



STATEMENT OF
CORPORATE GOVERNANCE PRACTICES
2015

1. UGL'S GOVERNANCE FRAMEWORK

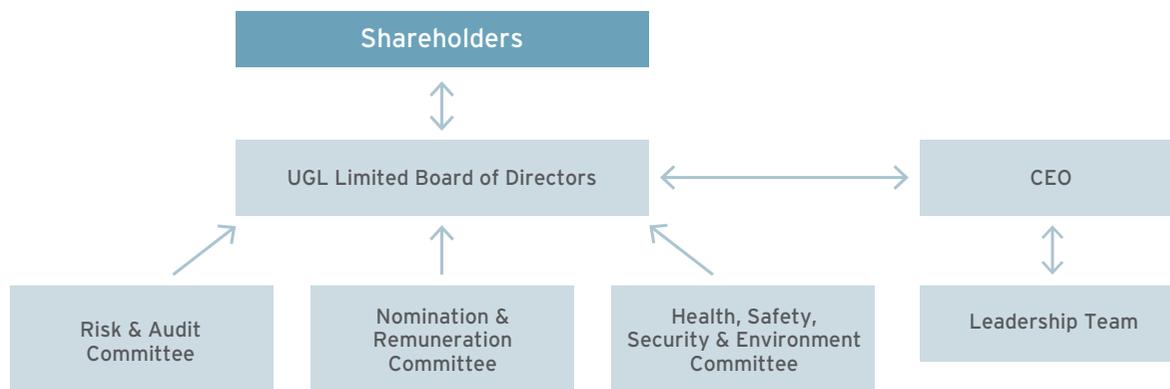
UGL's overarching purpose is to deliver sustainable growth for its shareholders. Guided by this purpose, we maintain a robust corporate governance framework and are committed to regularly reviewing and refining this framework to ensure high standards of corporate governance are retained. During the 2015 financial year, the Board reviewed a number of policies and procedures supporting UGL's corporate governance framework.

This review will continue in the 2016 financial year to further align UGL's corporate governance practices to support its vision and strategy discussed in the 2015 annual report to shareholders.

This statement, dated 21 August 2015, outlines the main corporate governance practices in place throughout the 2015 financial year up to the date of this statement, reported against the ASX Corporate Governance Principles & Recommendations issued in March 2014 (the Guidelines). It has been approved by the UGL Board.

More information on UGL's corporate governance framework and key documents, or a summary of these documents, is available at: www.ugllimited.com/corporate-governance

UGL's corporate governance framework is illustrated below.



Key aspects of the framework are discussed in more detail in this statement.

2. BOARD OF DIRECTORS

2.1 BOARD ROLE AND RESPONSIBILITIES

The Constitution provides that the business and affairs of the company are governed under the direction of the Board. The primary responsibility of the Board is to deliver sustainable growth for its shareholders and is accountable to shareholders for the proper management of the Company. The Board has approved a formal charter which sets out its key responsibilities as follows.

- Reviewing and approving the direction, strategies and financial objectives for UGL and monitoring their implementation.
- Monitoring the implementation of an appropriate risk management framework and systems for identifying and effectively managing business risks.
- Overseeing the integrity of financial reporting.
- Monitoring compliance with regulatory and ethical standards while having regard to economic, political and social issues and any other relevant external matters which may influence or affect the development of UGL's business.
- Appointing the CEO, and reviewing the performance of the CEO.

2.2 ROLE OF CEO AND SENIOR MANAGEMENT

The Board appoints the CEO and is consulted on the appointment of senior management by the CEO. The CEO reports directly to the Board and is responsible for the day to day management and control of UGL, within the specified limits of authority approved by the Board. Delegations of authority by the CEO to senior executives are reviewed, communicated and monitored on an ongoing basis. During the reporting period, the delegations of authority were updated to clarify and set further parameters to remove any ambiguity on how the delegations operate in practice.

The Leadership Team (LT) consists of the CEO, the Chief Financial Officer, the Executive General Manager (EGM) People and Culture, EGM Investor Relations & Corporate Development, EGM Safety, Sustain and Quality and each of the EGMs for UGL's divisions - Rail, Defence & International, Asset Services, Technology Systems and Infrastructure E&C. The LT meets on a regular basis and meetings are chaired by the CEO. The purpose of the meetings is to provide the LT with a forum for updating and exchanging information on key operational issues.

Review of the CEO and Senior Management

The Board has established performance criteria for the CEO and conducts a performance review of the CEO at least annually. The CEO conducts an annual review of performance of senior executives and reports on their performance to the Nomination & Remuneration Committee.

Further detail on the performance review process for the CEO and senior executives and the outcome of the reviews related to the 2015 financial year are discussed in the Remuneration Report.

2.3 COMPOSITION AND MEMBERSHIP

The Constitution provides that the company is not to have more than 12, not less than three, directors. Within the limits set out in the Constitution, it is the policy of the Board to increase the number of directors when it considers that additional expertise is required or an outstanding candidate is identified and available to allow for appropriate succession planning requirements.

UGL has a Board of seven directors, six of whom are non-executive directors and one of whom is an executive director. Details of the current members of the Board, including their qualifications, term of office and role are set out in the table below. Detailed biographies are detailed on the website at the following link www.ugllimited.com/board-of-directors.

