is attributable to cash generating units in the following segments:		
Construction	416.5	451.2
Services	411.2	413.2
Discontinued^	-	114.8
Balance at reporting date	827.7	979.2

^As at 31 December 2020 goodwill of $130.1 million was disposed of which was previously allocated to the Mining and Mineral Processing Segment, refer to Note 32: *Acquisitions, disposals and discontinued operations*.

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 and the CIMIC Group business plan. 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 range	Growth rate range
Construction	10–15%	3-5%
Services	11%	3%

Sensitivity to changes in assumptions
The recoverable amount of intangible assets exceeds their carrying values at 31 December 2020. 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.

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18. TRADE AND OTHER PAYABLES

	Note	December 2020 $m	December 2019 $m
Trade creditors and accruals		4,314.4	5,849.9
Other creditors		396.6	346.6
Amounts payable to related parties	39 (b)	6.4	16.3
Trade and other payables	37 (a,b)	4,717.4	6,212.8
Derivative financial liabilities	37 (a,b)	47.7	12.6
Total trade and other payables		4,765.1	6,225.4
Current		4,569.8	6,024.6
Non-current		195.3	200.8
Total trade and other payables[1]		4,765.1	6,225.4

[1]During the reporting period, the Group disposed of $980.8 million of trade and other payables (31 December 2019: $nil). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

19. CURRENT TAX LIABILITIES

The current tax liability of $16.5 million (31 December 2019: $60.3 million) represents the amounts payable in respect of current and prior periods.

20. PROVISIONS

	December 2020 $m	December 2019 $m
Employee Benefits		
Current	218.3	327.2
Non-current	42.7	60.5
Total provisions[1]	261.0	387.7

[1]During the reporting period, the Group disposed of $144.5 million of provisions (31 December 2019: $nil). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

The provision for employee benefits relates to annual leave, long service leave and retirement benefits.

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21. INTEREST BEARING LIABILITIES

	Note	December 2020 $m	December 2019 $m
Current interest bearing loans		210.0	164.3
Non-current interest bearing loans		2,686.6	758.6
Total interest bearing liabilities	37	2,896.6	922.9

22. LEASE LIABILITIES

	Note	December 2020 $m	December 2019 $m
Current lease liabilities		69.7	277.8
Non-current lease liabilities		245.1	624.3
Total lease liabilities[1]	37	314.8	902.1

[1]During the reporting period, the Group disposed of $484.3 million of lease liabilities (31 December 2019: $nil). Refer to Note 32: *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.

Residual value guarantees and buy out options

Certain lease contracts may include an option to buy-out the asset at the end of the lease term or include contingent rental guarantees where the Group could be exposed to the variability of returns in relation to return conditions at lease expiry.

The Group will include the payments for the contingent rental guarantee or the buy-out option only if it is reasonably certain that the payment will occur at the end of the lease term. 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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23. SHARE CAPITAL

	Company	
	December 2020 No. of shares	December 2019 No. of shares
Issued and fully paid share capital		
Balance at beginning of reporting period	323,726,756	324,254,097
Shares bought back	(12,430,470)	(527,341)
Balance at reporting date	311,296,286	323,726,756

	Company	
	12 months to December 2020 $m	12 months to December 2019 $m
Share capital		
Balance at beginning of reporting period	1,738.4	1,750.3
Issue value of shares bought back[1]	(279.7)	(11.9)
Balance at reporting date	1,458.7	1,738.4

[1]On 14 December 2018, the CIMIC Group Board approved a further on-market share buy-back of up to 10% of CIMIC's fully paid ordinary shares for a period of 12 months which commenced on 29 December 2018 and concluded on 28 December 2019. As at 31 December 2019, 527,341 shares were bought back for $16.7 million and subsequently cancelled. The associated issue value of the shares cancelled totalling $11.9 million reduced share capital with the total premium paid over issue value of $4.8 million taken to the share buy-back reserve in 2019.

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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24. RESERVES

	12 months to December 2020 $m	12 months to December 2019 $m
Foreign currency translation reserve		
Balance at beginning of reporting period	207.5	206.8
Included in statement of other comprehensive income	(123.0)	0.7
Gain / (loss) reclassified to profit or loss on disposal of subsidiary	55.1	-
Balance at reporting date	139.6	207.5
Hedging reserve		
Balance at beginning of reporting period	(15.2)	(6.6)
Included in statement of other comprehensive income	(64.9)	(8.6)
Gain / (loss) reclassified to profit or loss on disposal of subsidiary	3.4	-
Balance at reporting date	(76.7)	(15.2)
Equity reserve		
Balance at beginning of reporting period	(619.6)	(619.6)
Acquisition of non-controlling interests	-	-
Balance at reporting date	(619.6)	(619.6)
Share buy-back reserve		
Balance at beginning of reporting period	(128.5)	(123.7)
Premium paid over issue value on share buy-back	(1.6)	(4.8)
Balance at reporting date	(130.1)	(128.5)
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	(658.0)	(527.0)

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24. 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.

25. RETAINED EARNINGS

	Note	12 months to December 2020 $m	12 months to December 2019 $m
Closing balance of previous reporting period		(454.4)	1,094.6
Included in statement of profit or loss		620.1	(1,039.9)
Dividends paid	26	-	(509.1)
Balance at reporting date		165.7	(454.4)

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26. DIVIDENDS

	Cents per share	$m
2020 final dividend		
Subsequent to reporting date the Company announced a 20% franked final dividend in respect of the year ended 31 December 2020. The dividend is payable on 5 July 2021 and is to be paid out of the profits of the Company for the year ended 31 December 2020. This dividend has not been provided for in the statement of financial position[1,2]	60.0	186.8
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		-
Dividends recognised in the reporting period to 31 December 2019		
30 June 2019 interim ordinary dividend 100% franked paid on 3 October 2019	71.0	230.2
31 December 2018 final dividend 100% franked paid on 4 July 2019	86.0	278.9
Total dividends recognised in reporting period to 31 December 2019		509.1

[1]The Board has determined a final dividend of 60.0 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. Due to the further on-market share buy-back announced by the Company on 14 December 2020, which commenced on 29 December 2020, there may be fewer shares on issue on the record date for the dividend than 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.
[2]The unfranked portion of the dividend has been declared Conduit Foreign Income.

	Company	
	December 2020 $m	December 2019 $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	6.1

The impact of the 2020 final dividend, determined after the reporting date, on the dividend franking account is expected to be a reduction of $16.0 million (2019: $nil).

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for the 12 months to 31 December 2020

27. EARNINGS PER SHARE

	12 months to December 2020	12 months to December 2019 ^Restated
Basic earnings per share		
From continuing operations	(395.1¢)	(447.2¢)
From discontinued operations	590.1¢	126.3¢
Total basic earnings per share	195.0¢	(320.9¢)
Diluted earnings per share		
From continuing operations	(395.1¢)	(447.2¢)
From discontinued operations	590.1¢	126.3¢
Total diluted earnings per share	195.0¢	(320.9¢)
Profit / (loss) attributable to shareholders of the parent entity used in the calculation of basic and diluted earnings per share ($m)		
From continuing operations	(1,256.1)	(1,449.3)
From discontinued operations	1,876.2	409.4
	620.1	(1,039.9)
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	317,950,285	324,092,283
Contingently issuable shares[1]	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	317,950,285	324,092,283

[1]*Contingently issuable shares relate to share rights under plans disclosed in* Note 38*: Employee benefits.*

^Certain amounts shown here do not correspond to the consolidated financial report as at 31 December 2019 and have been re-presented to separately show those operations classified as discontinued in the current year, as detailed in Note 32: *Acquisitions, disposals and discontinued operations*.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

28. ASSOCIATES

The Group has the following investments in associates:

			Ownership interest	
Name of entity	Principal activity	Country	December 2020 %	December 2019 %
Canberra Metro Holdings Pty Ltd[1]	Construction	Australia	30	30
Canberra Metro Holdings Trust[1]	Construction	Australia	30	30
Dunsborough Lakes Village Syndicate[1]	Development	Australia	20	20
LCIP Co-Investments Unit Trust[2]	Investment	Australia	11	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	23
Shaped NZ Hold LP[3]	Investment	New Zealand	23	23
Torrens Connect Pty Ltd	Services	Australia	23	-
Wellington Gateway General Partner No.1 Limited	Investment	New Zealand	-	15
Wellington Gateway Partnership No.1 Limited	Investment	New Zealand	-	15

All associates have a statutory reporting date of 31 December with the following exceptions:

[1]*Entities have a 30 June statutory reporting date.*

[2]*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 exists.*

[3]*Entities have a 31 March statutory reporting date.*

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

28. ASSOCIATES CONTINUED

The Group's share of associates' results, assets and liabilities are as follows:

	12 months to December 2020 $m	12 months to December 2019 $m
Revenue	465.0	551.3
Expenses	(452.8)	(515.2)
Finance income	2.8	1.0
Finance costs	(4.6)	(15.7)
Profit / (loss) before tax	10.4	21.4
Income tax (expense) / benefit	(1.9)	(5.1)
Profit / (loss) for the period from continuing operations	8.5	16.3

	December 2020 $m	December 2019 $m
Current assets	195.3	191.5
Non-current assets	213.4	339.9
Total assets	408.7	531.4
Current liabilities	179.3	162.6
Non-current liabilities	174.1	314.5
Total liabilities	353.4	477.1
Equity accounted associates at reporting date[1]	55.3	54.3

[1]*The Group's shareholding in listed associates for which there are published quotations had a market value at reporting date of: $nil (31 December 2019: $nil).*

There were no impairments of equity accounted associates during the reporting period (31 December 2019: $nil).