NAME OF DIRECTOR	TERM IN OFFICE	PROFESSIONAL QUALIFICATIONS	ROLE
K Spargo	Director since October 2010 Chairman since 30 October 2014	LLB (Honours), BA, FAICD	Independent, non executive director
R Taylor	Director since 24 November 2014	B Eng, Civil Engineering, (1st Class Honours)	Managing Director and CEO, Executive director
J Cooper	Director since April 2015	BSc (Building) (Hons), FIE Aust, FAICD, FAIM	Independent, non executive director
G Cowan	Director since February 2009	BSc (Hons), FCA (UK), MAICD	Independent, non executive director
R Humphry	Director since October 2004	FCA, FCPA, SFin	Independent, non executive director
J Harvey	Director since 10 August 2015	B Com, MBA, FCA, FAICD	Independent, non executive director
R Kaye	Director since 10 August 2015	LLB, LLM (Hons)	Independent, non executive director

2.4 SUCCESSION PLANNING AND DIVERSITY ON THE BOARD

The individual directors and the Board as a whole recognise the importance for the Board to have the right diversity of skills and experience to provide the company strong stewardship. The Board is committed to identifying and attracting suitably experienced leaders to ensure that it has the right directors. Our succession planning process has been in place for some time and is a considered one. The Board uses independent external consultants to assist with identifying and attracting suitably experienced directors. As part of this process, the independent consultants undertake appropriate checks on candidates which are incorporated as part of the report to the Board.

Following the sale of DTZ, one of the key priorities for the Board has been to ensure that it has the right diversity of skills and experience to provide the Company with strong 'stewardship' in its new form as a standalone engineering and maintenance company.

Over the course of the year, the Board appointed three new non-executive directors, significantly broadening the existing skills of the Board by adding strong construction and engineering industry experience as well as competencies across governance, risk, finance and commercial and contract law.

In April 2015, John Cooper was appointed. He is an independent non-executive director with over 35 years of experience in the construction and engineering sector in Australia and internationally bringing valuable industry experience to the Board. He is currently a non-executive director of Aurizon Holdings Limited and NRW Holdings Limited.

In August 2015, Jane Harvey and Robert Kaye SC were appointed to the Board. They are both independent non-executive directors.

Jane Harvey has 15 years of experience as a non-executive director of both listed and not-for-profit organisations with extensive commercial and financial skills applied in a range of line management and advisory roles across various industries including utilities, energy infrastructure, transport and logistics, financial services and retail. She is currently a non-executive director of DUET Finance Limited and IOOF Holdings Limited, chairing the Audit and Risk Committee of DUET Finance Limited and the Audit Committee of IOOF Holdings Limited.

Robert Kaye SC has over 35 years of experience in legal practice and is a barrister at law. Since his appointment as Senior Counsel, he has provided advice to both public and private corporations across a range of commercial matters including transactions, corporate and property. He is currently the Chairman of Collins Foods Limited and Paperlinx Limited as well as a non-executive director of Magontec Limited.

Jane Harvey, Robert Kaye SC and John Cooper will stand for election to the Board at the 2015 Annual General Meeting with the unanimous support of the Board for their respective appointments. At the 2015 Annual General Meeting, Guy Cowan will stand for re-election with unanimous Board support. With a background in chartered accounting and international experience in the oil and gas industry, Guy contributes valuable financial and commercial skills to the Board.

As part of the succession planning process the board identified the need to broaden the Board's skills and experience in the area of technology and innovative solutions. To support UGL's vision, to be a leader in technology and innovative solutions for its clients in all sectors globally, it will be seeking the appointment of a director with such skills in the future.

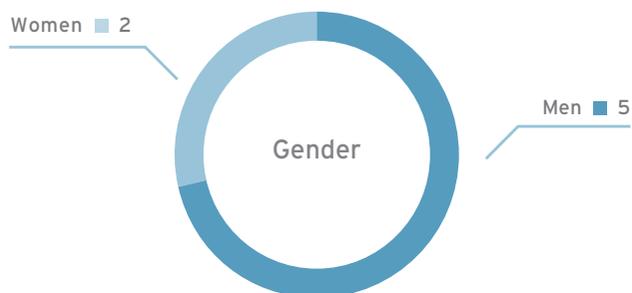
The mix of skills and experience currently represented on the Board is as follows:

SKILLS AND EXPERIENCE	NUMBER OF DIRECTORS (OUT OF 7)
Industry experience/market knowledge in sectors and business lines UGL operates	
Rail Services	2
Technology Systems	3
Engineering and Construction	3
Asset Services	4
Defence	2
Geographic business experience where UGL operates	
Australia/NZ/Pacific	7
Asia	3
Functional experience	
Business leadership	6
Listed company experience	7
Business and finance	6
Risk management	6
Corporate governance	7
Human resources and executive remuneration	5
Legal knowledge	4
Government affairs	4
Technology	3

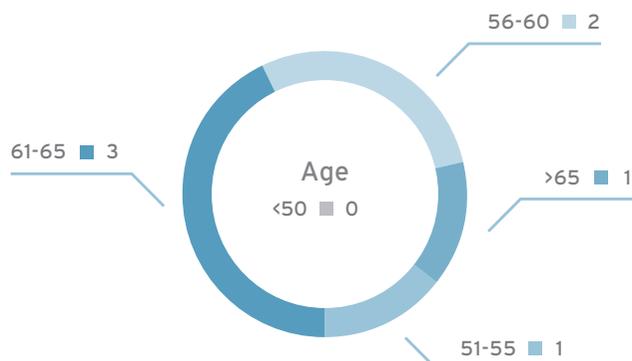
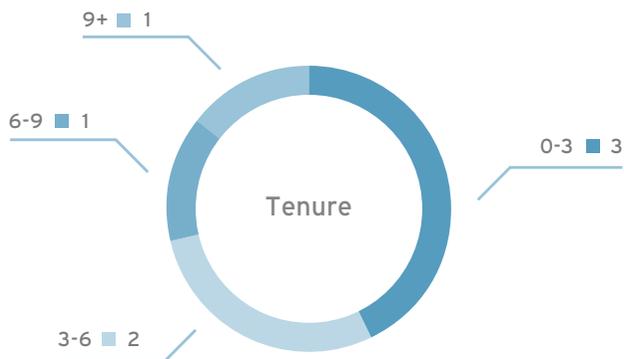
In addition to the above technical experience, the Board considers that each director has the following personal attributes:

- Genuine interest in UGL and its businesses
- Integrity and honesty
- Curiosity and courage
- Interpersonal skills and the ability to work in a collegial team,
- Active contributor to discussions
- Time available to undertake the responsibilities.

The following illustrate gender, tenure and age of the Board.



As part of the Board's commitment to increase the number of women on its Board, it has agreed to join the AICD 30% Club. This means that the Board is committed to have 30% of its directors represented by women by the end of 2018.



2.5 CHAIRMAN

The Board elects one of its independent non-executive directors to be Chairman. Under the Board's charter the position of Chairman cannot be held by a major shareholder. Following the resignation of Trevor Rowe, Kate Spargo assumed the responsibilities of the Chairman effective from 30 October 2014.

The Chairman is responsible for leading the Board, ensuring that Board activities are organised and conducted efficiently and directors are properly briefed for meetings. The CEO is responsible for implementing Company strategies and policies. The Board's charter specifies that the Chairman cannot be a current or former Managing Director and CEO of UGL.

2.6 DIRECTORS INDEPENDENCE

The Board must comprise of a majority of directors who are assessed to be independent. The Board assesses whether a director is independent on an ongoing basis. Generally, directors will not be regarded as independent if they fall within one of the following categories:

1. The director is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
2. Within the last three years the director was employed in an executive capacity by the Company, or was a director in an executive capacity by the Company, or was a director after ceasing to hold any such employment.
3. Within the last three years the director was a principal of a professional adviser or a consultant to the Company, or an employee materially associated with the service provider and the adviser or consultant is a material provider of services to the Company.
4. The director is a supplier or client of the Company or an officer of, or otherwise associated directly or indirectly with, a supplier or client and the supplier or client is a material provider to the Company.
5. The director has a contractual relationship with the Company (other than as a director of the Company) and the contractual relationship is material to the operations of the Company.

Materiality for the above purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

The Guidelines also suggest that companies consider whether a director is independent if such a director has been on the Board for such a period that his or her independence may have been compromised. Richard Humphry has been a director of UGL since 2004. The Board believes that his independence has not been compromised as a result of his tenure at UGL and considers that his experience in the area of finance and risk management is invaluable, especially in his role as chair of the Risk and Audit Committee.

After considering the above criteria and comments, the Board has concluded that each of its non-executive directors is independent.

2.7 CONFLICTS OF INTEREST

The Board is aware of its obligations to ensure that directors avoid conflicts of interest and has adopted a procedure to ensure that conflicts and potential conflicts of interest are disclosed to the Board each month. Any director with a material personal interest may not participate in boardroom discussions or vote on the matter unless the Board resolves otherwise.

No material conflicts of interest were identified during the period.

2.8 RETIREMENT AND RE-ELECTION OF DIRECTORS

Under the Constitution of UGL, non-executive directors cannot hold office without re-election beyond the third AGM following the meeting at which the director was last elected or re-elected.

There is no limit on the number of terms to which a non-executive director can be appointed but the Board is consciously aware of independence and tenure of directors when directors are seeking re-election.

Where a resolution to appoint a director to the Board is presented for shareholder consideration, the Board discloses in the notes to the notice of meeting whether the Board supports the nomination of the proposed candidate and outlines details on the experience of the candidate.

2.9 MEETINGS AND ATTENDANCE

The Board discharges its responsibilities by holding structured meetings throughout the year. There are eight scheduled meetings each year and additional meetings are held as required. Further details on the number of Board and Committee meetings held and the attendance at these meetings is set out on in the table below:

	BOARD SCHEDULED		RISK & AUDIT COMMITTEE		NOMINATION & REMUNERATION COMMITTEE		HEALTH, SAFETY, SECURITY & ENVIRONMENT COMMITTEE	
Current Directors								
K Spargo	12	12	4	4	4	4	2	2
R Taylor	10	10					2	2
J Cooper	4	4						
G Cowan	12	12	4	4			2	2
R Humphry AO	12	12	4	4	2	2		
Former Directors								
T Rowe AO	2	2			2	2		
R Leupen	2	2						
R Ch'ien	2	2						
D McTaggart	12	11			4	4		

Shaded column: Meetings held while a director or member, and required to attend.

Unshaded column: Meetings attended.

* Directors are invited to attend committee meetings subject to availability. The table records attendance at committee meetings as members.

At Board meetings, strategic and policy issues, budgets, capital expenditure requirements and important operational issues are discussed and/or decided and the financial and operational performance of the Company is reviewed and monitored.

Between meetings, the Chairman meets regularly with the CEO to discuss issues that may require guidance or that may need to be referred to the Board for decision.

The Board's practice is to involve senior executives where matters of strategic or operational importance are discussed by the Board.

A number of the scheduled meetings are held at operational sites of the Company to provide the directors the opportunity to meet the employees and tour the facilities. In addition, directors have unrestricted access to each other, the CEO, senior executives and other employees as required to enable them to properly discharge their duties.

2.10 COMPANY SECRETARIES

The company secretary is appointed by the Board and works with the Chairman to ensure that Board policies and procedures are followed. Responsibilities of the company secretary include compliance with corporate legislation and ASX requirements, providing advice to directors and officers on corporate governance matters, developing and implementing the corporate governance framework and giving practical effect to the Board's decisions. All directors have access to the company secretaries.

Lyn Nikolopoulos was a Company Secretary from October 2006 to December 2010 and was re-appointed on 29 July 2011. She has a Bachelor of Business from UTS and she holds a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. She is a fellow of the GIA and has over 15 years' experience in a company secretary role.

Pryce Dale, General Counsel, was appointed joint Company Secretary from September 2014. He has a Bachelor of Economics and Bachelor of Law from Charles Darwin University and over 15 years' experience in both private and in-house legal practise in Australia and the UK.

2.11 COMMITMENT, INDUCTION AND TRAINING

Each newly appointed director receives a formal letter of appointment that outlines the key terms and conditions relating to their appointment. The director must sign a copy of this letter acknowledging acceptance of the terms of their appointment.