In the opinion of the directors, there are no individually material associates as at 31 December 2020.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

29. JOINT VENTURE ENTITIES

The Group has the following joint venture entities:

			Ownership interest	
Name of entity	Principal activity	Country	December 2020 %	December 2019 %
Adelaide Metro Operations Pty Ltd	Services	Australia	50	-
Australian Terminal Operations Management Pty Ltd	Services	Australia	50	50
BICC 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
Cockatoo Mining Pty Ltd	Contract Mining	Australia	-	50
Cornerstone Infrastructure Partners Holding LP[1]	Investment	New Zealand	40	40
Great Eastern Highway Upgrade	Construction	Australia	-	75
GSJV Guyana Inc[1]	Contract Mining	Guyana	50	50
GSJV SCC (formerly GSJV Limited (Barbados))[1]	Contract Mining	Barbados	50	50
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 Kumagai Joint Venture (Metrorail)[1]	Construction	Australia	-	55
Leighton-Infra 13 Joint Venture[2]	Construction	India	50	50
Leighton-Ose Joint Venture[2]	Construction	India	50	50
Mode Apartments Pty Ltd	Development	Australia	30	30
Mode Apartments Unit Trust	Development	Australia	30	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
Northern Gateway Alliance	Construction	New Zealand	-	50
Pulse Partners Agent Pty Ltd[1]	Investment	Australia	49	-
Pulse Partners Holding Pty Ltd[1]	Investment	Australia	49	49
Pulse Partners Holding Trust[1]	Investment	Australia	49	49
RTL JV[1]	Contract Mining	Australia	-	44
RTL Mining and Earthworks Pty Ltd[1]	Construction	Australia	-	44
Smartreo Pty Ltd	Construction	Australia	-	50
Southern Gateway Alliance (Mandurah)	Construction	Australia	-	69
Thiess Group Holdings Pty Ltd	Investment	Australia	50	-
Thiess United Group Joint Venture[1]	Construction	Australia	-	50
U-Go Mobility Pty Ltd	Services	Australia	50	-
Ventia Services Group Pty Limited	Investment	Australia	47	47
Wallan Project Pty Ltd[1]	Investment	Australia	30	30
Wallan Project Trust[1]	Investment	Australia	30	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.*

Where the Group has an ownership interest in a joint venture entity greater than 50% but does not control the arrangement due to the existence of joint control, the joint venture is not consolidated.

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for the 12 months to 31 December 2020

29. JOINT VENTURE ENTITIES CONTINUED

BICC

CIMIC's investment in BICC is held at nil value.

The Group continues to hold a call option to purchase the remaining 55% shareholding in BICC. This option has no substantive rights and does not impact on the control of the company. Following the Group's decision to exit the Middle East as at 31 December 2019, the fair value of the call option was determined to be US$nil for 31 December 2020 (31 December 2019: US$nil), equivalent to $nil (31 December 2019: $nil).

The confidential M&A process previously initiated in respect of the Group's investment in BICC has continued in the period. Discussions are ongoing with potential acquirers for all or part of BICC. 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 shown on the Consolidated Statement of Financial Position.

A financial liability and other amounts payable were recognised which represent amounts expected to be paid as CIMIC's financial guarantees of certain BICC liabilities materialise.

The financial liability recorded as at 31 December 2019 of $1,483.4 million reduced to $151.2 million as at 31 December 2020.

The reduction in the liabilities recorded as at 31 December 2019 was due to $1,398.4 million having been paid in respect of CIMIC's financial guarantees, as well as the impact of foreign exchange, and other operational and financial expenses netted off with reductions in certain contingent exposures being recorded by CIMIC during the period.

Thiess JV

As disclosed in Note 32: *Acquisitions, disposals and discontinued operations*, the sale of Thiess completed on 31 December 2020. The Group now jointly controls Thiess with Elliott and accordingly the transaction has been recorded as a sale of a subsidiary in accordance with AASB 10: *Consolidated Financial Statements* and the recognition of an interest in a joint venture entity that is accounted for using the equity method.

As the disposal was completed on the 31 December 2020 there is no material profit or loss contribution of Thiess as a joint venture for the year ended 31 December 2020. Refer to Note 32: *Acquisitions, disposals and discontinued operations* for the assets and liabilities of the joint venture at 31 December 2020 and Thiess' financial performance for the year ended 31 December 2020. These assets and liabilities are subject to the ongoing purchase price allocation process being undertaken by the joint venture which allocates the consideration it paid for Thiess to the identifiable assets acquired and liabilities assumed. Therefore, the purchase price allocation is likely to change certain assets and liabilities disclosed in Note 32: *Acquisitions, disposals and discontinued operations*, adjusted for the incremental liabilities driven by new debt in the newly owned Thiess Group of $0.6 billion for CIMIC's 50% share and the recognition of goodwill and other identifiable intangible assets within the joint venture when finalised.

In the opinion of the directors, there were no other material joint ventures at 31 December 2020 and there were no material joint ventures at 31 December 2019.

There were no impairments of equity accounted joint ventures during the reporting period (31 December 2019: $nil).

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for the 12 months to 31 December 2020

29. JOINT VENTURE ENTITIES CONTINUED

The Group's share of joint venture entities' results, assets and liabilities are as follows:

	12 months to December 2020 $m	12 months to December 2019 $m Restated^
Revenue	2,303.8	1,906.8
Expenses	(2,115.7)	(1,740.5)
Finance income	13.2	8.0
Finance costs	(123.4)	(110.2)
Profit / (loss) before tax	77.9	64.1
Income tax (expense) / benefit	(17.4)	(16.7)
Profit / (loss) for the period from continuing operations[2]	60.5	47.4

	December 2020 $m	December 2019 $m
Current assets	2,231.1	2,070.9
Non-current assets	4,114.7	1,847.6
Total assets	6,345.8	3,918.5
Current liabilities	2,266.4	1,765.8
Non-current liabilities	2,756.5	1,956.5
Total liabilities	5,022.9	3,722.3
The Group's share of joint venture entities' net assets at reporting date[1]	1,322.9	196.2

^Certain amounts shown here do not correspond to the consolidated financial report as at 31 December 2019 and have been re-presented to separately show those operations classified as discontinued in the current year, as detailed in Note 32: *Acquisitions, disposals and discontinued operations*.

[1]During the reporting period, the Group disposed of no investments in joint ventures and recognised investments in joint ventures of $1,132.0 million (31 December 2019: $nil). Refer to Note 32: *Acquisitions, disposals and discontinued operations.*
[2]Total profit / (loss) for the period from continuing operations excludes $2.1 million which has been separately presented in share of profit / (loss) of associates and joint ventures from discontinued operations (31 December 2019: $3.0 million). Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

There were no impairments of investments in joint ventures during the reporting period (31 December 2019: $nil).

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

30. JOINT OPERATIONS

The Group has the following interest in joint operations:

			Ownership interest	
Name of arrangement	Principal activity	Country	December 2020 %	December 2019 %
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
Casey Fields Joint Venture[1]	Development	Australia	33	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 & Veach Joint Venture[1]	Construction	Australia	50	50
CPB Dragados Samsung Joint Venture	Construction	Australia	40	40
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
EV LNG Australia Pty Ltd & Thiess Pty Ltd (EVT JV)	Construction	Australia	-	50
Gammon - Leighton Joint Venture	Construction	Hong Kong	50	50
Gateway WA	Construction	Australia	68	68
Henry Road Edenbrook Joint Venture[1]	Development	Australia	30	30
HYLC Joint Venture[1]	Construction	Australia	50	50
Innovative Asset Solutions Pty Ltd & UGL Operations and Maintenance (Services) Pty Limited	Services	Australia	70	-
JH & CPB & Ghella JV	Construction	Australia	45	45
JHCPB JV	Construction	Australia	50	50
John Holland - Leighton (South East Asia) Joint Venture	Services	Hong Kong	-	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 - John Holland Joint Venture (Lai Chi Kok)	Construction	Hong Kong	-	51
Leighton - Total Joint Operation	Construction	Indonesia	67	67
Leighton China State John Holland Joint Venture (City Of Dreams)	Construction	Macau	-	40
Leighton China State Joint Venture (Wynn Resort)	Construction	Macau	50	50
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

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30. JOINT OPERATIONS CONTINUED