Prior to appointment, each non-executive director must acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Following the appointment to the Board, an induction program is organised for new directors that includes meeting members of management and visits to key sites. The purpose of the program is for newly appointed directors to become familiar with UGL's people, operations and the culture and values of UGL.

Non-executive directors are expected to spend appropriate time as required preparing for and attending Board and committee meetings and associated activities.

Other commitments of non-executive directors that might affect their contribution are considered prior to a director's appointment to the Board and are reviewed each year.

Directors have access to continuing education to update and enhance their skills and the Board is kept informed of key developments within the Company and the industry sectors in which UGL operates.

2.12 INDEPENDENT PROFESSIONAL ADVICE

Each director has the right to seek independent professional advice on matters that may be of concern. Such advice will be at the expense of the Company if approval is first given by the Chairman of the Board.

2.13 REVIEW OF BOARD PERFORMANCE

The Board continually assesses and reviews its performance to ensure individual directors, the Board as a whole and its committees work efficiently and effectively. The process for conducting the performance review is agreed to by the Chairman.

For the 2015 financial year, the Board conducted a performance assessment in July 2015 using a questionnaire seeking input from directors on its role, composition, board processes, dynamics and relationships, and assessing systems and processes. The questionnaire also included an opportunity to evaluate the Chairman and each of its committees. The results of the questionnaire will be collated into an action plan and discussed in the 2015 calendar year by the Board. The purpose of the action plan is to assist the Board and its committees to enhance the way that they operate to benefit the Company.

2.14 DIRECTOR REMUNERATION

The structure of director remuneration is set out in the Remuneration Report.

3. BOARD COMMITTEES

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The committee structure and membership is reviewed regularly. Each of these committees has its own charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All charters are approved by the Board. Where required, matters determined by committees are submitted to the Board as recommendations for decision.

Each committee chair provides a verbal update on the committee's deliberations at the subsequent Board meeting. Minutes of committee meetings are tabled at Board meetings and directors have the opportunity to question and contribute on matters considered by the committees. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees. All directors are entitled to attend committee meetings. Committee meeting agendas, papers and minutes are made available to all members of the Board.

In carrying out their duties, the committees are entitled to engage appropriately qualified external consultants to provide advice and recommendation. The committees also have unrestricted access to senior management to assist them to understand the details for discussion.

The following table summarises the composition, responsibilities and interaction with management for each of the Board's committees.

	Nomination & Remuneration Committee	Risk & Audit Committee	Health, Safety, Security & Environment Committee
Members	Richard Humphry (Chairman) Kate Spargo	Richard Humphry (Chairman) John Cooper Guy Cowan Kate Spargo	Guy Cowan (Chairman) Kate Spargo Ross Taylor
Membership changes since last report	<ul style="list-style-type: none"> Trevor Rowe ceased to be a member and Chairman of the Committee in October 2014. Doug McTaggart was appointed Chairman of the Committee in October 2014. Ceased to be a member and Chairman on 7 August 2015. Richard Humphry appointed as member of the Committee in October 2014. Appointed as Chairman on 12 August 2015. 	John Cooper joined the Committee in June 2015.	<ul style="list-style-type: none"> Richard Leupen ceased to be a member of the Committee in November 2014. Ross Taylor appointed as member of the Committee in November 2014.
Composition	<ul style="list-style-type: none"> At least three non-executive directors, including the Chairman of UGL. Majority of the members must be independent directors. The Chairman of the Committee must be an independent director. 	<ul style="list-style-type: none"> At least three non-executive members directors. Majority of members must be independent directors. The Chairman of the Committee is nominated by the Board. The Chairman of the Board of directors is not eligible to be the Chairman of the Committee. 	<ul style="list-style-type: none"> At least two non-executive directors. The Managing Director and CEO is also a member. The Chairman must be a non-executive.

	Nomination & Remuneration Committee	Risk & Audit Committee	Health, Safety, Security & Environment Committee
Main responsibilities	<p><i>Remuneration Activities</i></p> <ul style="list-style-type: none"> • Reviewing UGL's overall remuneration and human resources strategy. • Reviewing share schemes applying to employees and directors. • Annually reviewing the Managing Director and CEO's remuneration package and performance indicators as set by the Board. • Providing guidance to the Managing Director and CEO on the principles applying to the Managing Director and CEO direct reports' total employment cost packages. • Reviewing and advising on appropriate fee structures for non-executive directors of the Board. • Reviewing the superannuation administration and management arrangements across UGL. <p><i>Nomination Activities</i></p> <ul style="list-style-type: none"> • Reviewing succession plans for the Managing Director and CEO, non-executive directors and Board committees. • Monitoring the succession plans of the Managing Director and CEO's direct reports. • Reviewing and recommending to the Board, nominees for Board membership, including re-election and election of directors. • Developing and reviewing criteria and procedures for the identification and recruitment of future candidates for election as directors of UGL. • Developing and implementing procedures for the Board's periodic evaluation of its performance and effectiveness. <p><i>Diversity Activities</i></p> <ul style="list-style-type: none"> • Establishing and monitoring strategies on diversity for UGL. 	<ul style="list-style-type: none"> • Reviewing, monitoring and obtaining assurance on: <ul style="list-style-type: none"> - the keeping and reporting of financial information in accordance with accounting standards and the law - the application of UGL's accounting policies - the Company's internal control systems - the compliance with applicable policies and laws - the assessment and control of business risk, including economic, environmental and social sustainability risks - Compliance with corporate governance and ASX listing rules. Discussion of the Risk & Audit Committee's involvement in risk management is disclosed under principle seven. • Providing a forum for communication between the Board, the internal and external auditors and senior management in relation to the matters above. • Reviewing, managing and monitoring related party transactions. • Reviewing and monitoring internal and external audit functions. • Reviewing the independence and performance of the external auditors. • Overseeing any incident involving fraud or other breakdown of UGL internal controls. • Overseeing UGL's insurance program having regard to UGL's business and the insurable risks associated with its business. 	<ul style="list-style-type: none"> • Setting strategies for occupational health, safety, security and environmental issues. • Monitoring compliance with policies and procedures that have been put in place to underpin the following goals: <ul style="list-style-type: none"> - No one should suffer injury or illness arising from their working responsibilities or from the wider context surrounding their work location, either within or on behalf of the Company. - The Company's operations should not infringe on the quality of the environment, the aim being to contribute to improving the environment wherever this rests within the Company's capabilities.
Meeting frequency	Meets at least three times per year	Meets at least four times a year	Meets at least four times a year
Interaction with management and information	The EGM People and Culture attends the meeting and provides a report to the Committee on key aspects of People and Culture function, including remuneration strategy. The CEO is invited to attend Committee meetings and is excluded from the committee's discussions on matters relating to his remuneration.	At each meeting the committee receives reports from management on financial performance and developments, risk management, legal risks, internal and external reports. The CEO and Chief Financial Officer and representatives from the external auditors attend meetings by invitation.	At each meeting the committee receives reports from management on the following: <ul style="list-style-type: none"> • Performance against key indicators and targets set by the committee. • Projects and initiatives for improving the health, safety and security of employees and environmental practices. The EGM for Safety, Security and Quality attends each meeting.