			Ownership interest	
Name of arrangement	Principal activity	Country	December 2020 %	December 2019 %
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
N.V. Besix S.A. & Thiess Pty Ltd (Best JV)	Construction	Australia	-	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
Swietelsky CPB Rail Joint Venture[1]	Services	Australia	50	50
Task Joint Venture (Thiess & Sinclair Knight Merz)	Construction	Australia	-	60
Thiess Balfour Beatty Joint Venture	Construction	Australia	-	67
Thiess Degremont JV	Construction	Australia	-	65
Thiess Degremont Nacap Joint Venture[1]	Construction	Australia	-	33
Thiess John Holland Joint Venture (Airport Link)	Construction	Australia	-	50
Thiess John Holland Joint Venture (Eastlink)	Construction	Australia	-	50
Thiess KMC JV	Contract Mining	Canada	-	51
Thiess Wirlu-Murra Joint Venture	Contract Mining	Australia	-	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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

31. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of profit / (loss) for the year to net cash from operating activities

	12 months to December 2020 $m	12 months to December 2019 $m
Profit / (loss) for the year	616.7	(1,037.3)
Adjustments for:		
- Depreciation of property, plant and equipment	896.8	874.0
- Amortisation of intangibles	39.7	43.6
- Net (gain) / loss on sale of controlled entities	(2,164.4)	-
- Net (gain) / loss on sale of assets	(8.0)	(10.8)
- Foreign exchange (gain) / loss	(7.0)	(2.7)
- Interest on lease liabilities	31.8	37.3
- Net amounts set aside to provisions	282.0	296.6
- Provision and asset impairment for Middle East	-	1,840.2
- Contract assets revenue reversal	1,201.9	-
- Share of (profits) / losses of associates	(69.0)	(16.3)
Net changes in assets / liabilities:		
- Decrease / (increase) in receivables	(484.8)	(426.7)
- Decrease / (increase) in joint ventures	84.0	(16.6)
- Decrease / (increase) in inventories	104.2	(91.2)
- Increase / (decrease) in payables	(661.0)	125.5
- Increase / (decrease) in provisions	(268.2)	(300.7)
- Increase / (decrease) in financial liability	(28.7)	-
- Current and deferred income tax movement	168.8	(65.4)
Net cash from operating activities[1]	(265.2)	1,249.5

[1]Balances include cash flows relating to both continuing and discontinued operations.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

31. NOTES TO THE STATEMENT OF CASH FLOWS CONTINUED

b) Reconciliation of liabilities arising from financing activities

Interest bearing liabilities

	December 2019 $m	Cash flows $m	Amortisation of borrowing costs $m	Foreign Exchange and other movements $m	December 2020 $m
Interest bearing loans	922.9	2,157.1	4.4	(187.8)	2,896.6
Financial liability	1,483.4	(1,398.4)	-	66.2	151.2

Lease liabilities

	December 2019 $m	Cash flows $m	Addition / acquisitions $m	Interest charged[1] $m	Disposals $m	Other[2] $m	December 2020 $m
Lease liabilities	902.1	(317.8)	208.9	31.8	(20.8)	(489.4)	314.8

[1]Interest charged includes $13.6 million which relates to discontinued operations. Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

[2]During the reporting period, the Group disposed of $484.3 million of lease liabilities. Refer to Note 32: *Acquisitions, disposals and discontinued operations*.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

32. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS

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 has been accounted for under AASB 3: *Business Combinations*. The contribution by the acquired company to the Group from the acquisition date to the end of the period ended 31 December 2020 was immaterial. Had the acquisition occurred on 1 January 2020, the acquired joint operation's contribution to the Group for the year ended 31 December 2020 would have been immaterial. The business was reported within the Discontinued Operations segment (refer to Note 33: *Segment information*) for the year ended 31 December 2020. RTL was acquired by Thiess and the acquisition's contribution to net profit after tax for the year ended to 31 December 2020 is included in discontinued operations.

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.

The contribution by Pekko Engineers to the Group from the acquisition date to the end of the period ended 31 December 2020 was immaterial. Had the acquisition occurred on 1 January 2020, Pekko Engineers' contribution to the Group for the period ended 31 December 2020 would have been immaterial. Pekko Engineers is now reported within the Construction segment (refer to Note 33: *Segment information*).

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

32. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS CONTINUED

31 December 2020 acquisitions and disposals of controlled entities and businesses continued

Disposals

During the year the Group entered into an arrangement with funds advised by Elliott regarding the acquisition by Elliott of a 50% equity interest in Thiess and entered into a joint venture arrangement with Elliott. The sale completed on 31 December 2020. The terms of the completed sale agreement means that the Group no longer controls Thiess, but now jointly controls Thiess with Elliott, and accordingly the transaction has been recorded as a disposal of controlled entities in accordance with AASB 10 and the recognition of an interest in a joint venture entity.

The disposal has been accounted for under the requirements of AASB 10 as follows: the total consideration receivable net of transaction costs was $3,148.8 million (comprising: cash consideration of $2,016.8 million and non-cash consideration of $1,132.0 million (fair value of the 50% retained interest) less the carrying value of Thiess net assets of $925.9 million, and the recycling of reserves of $58.5 million, resulting in a gain before tax of $2,164.4 million.

The portion of this gain which is attributable to recognising the investment retained in the former subsidiaries at their fair value is $1,132.0 million; the portion of the gain attributable to the investment in the former subsidiaries disposed is $1,132.0 million. Thiess' contribution from 1 January 2020 to 31 December 2020 to Group revenue of $3,606.2 million and $395.7 million to Group net profit after tax before minority interest, along with the gain on disposal, are recorded within discontinued operations.

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 remain unpaid are accrued in the trade and other payables balance.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

32. 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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32. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS CONTINUED

Discontinued operations of controlled entities and businesses

As a result of the disposal, Thiess has been classified as a discontinued operation.

The results of the discontinued operation included in the profit for the year are set out below. The comparative profit from discontinued operations has been re-presented to include those operations classified as discontinued in the current year.

	12 months to December 2020 $m	12 months to December 2019 $m
Profit for the period from discontinued operations		
Revenue	3,606.2	3,895.0
Expenses	(3,051.7)	(3,252.5)
Net finance costs	(27.8)	(40.5)
Share of profits / (losses) of associates and joint venture entities	2.1	3.0
Profit / (loss) before tax before gain / (loss) on sale of discontinued operations	528.8	605.0
Gain / (loss) on sale of discontinued operations	2,164.4	-
Profit / (loss) before tax	2,693.2	605.0
Income tax (expense) / benefit from sale of discontinued operations	(133.1)	(187.2)
Income tax (expense) / benefit on gain on sale of discontinued operations	(676.2)	-
Income tax (expense) / benefit from discontinued operations	(809.3)	(187.2)
Profit / (loss) for the year from discontinued operations	1,883.9	417.8
Profit / (loss) attributed to non-controlling interests	(7.7)	(8.4)
Profit / (loss) attributable to the shareholders of parent entity	1,876.2	409.4
Cash flows from discontinued operations		
Net cash from / (used in) operating activities	113.5	902.3
Net cash from / (used in) investing activities	(405.7)	(469.3)
Net cash from / (used in) financing activities	223.7	(488.1)
Net cash flow for the year	(68.5)	(55.1)

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for the 12 months to 31 December 2020

32. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS CONTINUED

31 December 2019 acquisitions and disposals of controlled entities and businesses

Acquisitions

Majwe Mining

On 18 March 2019, CIMIC through its wholly owned subsidiary Thiess Pty Ltd acquired a controlling interest (70%) in Majwe Mining, a joint venture which Thiess previously owned 60%. The Majwe Mining joint venture comprises of Thiess and Bothakga Burrow Botswana and provides full scope mining services, including drill and on-bench services, mine planning, equipment maintenance, load and haul and mining operations at the Debswana Diamond Company's Jwaneng Mine Cut 9 project in Botswana. The purchase consideration was $6.0 million cash.

The acquisition has been accounted for under AASB 3.

The contribution by Majwe Mining to the Group from the acquisition date to the end of the period ended 31 December 2019 was immaterial. Had the acquisition occurred on 1 January 2019, Majwe Mining's contribution to the Group for the period ended 31 December 2019 would have been immaterial. Majwe Mining is now reported within the Discontinued Operations segment (refer to Note 33: *Segment information*).

RCR Tomlinson

On 28 February 2019, CIMIC through its wholly owned subsidiary UGL Pty Ltd acquired assets and liabilities from an incorporated company RCR Tomlinson Pty Ltd. This company is an engineering company that operates in the infrastructure, energy and resources sectors. The Group acquired assets in the form of active contracts, plant and equipment as well as liabilities assumed for employee liabilities, bank guarantees and insurance bonds. The purchase consideration was $8.0 million cash, of which $1.8 million was deferred and subsequently paid.

The acquisition has been accounted for under AASB 3.

The active contracts acquired did not have a material contribution to the Group for the period ended 31 December 2019. Had the active contracts been acquired on 1 January 2019, the contribution to the Group for the period ended 31 December 2019 would have been immaterial. The company is now reported within the Services segment (refer to Note 33: *Segment information*).

Disposals

There were no disposals during the 12 months to 31 December 2019.