4. SHAREHOLDERS

4.1 SHAREHOLDER COMMUNICATIONS

The Board recognises that shareholders are entitled to receive timely and relevant information about their investment.

Where they elect, shareholders receive a copy of the Company's annual report and provision is made for shareholders to receive email alerts notifying them of the release of information by the Company. The Company's website www.ugllimited.com also includes a feedback mechanism and a direct link to UGL's share registry.

UGL also communicates with its shareholders via its corporate website. The dedicated investor and media section includes published financial reports, notices for general meetings of shareholders, corporate governance policies, ASX announcements, webcasts, investor briefings and a calendar of events.

UGL views the annual general meeting as an opportunity for shareholders to meet with and question the Board and senior management and encourages shareholders to attend. The Company's external auditor is invited to attend all general meetings of shareholders. At the annual general meeting, the auditors are available to answer shareholder questions regarding the conduct of the audit and the preparation and content of the audit report.

The Company receives regular reports on its beneficial ownership structure to assist it with its communication strategy. UGL has regular structured meetings with its shareholders and is mindful of relevant disclosure requirements.

4.2 CONTINUOUS DISCLOSURE AND MARKET COMMUNICATIONS

UGL has written policies and procedures requiring disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. The Board has overall responsibility for ensuring UGL complies with its disclosure obligations under the listing rules. The company secretary has been nominated as the officer responsible for communications with the ASX on all listing rule matters.

All information disclosed to the ASX is posted on UGL's website following confirmation from the ASX that the information has been disclosed to the market. When analysts are briefed on aspects of UGL's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Internal records are kept of all briefings with shareholders and/or analysts including a record of those present and the subjects discussed.

5. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

UGL has a number of policies and guidelines which provide employees and its officers with direction to promote ethical and responsible decision making. All Company policies are published on the Company's intranet and material policies and guidelines are communicated to each new employee as part of their induction training.

5.1 CODE OF ETHICS AND CODE OF CONDUCT

UGL strives to achieve the highest standards of behaviour and accountability and demands that its directors and employees be honest in their dealings with each other, and all counterparties. The Code of Ethics and the Code of Conduct underpin our social, ethical and environmental commitments and send a powerful message to all our stakeholders of UGL's commitment to responsible business practice.

Under the Code of Conduct, officers and employees are required to comply with all laws, avoid actual or potential conflicts of interest, not engage in unethical business practices and refrain from giving or receiving any improper payments, benefits or other gains and provide quality service and good stewardship of assets to all stakeholders.

The Code of Ethics provides employees with standards of behaviour required by its employees in dealing with colleagues, clients, investors, suppliers, subcontractors, the government and the wider community.

5.2 ANTI-BRIBERY AND CORRUPTION POLICY

Prevention of bribery and corruption are taken very seriously at UGL. UGL has adopted an Anti-bribery and Corruption Policy which applies to all staff. This policy is supported by guidelines that outline:

- The anti-bribery control framework, including procedures that are in place to prevent bribery.
- The duties and responsibilities of all employees.
- How allegations of fraud and other illegal acts are managed.

To promote further awareness and understanding of UGL's anti-bribery and corruption arrangements, all employees are required to complete a e-learning course.

5.3 WHISTLEBLOWER POLICY

UGL policy requires employees who are aware of unethical, unlawful or undesirable conduct practices within the company or breaches of the UGL's policies to report these using the Company's whistleblower program. This can be done anonymously. Where whistleblowers act in good faith and make a report in accordance with the policy, such persons are protected from dismissal, demotion, any form of harassment, discrimination or bias.

5.4 INSIDER TRADING, SECURITIES TRADING, MARGIN LENDING AND HEDGING POLICIES

It is the Company's policy that under all circumstances, its officers and employees comply with the letter and the intention of the insider trading laws when dealing in UGL securities. Effective from February 2015, UGL's trading policy was amended by adopting trading windows rather than blackout periods. Under the revised policy, designated persons must only trade during the following trading window periods.

- the five week period commencing on the day after the release of the half year results for that financial year;
- the five week period commencing on the day after the release of the annual results for the previous financial year;
- the five week period commencing the day after the Company's Annual General Meeting;
- a period during which the Company has a current prospectus, cleansing notice or other form of disclosure document on issue under which persons may subscribe for UGL shares; or
- any other period determined by the Board, in advance, to be an open window period.

Designated Persons:

- may only trade in UGL securities during a Trading Window, provided that they are not in possession of price sensitive information at the time. Trading at all other times is not permitted;
- are required to obtain prior written clearance to trade in UGL securities during a Trading Window; and
- may seek prior written clearance to sell their UGL securities outside a Trading Window in exceptional circumstances.

Designation Persons include:

- the CEO, all directors, company secretaries and any other officer of UGL;
- all employees, consultants and contractors located at UGL's Corporate Company Head Office in North Sydney;
- all direct reports to the CEO;
- all reports to each of the division EGMs;
- any person who by their role or otherwise, becomes aware of price sensitive information that is not generally available to the public, including (but not limited to) UGL board papers (e.g. executive assistants who may have access to a Designated Person's email or document folders); and
- Business Leadership Forum.

Directors and senior management (and their associates) are prohibited from engaging in short term trading of UGL securities.

The Trading in Securities Policy also extends to dealings in securities of other companies with which UGL may be dealing (including UGL's clients or business partners). If an officer or employee is aware of inside information about another company they should not either directly or indirectly deal or procure or encourage another person to deal in those securities.

Hedging

UGL has adopted the following policy in relation to hedging arrangements entered into by directors, officers and senior managers:

- employees (including executive directors) and their closely related parties are prohibited from entering into a hedging arrangement in relation to an element of the employee's remuneration that has not vested or has vested but remains subject to a holding lock; and
- non-executive directors and their closely related parties are prohibited from entering into a hedging arrangement in relation to an element of the director's remuneration that has not vested or has vested (irrespective of whether it remains subject to a holding lock).

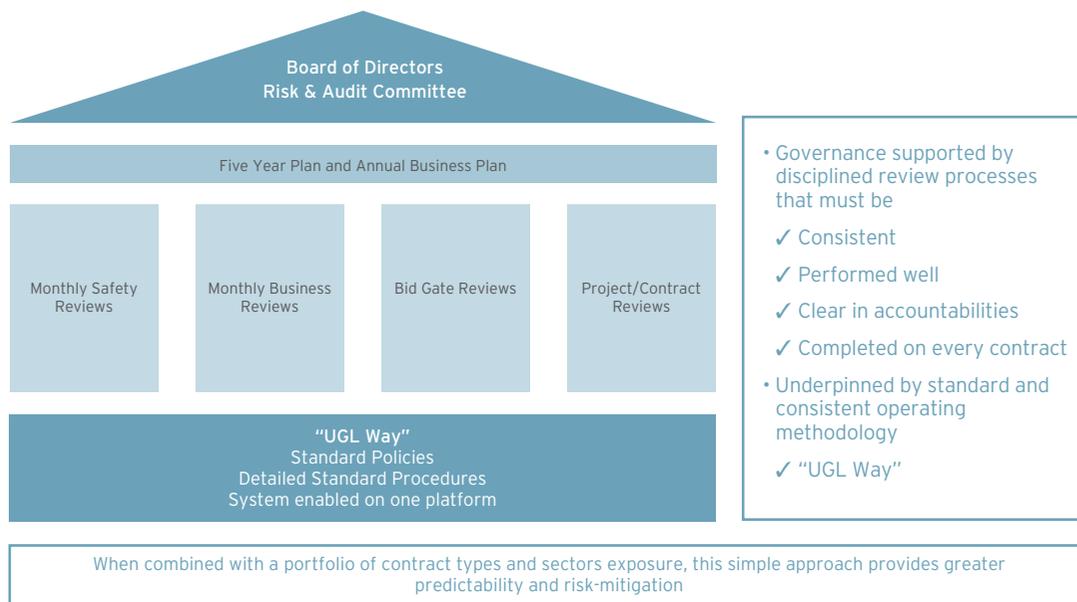
Hedging arrangements include but are not limited to a put option on incentive remuneration, a short position on shares that forms part of incentive remuneration, and an income protection insurance contract in which the insurable risk event affects the financial value of remuneration or equity or an equity-related instrument for the employee or director.

Margin loans

Directors, officers and senior managers are prohibited from entering into margin loans or similar arrangements if the loan or other arrangement is secured by (amongst other things) securities in the Company which account for 0.5% or more of the total issued capital of the Company. Any margin loan or similar arrangement otherwise entered into by a director, officer or senior manager must be disclosed to the Board and the Company Secretary.

Where a margin loan or similar arrangement is in place a director, officer or senior manager must not provide any inside information to the lender.

Governance and Risk Management – Reviews and UGL Way



UGL's risk culture is underpinned by the following principles:

- Risk is managed at appropriate levels
- Everyone is a risk manager
- Leadership is accountable for risk management
- Resources should be allocated wisely
- Protect our people and business
- Business opportunities are considered based on the risk versus reward appetite

6. FINANCIAL REPORTING, RISK MANAGEMENT AND INTERNAL CONTROLS

6.1 FINANCIAL REPORTING

The Risk & Audit Committee assists the Board in discharging its obligations for financial reporting. The composition and key responsibilities of the Committee are discussed earlier in the report. When reviewing financial reporting and financial statements for each reporting period, particular consideration is given to:

- any changes in accounting policies and practices
- major judgemental decisions
- significant adjustments proposed by the auditors
- the going concern assumptions and any qualifications
- compliance with accounting standards
- compliance with applicable listing rule and other legal requirements or regulatory guidance in relation to financial reporting.

6.2 RISK MANAGEMENT

Risk management plays an active and visible role within UGL supported by processes and structures to effectively manage opportunities and adverse effects within its operating environment. By effectively managing risk, UGL aims to increase the certainty of business outcomes and understanding the Company's obligations to shareholders and key stakeholders, which ultimately leads to the delivery of strong economic returns for shareholders. The following demonstrates UGL's risk management framework.

The Board and Risk & Audit Committee

The Board is responsible for reviewing and approving UGL's risk management strategy and policy. The Board is also responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Risk & Audit Committee assists the Board by reviewing the Company's Risk Management Policy and its application including the financial reporting aspects of the Company's policy. A report on key business risks is provided to the Risk & Audit Committee at each of its meetings. These reports include details of:

- material risks in relation to projects regarding risks and opportunities, positive and negative developments, deteriorating positions
- organisational risk relating to resources, systems, operations, HSE and sustainability
- litigation and insurance
- internal audit
- external audit
- financial risks.