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for the 12 months to 31 December 2020

33. SEGMENT INFORMATION

Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the CIMIC CEO, 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 32: *Acquisitions, disposals and discontinued operations,* the Mining & Mineral Processing segment does not meet the size threshold of a reportable segment at 31 December 2020 as this is a discontinued operation. Accordingly, segment data for the prior period comparatives have been restated to include the continuing operations results of Sedgman 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 segment represents the corporate head office and includes transactions relating to Group finance, taxation, treasury, corporate secretarial and certain strategic investments. 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 2020 $m	12 months to December 2019 $m Restated^	December 2020 $m	December 2019 $m
Australia Pacific	6,531.4	8,884.6	487.8	2,165.0
Asia, Middle East, Americas & Africa	1,271.0	1,921.5	1,323.5	1,333.4
Total	7,802.4	10,806.1	1,811.3	3,498.4

^Certain amounts shown here do not correspond to the consolidated preliminary final report as at 31 December 2019 and have been re-presented to separately show those operations classified as discontinued in the current year, as detailed in Note 32*: Acquisitions, disposals and discontinued operations.*

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.

Notes to the Consolidated Financial Statements

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33. SEGMENT INFORMATION CONTINUED

12 months to December 2020	Construction $m	Services $m	Corporate and Investments $m	Provision and impairment in relation to the Middle East exit $m	Total Continuing Operations $m	Discontinued Operations $m	Total $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	(1,173.0)	35.2	(403.6)	-	(1,541.4)	2,721.0	1,179.6
Provision and impairment in relation to the Middle East exit	-	-	-	-	-	-	-
Segment EBIT	(1,173.0)	35.2	(403.6)	-	(1,541.4)	2,721.0	1,179.6
Net finance income / (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 / (loss) of associates and joint venture entities	8.6	12.2	48.2	-	69.0	2.1	71.1
Depreciation & amortization	(224.2)	(46.0)	(21.9)	-	(292.1)	(644.4)	(936.5)
Other material non-cash income / (expenses)	(1,135.9)	-	(234.3)	-	(1,370.2)	-	(1,370.2)

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33. SEGMENT INFORMATION CONTINUED

12 months to December 2019 Restated^	Construction $m	Services $m	Corporate and Investments $m	Provision and impairment in relation to the Middle East exit $m	Total Continuing Operations $m	Discontinued Operations $m	Total $m
Revenue							
Segment revenue	7,556.2	3,803.3	1,904.7	-	13,264.2	3,942.9	17,207.1
Segment associates and joint venture revenue	(24.1)	(575.0)	(1,859.0)	-	(2,458.1)	(47.9)	(2,506.0)
Revenue	7,532.1	3,228.3	45.7	-	10,806.1	3,895.0	14,701.1
Result							
Operating profit	521.8	166.5	(104.7)	-	583.6	645.5	1,229.1
Provision and impairment in relation to the Middle East exit	-	-	-	(2,724.7)	(2,724.7)	-	(2,724.7)
Segment EBIT	521.8	166.5	(104.7)	(2,724.7)	(2,141.1)	645.5	(1,495.6)
Net finance income / (costs)	(51.4)	(13.4)	(23.9)	-	(88.7)	(40.5)	(129.2)
Segment result	470.4	153.1	(128.6)	(2,724.7)	(2,229.8)	605.0	(1,624.8)
Income tax (expense) / benefit					774.7	(187.2)	587.5
Profit / (loss) for the year					(1,455.1)	417.8	(1,037.3)
(Profit) / loss for the year attributable to non-controlling interests					5.8	(8.4)	(2.6)
Profit / (loss) for the year attributable to shareholder of the parent entity					(1,449.3)	409.4	(1,039.9)
Other							
Share of profit / (loss) of associates and joint venture entities	(1.4)	16.2	48.9	-	63.7	3.0	66.7
Depreciation & amortization	(201.7)	(51.9)	(9.6)	-	(263.2)	(654.4)	(917.6)
Other material non-cash income / (expenses)			1.4	(2,724.7)	(2,723.3)	-	(2,723.3)

^Certain amounts have been re-presented to only show those operations classified as continuing operations in the current year as detailed in Note 32: *Acquisitions, disposals and discontinued operations*.

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34. COMMITMENTS

Capital expenditure contracted for at reporting date but not recognised as liabilities is as follows:

	December 2020 $m	December 2019 $m
Property, plant and equipment		
Payable:		
- within one year	36.7	107.5
- later than one year but not later than five years	-	5.1
- later than five years	-	-
Total	36.7	112.6
Investments		
Payable:		
- within one year	15.1	15.3
- later than one year but not later than five years	-	-
- later than five years	-	-
Total	15.1	15.3
Share of Joint Ventures' commitments - property, plant and equipment		
Payable:		
- within one year	20.3	4.3
- later than one year but not later than five years	-	-
- later than five years	-	-
Total	20.3	4.3
Share of Associates' commitments - property, plant and equipment		
Payable:		
- within one year	1.3	0.7
- later than one year but not later than five years	-	-
- later than five years	-	-
Total	1.3	0.7

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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 2020 $m	December 2019 $m
Bank guarantees	3,066.2	3,005.9
Insurance, performance and payment bonds	1,686.2	1,890.0
Letters of credit	259.9	254.6

Included in the table above are amounts where the Group has indemnified bank guarantees and performance and payment bonds in respect of all of the Group's joint ventures and associates in the normal course of business totalling $236.6 million (31 December 2019: $201.5 million).

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 Class Order described in Note 40: *CIMIC Group Limited and controlled entities*, 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 employees within the Leighton International business of its Code of Ethics that, if substantiated, may have contravened Australian laws. The AFP is investigating the CIMIC Group's international operations.

In March 2014, 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.

CIMIC has become aware that international agencies are also investigating related matters.

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. On Monday 13 July 2020 the Court announced that on 26 June 2020 the Jury had reached a guilty determination on some charges but was unable to reach a verdict on others. Two individuals were found guilty of some charges and sentenced to imprisonment. Another defendant is to be retried in January 2021.

On 1 March 2019, CIMIC entered into an investigation agreement with the Department of Justice ("DOJ"). On 30 October 2019 the 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. 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. CIMIC does not know when the charges will be heard. No CIMIC Group company, executive or employee has been charged. CIMIC continues to cooperate with all official investigations.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

35. CONTINGENT LIABILITIES CONTINUED

Other contingencies continued

vii) On 30 September 2020, the New South Wales Court of Appeal overturned the convictions and charges against a former CFO of CIMIC on all counts. The Australian Securities and Investment Commission did not allege that there had been any misstatement of the accounts of CIMIC in the relevant period, nor was CIMIC charged with any offence.

viii) On 25 August 2020 the Company announced to the ASX that a group of shareholders initiated proceedings on the 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.

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. The Group is not subject to any externally imposed capital requirements.

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37. FINANCIAL INSTRUMENTS

a) Classification of financial assets and financial liabilities

Financial assets	12 months to December 2020 $m	12 months to December 2019 $m
Financial assets at amortised cost:		
Cash and cash equivalents	3,082.5	1,750.0
Short term financial assets and investments	4.5	4.5
Trade debtors	133.7	210.5
Amounts receivable from related parties	42.5	32.1
Other amounts receivable	518.5	825.0
Financial assets at fair value through profit or loss	57.1	112.2
Derivative financial instruments:		
Used for hedging	2.9	9.3
Held for trading at fair value through profit or loss	-	-
Balance at reporting date	3,841. 7	2,943.6

Financial liabilities	12 months to December 2020 $m	12 months to December 2019 $m
Financial liabilities at amortised cost:		
Trade and other payables	4,717.4	6,212.8
Financial liability	151.2	1,483.4
Interest bearing liabilities	2,896.6	922.9
Lease liabilities	314.8	902.1
Derivative financial instruments:		
Used for hedging	34.7	12.6
Held for trading at fair value through profit or loss	13.0	-
Balance at reporting date	8,127.7	9,533.8

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

for the 12 months to 31 December 2020

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 2020 $m	12 months to December 2019 $m Restated^
Interest from assets held at amortised cost	19.8	52.8
Net fair value gain / (loss) on equity investments mandatorily measured at FVPL	14.0	5.8
Gain / (loss) on de-recognition of financial assets measured at amortised cost	(31.5)	(26.4)
Net foreign exchange gain / (losses) recognised in profit before income tax for the period	(7.0)	(18.7)

^Certain amounts have been re-presented to only show those operations classified as continuing operations in the current year as detailed in Note 32: *Acquisitions, disposals and discontinued operations*.

In addition to the above, losses have been recognised in the consolidated profit and loss statement in relation to the Middle East exit of $nil (31 December 2019: $2,724.7 million). Refer to Note 4: *Provision and asset impairment in relation to the Middle East exit.*

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 2020 $m	12 months to December 2019 $m
Current and non-current assets		
Forward foreign exchange contracts – cash flow hedges	2.9	9.3
Current and non-current liabilities		
Forward foreign exchange contracts – cash flow hedges	34.7	12.6

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: $276.1 million not due (31 December 2019: $383.5 million); $121.9 million past due (31 December 2019: $283.0 million). Past due is defined under AASB 7: *Financial Instruments: Disclosures* to mean any amount outstanding for one or more days after the contractual due date. Past due receivables aged greater than 90 days: 5% (31 December 2019: 4%).