Risk Management Policy

The Company's Risk Management Policy sets the approach in managing financial, commercial, operational, technical and strategic activities undertaken by the Company. UGL's approach to risk management is aligned to recognised international risk management standards, principles and guidelines. The policy outlines the key elements of how UGL proactively and systematically identifies and manages risk and details the integrated elements of the UGL's risk management program.

UGL maintains a dynamic risk management program with defined delegations of authority which is designed to concentrate management attention to the treatment of risks that have the greatest potential to affect the achievement of organisational objectives.

Key risk management activities

During the period, the following key risk management activities took place.

Review of strategy and planning risk - UGL undertook a review of its business, which was led by an independent team with substantial input from the business and functional leaders of UGL. This diagnostic review provided a robust framework for strategy and business planning and identified some short term initiatives required for improved performance. The review resulted in the following:

- Modifying UGL's organisational structure to establish five divisions with greater focus on their markets and enhanced alignment of service delivery models and expertise. The new structure consolidates the execution of higher risk major projects within a single division under experienced senior leadership, allowing UGL to build the right capability, systems and consistency when undertaking these types of projects.
- Enhancing the risk management and governance framework by distributing balance sheet accountability to the new operating divisions, ensuring working capital and cash flow management is a focus at the project level, where it is controlled and instigating or enhancing four key reviews (safety, business, bid gate and project/contract delivery) to be completed with rigor and continuously.

UGL Way - A key component for enhancing the risk management and governance framework is the implementation of the 'UGL Way', a standard and consistent operating methodology that applies to all of our people, in all locations, at all times. Implementation of the 'UGL Way' has commenced and will continue over the coming year, strengthening our project and business management processes as well as our culture. More established business processes with clear accountabilities will provide UGL with greater predictability and enhance the company's ability to mitigate risks.

Contract and operational risks - During the period, a team of independent specialists and existing UGL staff undertook a review of UGL's projects. The team reviewed 104 projects which accounted for approximately 80% of the 2015 financial year revenue. This was a rigorous process with regular reporting to the CEO, business leaders and to the Board. The project reviews resulted in no new issues being identified and therefore no requirement to recognise further project losses in the 2015 financial year.

Where issues were occurring on UGL's projects, this review identified clear contributors to these issues and has therefore allowed the Company to focus on clear actions to improve project performance in the future including the following:

- Standardising project review content and guidelines

- Standardising project management reporting through SAP (UGL's financial reporting system)
- Empowering project leaders with appropriate financial limits
- Strengthening project management capabilities and building strength through training and recruitment
- Restructuring project team incentives to reward performance.

6.3 EXPOSURE TO ECONOMIC, ENVIRONMENT AND SOCIAL SUSTAINABILITY RISKS

During the period the Board reset the vision and strategic priorities for UGL. The Board considers that there are a number of risks which have the potential to impact the economic sustainability of the organisation. To manage some of these risks:

- a clear path was established to turnaround the company's financial and operational performance and return UGL to strong earnings growth
- a new operating model was implemented to optimise the cost structure and provide a greater focus on UGL's markets with enhanced alignment of service delivery models and expertise
- higher risk projects were consolidated into a single division under experienced leadership to allow UGL to build the right capability, processes and systems; and
- our systems and processes are being strengthened and standardised including the reconfiguration of our SAP system to support this requirement. In FY2016, implementation of the 'UGL Way' will be a key priority introducing a standard and consistent operating methodology that applies to all of our people, in all locations, at all times.

UGL's economic risks are discussed in the Operating and Financial review of the annual report. The Board also considers that UGL is exposed to environmental and social sustainability risks. One of the key initiatives over the next 12 months is to review UGL's current sustainability framework to ensure we have the right strategies in place to proactively manage our social and environmental commitments in the context of UGL's overall vision. In support of our commitment to social and environmental responsibility, UGL's current activities are outlined in the Corporate Responsibility section of the annual report.

6.4 INTERNAL AUDIT

The internal audit function provides independent assessments on the appropriateness of the Company's risk management policies and procedures and governance controls. The results of the assessments are reported to the Risk & Audit Committee. The committee also monitors management's response to recommendations arising from such assessments. Internal audit plans are reviewed by the committee to ensure that they address key areas of risk, with appropriate coordination with the external auditor.

6.5 CEO AND CFO ASSURANCES

The Board receives regular reports on UGL's financial and operating results.

When the Board is considering the adoption of full year or half results, it receives in writing declarations from the CEO and the CFO confirming the following:

- UGL's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operating results of the Company; and
- the financial reporting risk management and associated compliance and controls are assessed as operating effectively in all material aspects.

This representation is founded on a sound system of internal control and risk management that implements the policies adopted by the Board.

As part of the declaration process, all executives and key finance managers for the divisions and corporate functions complete a questionnaire from the directors.

The above formed part of the process for approving the results for the half year period to 31 December 2014 and fully year period to 30 June 2015.

6.6 EXTERNAL AUDITOR

The external auditor is KPMG. At least twice a year, the Risk & Audit Committee meets with representatives of KPMG without management in attendance. KPMG attend each committee meeting and each year they are required to confirm their independence. The committee has also implemented a policy to ensure that any material non-audit work is approved.

The Risk & Audit Committee is responsible for recommending to the Board the selection and appointment of the external auditor. A change in the external auditor would require UGL to go to tender and the following would be considered by the committee as part of the review process:

- Independence
- Experience in the sectors that UGL operates in
- Jurisdictions that the auditor is able to cover
- Value for money

The lead signing audit partner is rotated every five years and must rotate off the engagement for a minimum of two years. The current signing partner was appointed for the 2015 financial year audit and is due to rotate at the completion of the 2019 financial year. Any other partner with significant involvement must rotate after seven continuous years on an engagement. The current engagement director was appointed during the 2015 financial year.

7. DIVERSITY

UGL's focus over the last four years has been to build and expand its diversity program across its business. Our diversity journey continues with a strong focus on embedding these successful initiatives including the Professional Development Network (PDN), the active recruitment of women, and a focus of indigenous employment and participation.

Following the sale of DTZ, the Board has focused on resetting the company's vision and strategic priorities. To support the Company's commitment to establishing a business as usual culture of Diversity & Inclusion, the Board will review and reset the Diversity & Inclusion three year strategy. The Board will establish a revised set of measurable objectives for achieving greater levels of diversity for the 2016 financial year and beyond. See discussion below.

7.1 DIVERSITY & INCLUSION POLICY

The Board has a Diversity & Inclusion Policy. The policy states the following:

- The Company is committed to ensuring that we have a diverse and inclusive workforce which fulfils our employees', customers' and shareholders' expectations while building a sustainable future for our business.
- The Company will abide by all its legal obligations in maintaining a workplace which encourages equity and diversity in all aspects of the employment relationship.
- UGL is committed to a culture of diversity, and to fair and equitable representation of a diverse range of people throughout the Company, including the Board and senior management.
- The UGL Board endorses and regularly reviews measurable objectives for achieving diversity across the organisation. Progress against these, and other set diversity objectives, is measured annually.

This guidelines supporting the policy:

- defines what equity and diversity means to UGL;
- sets out UGL's commitment relating to diversity across the business;
- outlines the consequences for any breach of the UGL Diversity & Inclusion Policy; and
- establishes the responsibilities in regards to managing and maintaining compliance with this Guideline.

7.2 DIVERSITY IN THE WORKPLACE

Post the sale of DTZ in early November 2014, the number of employees (including contractors reduced from 52,000+ employees (including subcontractors) to the current numbers of 8,252. The following is based on the current business of UGL:

MEASURE	FINANCIAL YEAR 2014	FINANCIAL YEAR 2015
Total workforce gender split	Male 90%/Female 10%	Male 89%/Female 11%
Females recruited	250	388 (36% increase)
% women in the Senior Leadership Group (top 98 leaders)	10%	15%

Female participation rates remain highest across the 'Clerical and Administrative' and the 'Professionals' Workplace Gender Equality Agency (WGEA) job categories.

7.3 PROGRESS AGAINST STATED MEASURABLE OBJECTIVES FOR THE 2015 FINANCIAL YEAR

The focus during the 2015 financial year has been to increase female participation in our senior manager ranks, increase the number of women recruited generally, train a number of diversity 'champions'.

As part of this focus, specific actions included the following:

- ensuring at least one female shortlisted candidate for all senior roles;
- deploying psychometrics to overcome unconscious bias;
- educating hiring managers in the importance of seeking candidates from diverse backgrounds.

The above actions have had a positive impact on the selection and hiring of women, which resulted in a 5% increase of women into our senior management ranks and a 36% increase in the number of women joining the business.

Diversity 'champions' are a group of ten influential managers who represent the various UGL business units. These managers have completed training to enhance their skills as internal change agents focused on driving diversity and inclusion in the workplace. The training covered such aspects as influencing skills, leading change, identifying unconscious bias, personal brand and networking skills. Importantly the champions have commenced a number of local projects which are now underway.

Objective	Measure	When	Status
Appropriate employee benefits	<ul style="list-style-type: none"> Continue to review existing monetary and non-monetary benefits for employees 	Ongoing - end of financial year 2016	Ongoing
Management practices that support diversity and objectives and initiatives	<ul style="list-style-type: none"> To foster an environment where the diversity of the UGL's business model is reflected in its people and culture Wherever possible, involve both women and men in the recruitment decision-making process 	End of financial year 2016	Ongoing
Global learning and development	<ul style="list-style-type: none"> Continue to remove any cultural barriers that may exist; embed unconscious bias training into business as usual i.e. through People Manager Program, Performance Review and other programs Increase training for middle and senior management on identifying talent and potential. This will include expanding our People Manager Program globally. 	End of financial year 2016	Completed and ongoing
Professional networking program/ career information sessions	<ul style="list-style-type: none"> Continue to expand on establishing career development and mentoring programs specifically designed to support women to progress into senior roles Establish information sessions and mechanisms for women to learn about their available career path options 	End of financial year 2015	Completed and ongoing
Diversity Champions	<ul style="list-style-type: none"> Establish shared learning and fostering of diversity initiatives and ideas from locally based programs 	End of financial year 2015	Completed and ongoing
Indigenous Program	<ul style="list-style-type: none"> Continue to drive and implement the initiatives of UGL's Reconciliation Plan Steering committee to report and review progress quarterly 	End of financial year 2016	Ongoing
Recruitment practice	<ul style="list-style-type: none"> Identify sourcing strategies that will assist in both attracting and capturing diverse talent from other pools Develop recruitment and selection practices that will assist in attracting a greater proportion of women into operational roles 	End of financial year 2016	Completed and ongoing

7.4 DIVERSITY STRATEGY FOR FY 2016 AND BEYOND

UGL's most important assets is its people. To build and retain a world class talent base, diversity is critical and as such, one of our key priorities is to ensure a diverse and inclusive culture is pervasive across UGL. For the 2016 financial year, the Board will review UGL's Diversity & Inclusion strategy for the future. As part of this review, the Board will consider industry benchmarks, best practice and feedback from our recent survey of females at UGL. The aim of the review is to set a three year vision for Diversity & Inclusion at UGL, and clear goals to ensure diversity is embedded into the fabric of UGL. In considering the strategy and plan, we will also set renewed targets regarding female inclusion in succession planning and the Business Leadership Group as well as continue to focus on identifying and actively supporting high potential women via mentoring and leadership development.

In addition to gender equality, our strategy on Diversity & Inclusion will focus on Indigenous participation and cultural awareness. We will continue to drive a number of local divisional initiatives to increase the number of Indigenous employees whilst developing the cultural awareness of our employees to ensure the retention of Indigenous employees. This is also reflected in our Reconciliation Action Plan.