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 2020

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. Other than trade receivables relating to the Gorgon Contract in prior year disclosed in Note 10: *Trade and other receivables*, there were no other 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 $2,016.7 million (31 December 2019: $3,675.5 million). Across all segments, there were no material operational movements over the last 12 months, the overall balance has reduced due to the resolution of the Gorgon Jetty arbitration and the deconsolidation of Thiess. The split by geography was: Australia Pacific $1,055.6 million (31 December 2019: $2,212.8 million) and Asia, Middle East, Americas & Africa $961.1 million (31 December 2019: $1,462.7 million).

Contract debtors, trade and other receivables are rated performing, assessed under the lifetime ECL simplified method and have a net carrying amount of $1,974.2 million (31 December 2019: $3,643.4 million). The loss allowance recognised is less than 3% of the total balance. 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 $42.5 million (31 December 2019: $32.1 million). The loss allowance recognised is less than 3% of the total balance.

Following the decision to exit the Middle East region, the loans to BICC have now been forgiven and therefore the credit loss realised, with no provision remaining at 31 December 2020.

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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.

At 31 December 2020 the Group had undrawn bank facilities of $1,101.4 million (31 December 2019: $3,000.0 million), and undrawn guarantee facilities of $550.1 million (31 December 2019: $753.4 million).

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 2020 are as follows:

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	4,765.1	(4,765.1)	(4,569.8)	(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.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

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 2019:

December 2019	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	922.9	(1,000.1)	(191.4)	(808.7)	-
Lease liabilities	902.1	(997.9)	(308.6)	(542.0)	(147.3)
Total interest bearing liabilities	1,825.0	(1,998.0)	(500.0)	(1,350.7)	(147.3)
Financial liability	1,483.4	(1,483.4)	(1,483.4)	-	-
Trade and other payables	6,212.8	(6,212.8)	(6,012.0)	(200.8)	-
Derivative financial liabilities / (assets)					
Forward exchange contracts used for foreign currency hedging:					
Net derivative financial liabilities / (assets)[1]	(3.3)				
Inflow		808.0	802.1	5.9	-
Outflow		(811.3)	(805.4)	(5.9)	-
Other cashflow hedges:					
Net derivative financial liabilities / (assets)					
Inflow					
Outflow					
Total net derivative financial liabilities / (assets)	(3.3)	(3.3)	(3.3)	-	-

[1]Net derivative financial liabilities / (assets) relating to foreign currency hedging includes $9.3 million (31 December 2018: $8.6 million) of derivatives in an asset position and $12.6 million (31 December 2018: $1.0 million) of derivatives in a liability position

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

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 $975.8 million as at 31 December 2020 (31 December 2019: $1,960.3 million).

The Group enters into supply chain finance arrangements with financial institutions for suppliers which may elect to receive early payment for goods and services to improve their liquidity. The supply chain finance program is offered on a voluntary basis and suppliers can opt-in and opt-out at their discretion at any point in time. The terms of the arrangements are:

- The creditor arises from operational expenses relating to the supply of goods and services;
- They mirror normal credit terms;
- There are no additional credit enhancements; and
- They are subject to the same obligations that are customary within the industry, such as warranty for defective work.

Accordingly, the terms of the arrangement do not modify the original liability, and therefore the amounts continue to be classified within trade and other payables. The level of supply chain finance across the Group was $144.0 million as at 31 December 2020 (31 December 2019: $851.3 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 2020

37. FINANCIAL INSTRUMENTS CONTINUED

b) Financial risk management continued

iv) Foreign currency risk continued

Cash flow hedges

The Group's cash flow hedges protect against foreign exchange rate fluctuations on highly probable forecast transactions using foreign exchange forward contracts. As at reporting date the fair value of these outstanding designated derivatives recognised in equity is $2.9 million (31 December 2019: $12.6 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.

Exposure to foreign currency risk

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		Statement of Profit or Loss	
	December 2020	December 2019	12 months to December 2020	12 months to December 2019
US$ United States dollar	0.77	0.70	0.69	0.70

At 31 December 2020, the share of the Group's assets and liabilities denominated in US$ was: assets US$1,569.3 million (31 December 2019: US$3,299.4 million); liabilities US$720.9 million (31 December 2019: US$2,478.2 million). The majority of these US$ balances are held in entities with a US$ functional currency.

Sensitivity analysis

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 2019.

	Equity		Statement of Profit or Loss	
	December 2020 $m	December 2019 $m	12 months to December 2020 $m	12 months to December 2019 $m
US$ depreciates by 5% against AU$ (AU$ appreciates)	(33.2)	(24.5)	(8.9)	(5.4)
US$ appreciates by 5% against AU$ (AU$ depreciates)	33.2	24.5	8.1	4.8

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'*.

At the reporting date it is estimated that an increase of one percentage point in floating interest rates would have increased the Group's profit after tax and retained earnings by $11.5 million (31 December 2019: increased by $6.5 million). A one percentage point decrease in interest rates would have an equal and opposite effect.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

37. FINANCIAL INSTRUMENTS CONTINUED

v) Interest rate risk continued

Profile
At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	December 2020 $m	December 2019 $m
Fixed rate instruments		
Financial liabilities	(261.4)	(451.9)
Lease liabilities	-	(324.7)
Total fixed rate instruments	(261.4)	(776.6)
Variable rate instruments		
Financial assets	3,082.5	1,750.0
Financial liabilities	(2,635.2)	(471.0)
Lease liabilities	(314.8)	(577.4)
Total variable rate instruments	132.5	701.6

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 2020

37. FINANCIAL INSTRUMENTS CONTINUED

c) Net fair values of financial assets and liabilities continued

Fair value hierarchy continued

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				
- Used for hedging	-	2.9	-	2.9
- Held for trading at fair value through profit or loss	-	-	-	-
Total assets	0.5	2.9	56.6	60.0
Liabilities				
Financial liability at fair value through profit of loss				
- Put option	-	-	(13.0)	(13.0)
Derivatives	-	(34.7)	-	(34.7)
Total liabilities	-	(34.7)	(13.0)	(47.7)

31 December 2019	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Financial assets at fair value through profit or loss				
- Listed	1.0	-	-	1.0
- Unlisted	-	-	111.2	111.2
Derivatives				
- Used for hedging	-	9.3	-	9.3
Total assets	1.0	9.3	111.2	121.5
Liabilities				
Derivatives	-	(12.6)	-	(12.6)
Total liabilities	-	(12.6)	-	(12.6)

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

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 2020 $m	12 months to December 2019 $m
Financial assets at fair value through profit or loss		
Balance at beginning of reporting period	112.2	105.4
Additions	9.9	5.4
Disposals	(79.0)	-
Gains recognised through profit or loss	14.0	1.4
Foreign exchange recognised in other comprehensive income	-	-
Balance at reporting date	57.1	112.2

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 2020

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:

- *Listed debt:* 10-Year-Fixed-Rate Guaranteed Notes fair value US$208.6 million, equivalent to $270.9 million; carrying value US$201.3 million, equivalent to $261.4 million (31 December 2019: fair value US$214.1 million, equivalent to $305.9 million; carrying value US$201.3 million, equivalent to $287.6 million).
- *Unlisted debt*: Guaranteed Senior Notes fair value US$nil, equivalent to $nil; carrying value US$nil, equivalent to $nil (31 December 2019: fair value US$119.1 million, equivalent to $170.1 million; carrying value US$115.0 million, equivalent to $164.3 million).

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.

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 will therefore be 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 2020 the fair value of the put option was determined to be $13.0 million.

The carrying amounts of other financial assets and liabilities in the Group's statement of financial position approximate fair values.

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.

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	10% - 15%	
Put option	Expected exercise period	3 – 6 years	
	EBITDA multiple	3 - 4 times	
	Discount rates	13% - 18%	

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

37. FINANCIAL INSTRUMENTS CONTINUED

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 22 September 2022
- $950.0 million maturing on 25 September 2023
- $950.0 million maturing on 25 September 2024

Carrying amount at 31 December 2020: $2,400.0 million (carrying amount at 31 December 2019: $200.0m). There are $11.5 million of capitalised borrowing costs recognised against the loan facility (31 December 2019: $15.9 million).

On 28 January 2020, CIMIC Finance (USA) Pty Limited, a wholly owned subsidiary of the Company, entered into a syndicated banking facility totalling US$1,060.0 million, maturing on 5 August 2021. The facility was drawn in February 2020 and subsequently repaid and cancelled in December 2020.

On 30 June 2020, CIMIC Finance Limited, a wholly owned subsidiary of the Company, entered into a syndicated facility agreement with HSBC as facility agent, across two tranches:

- US$105.0 million equivalent to $136.4 million maturing on 30 June 2021
- $125.0 million maturing on 30 June 2021

Carrying amount at 31 December 2020: $nil.

Guaranteed Senior Notes

CIMIC *Finance (USA) Pty Limited (2010)*
On 21 July 2010, CIMIC Finance (USA) Pty Limited, a wholly owned subsidiary of the Company, issued a total of US$350.0 million Guaranteed Senior Notes in three series:

- Series A Notes: US$90.0 million Guaranteed Senior Notes at the rate of 4.51% which matured on 21 July 2015
- Series B Notes: US$145.0 million Guaranteed Senior Notes at the rate of 5.22% which matured on 21 July 2017
- Series C Notes: US$115.0 million Guaranteed Senior Notes at the rate of 5.78% which matured on 21 July 2020.

Interest on the above notes is paid semi-annually on the 21st day of January and July in each year. All notes are now fully repaid (31 December 2019: US$115.0 million, equivalent to $164.3 million)

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 2020: US$201.3 million (31 December 2019: US$201.3 million) equivalent to $261.4 million (31 December 2019: $287.6 million).

Bilateral loans

At 31 December 2020, bilateral and other unsecured loan facilities outstanding were $246.7 million (31 December 2019: $286.9 million).

e) Assets pledged as security

The total carrying value of financial assets pledged as security as at 31 December 2020: $nil (31 December 2019: $nil).

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

37. FINANCIAL INSTRUMENTS CONTINUED

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)	Gross amounts of bank accounts with a credit balance (financial liability)	Net cash amount	Amounts subject to master netting arrangements	Net amount
	$m	$m	$m	$m	$m
December 2020					
Cash[1]	-	-	-	-	-
December 2019					
Cash[1]	186.7	(13.7)	173.0	-	-

[1]The Group has transactional banking facilities that notionally pool grouped bank accounts with credit and debit balances.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

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

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38. EMPLOYEE BENEFITS CONTINUED

c) Options continued

Amount recognised during the reporting period: Gain $0.5 million (31 December 2019: Gain $0.5 million).

	Options – 2015 Long-Term Incentive
Date of grant	29 October 2015
Date of expiry	29 October 2020
Grant 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 2019	104,005
- At 31 December 2020	-
Non-exercisable options	
- At 31 December 2019	-
- At 31 December 2020	-

[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 $212.2 million (31 December 2019: $227.1 million) of defined contribution expenses.

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39. RELATED PARTY DISCLOSURES

a) Key management personnel (KMP)

KMP compensation:

	12 months to December 2020 $'000	12 months to December 2019 $'000
Short-term employee benefits	5,715	6,061
Post-employment benefits	114	133
Share-based payments	-	1,409
Total KMP compensation	5,829	7,603

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.

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.

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.

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for the 12 months to 31 December 2020

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 2020 $'000	December 2019 $'000
Aggregate amounts receivable from related parties at reporting date		
Associates	14,200	13,200
Joint venture entities	32,814	23,472
Aggregate amounts payable to related parties at reporting date		
Associates	(1,625)	(3,338)
Joint venture entities	(4,777)	(12,999)

	12 months to December 2020 $'000	12 months to December 2019 $'000
Revenue – income from related parties		
Associates	10,679	3,822
Joint venture entities	16,566	11,045
Revenue - interest received / receivable from related parties		
Associates	-	4,027
Joint venture entities	-	25,203
Revenue - unwinding of discounts on non-current receivables - related parties		
Associates	-	-
Joint venture entities	-	2,916
Finance costs - impact of discounting - related parties		
Associates	(50)	(49)

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39. RELATED PARTY DISCLOSURES CONTINUED

b) Transactions with other related parties continued

	December 2020 Number of employees	December 2019 Number of employees
Number of employees		
Number of employees at reporting date[1]	31,900	40,200

[1]Includes a proportional share of employees of Thiess, Ventia and BICC (2019: Ventia and BICC).

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 2019: 7).

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 2021, HOCHTIEF Australia Holdings Limited held 244,624,024 shares in the Company.

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40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES

a) Parent entity disclosures

As at, and throughout, the financial year ended 31 December 2020 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 2020 is set out below:

	Company	
	12 months to December 2020 $m	12 months to December 2019 $m
Comprehensive income		
Profit / (loss) for the period	2,255.5	(4,236.9)
Other comprehensive income	-	-
Total comprehensive income for the period	2,255.5	(4,236.9)

	December 2020 $m	December 2019 $m
Statement of Financial Position		
Current assets	18.3	141.9
Non-current assets	3,564.5	2,923.5
Total assets	3,582.8	3,065.4
Current liabilities	1,509.5	3,224.3
Non-current liabilities	1,726.2	1,468.2
Total liabilities	3,235.7	4,692.5
Net assets / (net liabilities)	347.1	(1,627.1)
Equity		
Share capital	1,458.7	1,738.4
Reserves	(98.3)	(96.7)
Retained earnings / (accumulated losses)[1]	(1,013.3)	(3,268.8)
Total equity	347.1	(1,627.1)

The current year is impacted by the sale of Thiess Pty Limited, refer to Note 32: *Acquisitions, disposals and discontinued operations*. In the prior year the loss for the Company in the period was due to the exit from the Middle East, refer to Note 4*: Provision and asset impairment in relation to the Middle East exit*. Certain intra-group amounts within the consolidated group crystallised in the parent entity following this decision and adversely impacted the profit and loss for the period.

[1]Retained earnings of $(1,013.3) million includes, for the purpose of this report, current year profits of $2,255.5 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 2020

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
Arus Tenang SND BHD		100%	Malaysia
BCJHG Nominees Pty Ltd	(B)	100%	VIC
BCJHG Trust	(B)	100%	VIC
Boggo Road Project Pty Limited	(B)	100%	QLD
Boggo Road Project Trust	(B)	100%	QLD
Broad Construction Pty Ltd[1]	(B)	100%	QLD
Broad Construction Services (NSW / VIC) Pty Ltd	(B)	100%	WA
Broad Construction Services (WA) Pty Ltd[1]	(B)	100%	WA
Broad Group Holdings Pty Ltd[1]	(B)	100%	WA
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[1]	(B)	100%	VIC
CIMIC Group Investments Pty Limited	(B)	100%	VIC
CIMIC Group Limited[5]	(B)		VIC
CIMIC Residential Investments Pty Ltd	(B)	100%	VIC
CM2A Finance Pty Limited	(A)	100%	VIC
CMENA No. 1 Pty Limited	(B)	100%	VIC
CMENA Pty Limited	(B)	100%	VIC
CPB Contractors (PNG) Limited		100%	Papua New Guinea
CPB Contractors Pty Ltd[1]	(B)	100%	NSW
CPB Contractors UGL Engineering Joint Venture	(B)	100%	VIC
Curara Pty Ltd		100%	WA
D.M.B. Pty. Ltd.		59%	QLD
DAIS VIC Pty Ltd		100%	VIC
Devine Bacchus Marsh Pty Ltd		59%	QLD
Devine Building Management Services Pty Ltd		59%	QLD
Devine Constructions Pty Ltd		59%	QLD
Devine Funds Pty Ltd		59%	VIC
Devine Funds Unit Trust		59%	QLD
Devine Homes Pty Ltd		59%	QLD
Devine Land Pty Ltd		59%	QLD
Devine Limited		59%	QLD
Devine Management Services Pty Ltd		59%	QLD
Devine Projects (VIC) Pty Ltd		59%	QLD
Devine Queensland No.10 Pty Ltd		59%	QLD
Devine SA Land Pty Ltd		59%	QLD

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

b) Controlled entities continued

Name of entity		Interest held	Place of incorporation
Devine Springwood No. 1 Pty Ltd		59%	NSW
Devine Springwood No. 2 Pty Ltd		59%	QLD
DoubleOne 3 Pty Ltd		59%	QLD
EIC Activities Pty Ltd	(B)	100%	New Zealand
EIC Activities Pty Ltd (NZ)		100%	VIC
Giddens Investment Limited		100%	Hong Kong
Hamilton Harbour Developments Pty Ltd		80%	QLD
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)		80%	VIC
Inspection Testing & Certification Pty Ltd	(B)	100%	WA
Jarrah Wood Pty Ltd	(B)	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 (China) 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 Asia (Cambodia) Co., Ltd		100%	Cambodia
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
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 Snd Bhd		100%	Malaysia
Leighton Equity Incentive Plan Trust		100%	NSW

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

b) Controlled entities continued

Name of entity		Interest held	Place of incorporation
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[4]		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 Snd 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[1]	(B)	100%	VIC
Leighton Properties (WA) Pty Limited	(B)	100%	NSW
Leighton Properties Pty Limited[1]	(B)	100%	QLD
Leighton Services UAE Co LLC		100%	United Arab Emirates
Leighton Superannuation Pty Ltd	(A)	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
MTCT Services Pty Ltd[1]	(B)	100%	WA
Nexus Point Solutions Pty Ltd	(B)	100%	NSW
Newest Metro Pty Ltd		100%	NSW
Olympic Dam Maintenance Pty Ltd	(B)	100%	SA
Opal Insurance (Singapore) Pte Ltd		100%	Singapore

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

b) Controlled entities continued

Name of entity		Interest held	Place of incorporation
Optima Activities Pty Ltd	(B)	100%	NSW
Pacific Partnerships Holdings Pty Ltd	(B)	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[4]	(A)	100%	Hong Kong
Pioneer Homes Australia Pty Ltd		59%	QLD
PT Leighton Contractors Indonesia		95%	Indonesia
RailFleet Maintenance Services Pty Ltd	(B)	100%	NSW
Regional Trading Limited		100%	Hong Kong
Riverstone Rise Gladstone Pty Ltd		59%	QLD
Riverstone Rise Gladstone Unit Trust		59%	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 Malaysia Sdn Bhd		100%	Malaysia
Sedgman Mozambique Limitada[3]		100%	Mozambique
Sedgman Operations Employment Services Pty Ltd	(B)	100%	QLD
Sedgman Operations Pty Ltd	(B)	100%	QLD
Sedgman Projects Employment Services Pty Ltd	(A)	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		59%	QLD
Tambala Pty Ltd[3]		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 2020

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		80%	NSW
Townsville City Project Trust		80%	QLD
Trafalgar EB Pty Ltd		59%	QLD
Trafalgar EB Unit Trust		59%	QLD
Tribune SB Pty Ltd		59%	QLD
Tribune SB Unit Trust		59%	QLD
UGL (Asia) Snd Bhd		100%	Malaysia
UGL (NZ) Limited		100%	New Zealand
UGL (Singapore) Pte Ltd		100%	Singapore
UGL Engineering Private Limited		100%	India
UGL Engineering Pty Ltd[1]	(B)	100%	NSW
UGL Operations and Maintenance (Services) Pty Limited[1]	(B)	100%	QLD
UGL Operations and Maintenance Pty Ltd[1]	(B)	100%	VIC
UGL Pty Limited[1]	(B)	100%	WA
UGL Rail (North Queensland) Pty Ltd	(B)	100%	QLD
UGL Rail Fleet Services Pty Limited	(B)	100%	NSW
UGL Rail Pty Ltd	(B)	100%	NSW
UGL Rail Services Pty Limited[1]	(B)	100%	NSW
UGL Regional Linx Pty Ltd	(B)	100%	NSW
UGL Resources (Contracting) Pty Ltd	(B)	100%	VIC
UGL Resources (Malaysia) Snd Bhd		100%	Malaysia
UGL Unipart Rail Services Pty Ltd		70%	VIC
UGL Utilities Pty Ltd (Formerly known as Newcastle Engineering Pty Ltd)	(B)	100%	NSW
United Goninan Construction Pty Ltd	(B)	100%	NSW
United Group Infrastructure (NZ) Limited		100%	New Zealand
United Group Infrastructure (Services) Pty Ltd	(B)	100%	NSW
United Group International Pty Ltd	(B)	100%	NSW
United Group Melbourne Transport Pty Ltd	(B)	100%	VIC
United Group Water Projects (Victoria) Pty Ltd	(B)	100%	NSW
United Group Water Projects Pty Ltd	(B)	100%	VIC
United KG (No. 1) Pty Ltd	(B)	100%	NSW
United KG (No. 2) Pty Ltd	(B)	100%	VIC
United KG Construction Pty Ltd	(B)	100%	ACT
United KG Engineering Services Pty Ltd	(B)	100%	VIC
United KG Maintenance Pty Ltd	(B)	100%	WA
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 2020

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 2020.

[2]These companies are parties to the Deed of Cross Guarantee but do not have the benefit of the *ASIC Instrument 2016/785* as at 31 December 2020.

[3]Entity has a 30 June reporting date.

[4]Entity has a 31 March reporting date.

[5]This company is a party to the Deed of Cross Guarantee as Holding Entity.

(A) Incorporated / established in the 2020 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 32: *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 2020 as they are no longer required by the Group in the ordinary course of business:

- Inspection Testing and Certification Pty Ltd
- Olympic Dam Maintenance Pty Ltd
- RailFleet Maintenance Services Pty Ltd
- United Group Infrastructure (Services) Pty Ltd
- UGL Rail Fleet Services Pty Ltd
- United Goninan Construction Pty Ltd
- United Group International Pty Ltd
- United Group Melbourne Transport Pty Ltd
- United Group Water Projects (VIC) Pty Ltd
- United Group Water Projects Pty Ltd
- United KG Construction Pty Ltd
- United KG Engineering Services Pty Ltd
- United KG Maintenance Pty Ltd

e) Parent entity commitments and contingent liabilities

Contingent liabilities under indemnities given on behalf of controlled entities in respect of the parent: bank guarantees: $2,834.9 million (31 December 2019: $2,721.3 million); insurance bonds: $1,679.3 million (31 December 2019: $1,883.2 million); letters of credit: $259.9 million (31 December 2019: $254.6 million).

During the reporting period, the parent was released from bank guarantees totalling $29.0 million (31 December 2019: $nil), insurance, performance and payments bonds totalling $67.5 million (31 December 2019: $nil) and letters of credit totalling $nil (31 December 2019: $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 2019: $nil).

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

f) Material subsidiaries including consolidated structured entities

Set out below are the Company's principal subsidiaries at 31 December 2020. 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[1]		Ownership interest held by non-controlling interests	
Name of entity	Principal activity	Country of incorporation	December 2020 %	December 2019 %	December 2020 %	December 2019 %
CPB Contractors Pty Limited[2]	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]On 31 December 2020, the Group sold 50% of its Thiess Pty Ltd shareholding. Refer to Note 32: *Acquisitions, disposals and discontinued operations* for further detail, accordingly as at 31 December 2020 Thiess Pty Ltd is no longer a subsidiary of CIMIC Group.

[2]CPB Contractors Pty Limited has the benefit of *ASIC Instrument 2016/785* as at 31 December 2020. For further information, refer to section (i).

Non-controlling interests

There were no material non-controlling interests relating to the Company's material subsidiaries disclosed above as at 31 December 2020. There were no material transactions with non-controlling interests during the period to 31 December 2020.

g) Unconsolidated structured entities

The Group is party to several lease agreements with unconsolidated structured entities during the reporting period. These transactions were undertaken to develop operational and financing synergies across the Group. The unconsolidated structured entities are financed by external parties and the Group does not hold any equity interests or assets such as loans or receivables with these entities. The relevant activities of the structured entities are directed by contractual agreements. The entities are controlled by external parties and therefore are not consolidated by the Group.

The Group is only exposed to the variability of returns in relation to return conditions at lease expiry, which are not known at this time. These items are also included at Note 21*: Interest bearing liabilities* and Note 34*: Commitments.*

The table below provides a summary of the Group's exposure to unconsolidated structured entities.

Exposures to unconsolidated structured entities	December 2020 $m	December 2019 $m
Lease liabilities	-	457.9
Total liabilities due to unconsolidated structures	-	457.9

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

h) Parent entity transactions with wholly-owned controlled entities

Transactions with wholly-owned controlled entities were as follows: aggregate amounts receivable: $758.5 million (31 December 2019: 898.1 million); aggregate amounts payable: $2,699.7 million (31 December 2019: $4,616.2 million); interest received / receivable: $3.9 million (31 December 2019: $22.4 million); interest paid / payable: $79.9 million (31 December 2019: $20.1 million); fees charged: $nil (31 December 2019: $nil); dividends received: $1,277.3 million (31 December 2019: $146.0 million); fees paid: $135.0 million (31 December 2019: $130.0 million); sale of assets $174.0 million (31 December 2019: $nil).

i) 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 2020, 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 2020:

- 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);
- CIMIC Group Investments No.2 Pty Ltd (ACN 610 264 189);
- CPB Contractors Pty Limited (ACN 000 893 667);
- Broad Group Holdings Pty Ltd (ACN 052 046 518);
- Broad Construction Services (WA) Pty Ltd (ACN 106 101 893);
- Broad Construction Pty Ltd (ACN 089 532 061);
- Leighton Properties Pty Limited (ACN 009 765 379);
- Leighton Properties (VIC) Pty Limited (ACN 086 206 813);
- MTCT Services Pty Ltd (ACN 070 140 251);
- UGL Pty Limited (ACN 009 180 287);
- UGL Engineering Pty Ltd (ACN 096 365 972);
- UGL Rail Services Pty Ltd (ACN 000 003 136);
- UGL Operations and Maintenance Pty Ltd (ACN 114 888 201); and
- UGL Operations and Maintenance (Services) Pty Ltd (ACN 010 045 299).

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, MTCT 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 will have the effect of releasing the Released Entities from their covenants under the CIMIC Deed with effect from 21 June 2021.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

i) Deed of Cross Guarantee continued

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 2020 is set out below.

Deed of Cross Guarantee	12 months to December 2020 $m	12 months to December 2019 $m
Statement of Profit or Loss		
Profit / (loss) before tax	2,730.2	(5,011.1)
Income tax (expense) / benefit	(226.0)	658.6
Profit / (loss) for the period	2,504.2	(4,352.5)
Retained earnings brought forward	(800.5)	4,061.1
Adjustments for entities added / removed and new accounting standards	-	-
Dividends paid	-	(509.1)
Retained earnings at reporting date	1,703.7	(800.5)

The current year is impacted by the sale of Thiess Pty Limited, refer to Note 32: *Acquisitions, disposals and discontinued operations.* In the prior year the loss for the Company in the period was due to the exit from the Middle East, refer to Note 4*: Provision and asset impairment in relation to the Middle East exit*. Certain intra-group amounts within the consolidated group crystallised in the parent entity following this decision and adversely impacted the profit and loss for the period.

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

40. CIMIC GROUP LIMITED AND CONTROLLED ENTITIES CONTINUED

i) Deed of Cross Guarantee continued

Deed of Cross Guarantee	December 2020 $m	December 2019 $m
Statement of Financial Position		
Assets		
Cash and cash equivalents	2,604.8	811.7
Trade and other receivables	1,730.7	3,173.0
Inventories: consumables and development properties	271.5	265.8
Total current assets	4,607.0	4,250.5
Trade and other receivables	1,641.0	1,611.5
Investments	1,647.7	922.9
Property, plant and equipment	655.3	635.7
Deferred tax asset	521.8	706.6
Intangibles	592.2	608.6
Total non-current assets	5,058.0	4,485.3
Total assets	9,665.0	8,735.8
Liabilities		
Trade and other payables	4,529.1	8,024.1
Current tax liabilities	3.8	6.5
Provisions	196.1	146.5
Interest bearing liabilities	210.0	50.2
Lease liabilities	56.8	-
Total current liabilities	4,995.8	8,227.3
Trade and other payables	83.7	67.8
Provisions	33.2	37.2
Interest bearing liabilities	2,388.5	434.1
Lease liabilities	213.8	237.9
Deferred tax liabilities	-	-
Total non-current liabilities	2,719.2	777.0
Total liabilities	7,715.0	9,004.3
Net assets	1,950.0	(268.5)
Equity		
Share capital	1,458.7	1,738.4
Reserves	(1,212.4)	(1,206.4)
Retained earnings	1,703.7	(800.5)
Total equity	1,950.0	(268.5)

Notes to the Consolidated Financial Statements

for the 12 months to 31 December 2020

41. NEW ACCOUNTING STANDARDS

New accounting standards

Standards in issue but not yet effective

- 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*
- 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*

42. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date:

- The Group determined a 20% franked dividend of 60 cents per share to be paid on 5 July 2021. The unfranked portion of the dividend has been declared Conduit Foreign Income.
- On 5 January 2021, the Group appointed a new Chief Financial Officer, Emilio Grande. The appointment was effective immediately.
- The Directors approved the financial report on 9 February 2021.

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 149-238, 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 2020 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 2020.

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 2021.

Signed for and on behalf of the Board in accordance with a resolution of the Directors:

Juan Santamaria	Russell Chenu
Chief Executive Officer and Managing Director	*Chairman Audit and Risk Committee*

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

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NSW 1220 Australia

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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 2020, 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 2020 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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were 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 these matters.

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>

Recognition of construction revenue and recovery of related contract assets

Refer to Note 1(a) 'Revenue recognition', Note 2 'Revenue' and Note 10 '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.

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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 preparation, review and authorisation of monthly valuation reports for all contracts; and
  - the comprehensive project reviews that are undertaken by Group management on a quarterly basis.
- Holding calls with a sample of project leaders at 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.
- 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;
  - assessing the forecast costs to complete through discussion and challenging of project managers and finance personnel;

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</table>

	- evaluating historical accuracy of forecast costs to complete; - 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; - evaluating 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.
Accounting treatment for the sale of 50% of Thiess Pty Limited and its controlled entities ("Thiess") **Refer to Note 1 'Accounting estimates and judgements' and Note 32 'Acquisitions, disposals and discontinued operations'.** On 31 December 2020 CIMIC announced it had completed the sale of a 50% equity interest in Thiess to funds advised by Elliott Advisors (UK) Ltd ("Elliott"), with CIMIC retaining the remaining 50% interest. Management assessed the accounting treatment of the transaction in accordance with the relevant accounting standards and determined: • CIMIC lost control of Thiess and was therefore required to recognise the sale of Thiess as the disposal of a subsidiary; • The retained interest in the former subsidiary was to be recognised as an equity accounted joint venture initially measured at fair value; and • The operations of Thiess were to be classified as a Discontinued Operation in the financial statements for the year ended 31 December 2020. The Group recognised a gain of $2,164.4 million before tax ($1,488.2 million after tax) on the sale of Thiess. We focused on this area as a key audit matter as significant judgement is required in determining if the transaction: • resulted in a sale of a subsidiary and therefore the recognition of a gain on the sale of Thiess and recognition of CIMIC's retained interest in Thiess as a joint venture; or	Our procedures included, amongst others: • Reading the transaction agreements and the Shareholders Agreement to obtain a detailed understanding of the terms and conditions. • Considering the objectivity and competence of Management's External Experts who provided accounting and taxation advice in relation to the transaction. • Challenging the assessment that CIMIC did not control Thiess at 31 December 2020 by: - evaluating the assessment of the decision-making rights prescribed in the Shareholders Agreement; and - considering whether the existence and the terms of the agreed minimum annual distributions to the shareholders and the Elliott put option provided conflicting evidence as to the substance of the arrangement. • As the transaction resulted in a loss of control we challenged the appropriateness of recognising the transaction as having completed by 31 December 2020 including consideration of the satisfaction of conditions precedent, the receipt of cash proceeds by CIMIC and that completion, as defined in the transaction documents, had occurred. • Evaluating and challenging the determination of the gain on sale recognised by the Group, including the valuation of the non-cash consideration received being the fair value of CIMIC's retained interest in Thiess.

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• whether CIMIC continued to control Thiess following the disposal of the 50% equity interest to Elliott. Had CIMIC retained control of Thiess CIMIC would not have recognised a gain on sale.	• Challenging management's and their management expert's assessment of the taxation implications of the sale of Thiess in conjunction with our tax experts. • Assessing whether the Elliott put option has been appropriately valued in conjunction with our valuation experts. • Assessing Management's determination that Thiess was a discontinued operation as defined by accounting standards and was appropriately disclosed. • 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 2020, 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 has no realistic alternative but to do so.

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 those 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 matter 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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 50 to 60 of the Directors' Report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of CIMIC Group Limited for the year ended 31 December 2020 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 2021

Parramatta Light Rail

CPB Contractors, New South Wales, Australia

ADDITIONAL INFORMATION

Shareholdings

The information below is current as at 21 January 2021.

TWENTY LARGEST SHAREHOLDERS

The 20 largest shareholders on the Company's register of members held 91.91% of the Company's issued capital.

Name	No. of shares	% of issued capital
HOCHTIEF AUSTRALIA HOLDINGS LIMITED	244,624,024	78.58
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,198,780	4.56
JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,738,974	3.13
CITICORP NOMINEES PTY LIMITED	5,661,391	1.82
NATIONAL NOMINEES LIMITED	2,011,074	0.65
MILTON CORPORATION LIMITED	845,739	0.27
BNP PARIBAS NOMS PTY LTD <DRP>	636,131	0.20
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	471,022	0.15
BROADGATE INVESTMENTS PTY LTD	427,188	0.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	332,379	0.11
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	309,435	0.10
BROADGATE INVESTMENTS PTY LTD	244,791	0.08
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	222,486	0.07
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	169,187	0.05
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	146,654	0.05
EST MR JONATHAN STANLEY ELLIS LEIGHTON	138,150	0.04
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	124,660	0.04
BROADGATE INVESTMENTS PTY LTD	124,255	0.04
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	122,464	0.04
BRAZIL FARMING PTY LTD	115,000	0.04
Total	**280,663,784**	**90.16**
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	30,609	8,717,746	2.80
1,001 – 5,000	6,181	12,753,617	4.10
5,001 – 10,000	564	3,995,908	1.28
10,001 – 100,000	234	5,165,231	1.66
100,001 and over	20	280,663,784	90.16
Total	**37,608**	**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 1,062 shareholders with less than a marketable parcel (19 shares), based on the closing market price of $26.43 on 21 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.
A Subsidiary, CIMIC Finance (USA) Pty Limited, has 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 60th Annual General Meeting of the members of CIMIC will be held on Wednesday, 14 April 2021 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
2H20	
2Q20	Second quarter of the 2020 Financial Year
3Q20	Third quarter of the 2020 Financial Year
4Q20	Fourth quarter of the 2020 Financial Year
2019 Financial Year/ FY 2019 / FY19	Financial year ending 31 December 2019
2020 Financial Year/ FY 2020 / FY20	Financial year ending 31 December 2020
FY21	Financial year ending 31 December 2021
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 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
FleetCo	Thiess' mining equipment hire business
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
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, Leighton India Contractors Private Limited, Leighton Offshore, Thiess Pty Ltd, 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	Partnership for CPB Contractors' and Thiess' operations and maintenance services businesses with certain funds managed by affiliates of Apollo Global Management, LLC. Completion of the transaction occurred on 31 March 2015, with the business now operating under the name 'Ventia'
VWAP	Volume weighted average price
Whistleblower Policy	CIMIC Group Whistleblower Policy

Byerwen Mine
Sedgman, Queensland, Australia


CIMIC
Trusted experience.
Integrated solutions.
SEDGMAN
SEDGMAN
SEDGMAN
UGL
PACIFIC
partnerships
EIC
ACTIVITIES