Safety

Delivery

Relationships

Thought leadership

Downer
Relationships creating success

Sustainability Report 2016

Contents

Sustainability snapshot

Financial

$180.6m
14%

Net profit after tax (NPAT)

$276.9m
10.6%

Earnings before interest and tax (EBIT)

$7.4b
0.5%

Total revenue
(including joint ventures and other income)

$18.6b
0.5%

Work-in-hand

People

12%

Percentage of female employees[1]

10%

Percentage of female senior executives[2]

13%

Percentage of female managers[3]

Health and safety

1

Fatalities

0

Fines and prosecutions

0.66
24%

Lost Time Injury
Frequency Rate (LTIFR)[4]

3.32
12%

Total Recordable
Injury Frequency Rate (TRIFR)[5]

Environment

1

Significant environmental incidents[6]

3

Fines and prosecutions[7]

▼3.5%

Energy consumption
compared to previous year

▼3.7%

Scope 1[8] and Scope 2[9] greenhouse gas
(GHG) emissions compared to previous year

215TJ

Annualised energy savings
(target 164TJ)

---

1   Total workforce.

2   Australia and New Zealand only. Senior executives include the CEO, key management personnel (excluding Board Directors) and 'other executives/general managers' as defined in the WGEA Reference Guide 2015-16.

3   Australia and New Zealand only. Managers include senior executives, as defined above, and 'senior managers' and 'other managers' as defined in the WGEA Reference Guide 2015-16.

4   Lost time injuries (LTIs) are defined as injuries that cause the injured person (employee or contractor) to be unfit to perform any work duties for one whole day or shift, or more, after the shift on which the injury occurred, and any injury that results, directly or indirectly, in the death of the person. The Lost Time Injury Frequency Rate is the number of LTIs per million hours worked.

5   The Total Recordable Injury Frequency Rate is the number of lost time injuries + medically treated injuries (employees and contractors) per million hours worked. Definitions used are based on AS1881.5 and documented in Downer's management system. All incidents are reported and recorded in a hosted database, INX, which covers all operations under Downer's management control.

6   A significant environmental incident or significant environmental spill (≥Level 4) is any environmental incident or spill where there is significant impact on or material harm to the environment; or a notifiable incident where there is a spill that results in significant impact or material harm; or there is long-term community irritation leading to disruptive actions and requiring continual management attention.

7   See performance data on page 49 for more detail.

8   Scope 1 emissions are those produced directly by Downer Group activities.

9   Scope 2 emissions are indirect emissions, such as electricity consumption.

Trends shown compare FY16 results with FY15.

Message from the CEO

I am pleased to present Downer's 2016 Sustainability Report.

During the year we have again demonstrated the resilience of our business in a challenging environment, with our stable revenue and work-in-hand highlighting the value of our diverse portfolio of businesses. This has enabled us to drive growth in core markets while continuing to deliver on the Downer Promise to work closely with our customers to help them succeed.

Our business is founded on the deeply held value of Zero Harm, and I was extremely saddened that one of our colleagues died in November last year while working on a project in Western Australia. We are determined to learn from this tragic loss – and from each and every incident – to ensure that our people can return home unharmed at the end of their shift.

In particular, we will continue to focus on understanding and managing the low-likelihood, high-consequence risks – the 'critical risks' – that have the potential to cause serious injury or death. Verifying that effective controls are in place to prevent and manage these risks will remain a key part of our ongoing improvement process.

We also take seriously our responsibility to minimise the environmental impacts of our operations, particularly those within carbon-intensive industries. In FY16 we implemented 40 new projects that contributed to significant reductions in both our energy consumption and our GHG emissions.

Our customers are increasingly looking to us to bring forward best-practice solutions that will challenge the way they are doing things, which is resulting in some excellent mutually beneficial outcomes. For example, partnering with State and local government customers during the year to pursue common environmental goals enabled us to set new benchmarks for the inclusion of recycled materials in road surfacing products.

We continue to strengthen our leading position in the renewable energy sector. We have now been involved in the construction of half of the wind turbines in Australia and are currently building the country's third-largest wind farm, Ararat. We are also broadening our services by diversifying into solar and during the year we bid successfully to build Australia's fifth largest solar farm for Queensland's Sunshine Coast Council.

Looking ahead, government investment is set to be a key driver of the economy in the short to medium term. Therefore, as we continue to face pressure in our resources-based businesses, we are successfully transitioning for growth in public infrastructure and service delivery. Over 55% of Downer's revenues are generated from servicing public infrastructure customers in Australia and New Zealand, and this percentage will rise as we grow our Transport, Utilities, Technology and Communications, Defence and Rail businesses.

Our strong balance sheet and excellent cash position mean that we are extremely well placed to win work, invest in the growth of our existing businesses, and expand through strategic merger or acquisition opportunities.

However, we recognise that ultimately our success is due to the dedication, hard work and smart thinking of our people. It is through their willingness and courage to challenge the status quo that we bring excellence to our customers' projects. We recognise how crucial workforce diversity is for generating new ideas by bringing different perspectives and experiences to our business, and we are therefore strengthening our strategic approach to recruitment to increase workforce participation across a range of target demographics. I will be chairing the newly restructured Group Diversity Steering Committee, as well as a new Reconciliation Action Plan Working Group.

I would like to express my gratitude to our employees, customers, host communities, business partners and suppliers for your continued support. I look forward to working with you to build a safer, more sustainable future for Downer.

Grant Fenn
Managing Director
and Chief Executive Officer

About this report

About this report

This Sustainability Report discloses our sustainability-related performance for the financial year ended 30 June 2016 for the activities of those businesses that are members of Downer Group (Downer EDI Limited).

Information for incorporated joint ventures has not been included, which is consistent with previous reports.

We have prepared this report in accordance with the 'Core'[10] option of the Global Reporting Initiative's (GRI) G4 Guidelines[11]. These guidelines emphasise the importance of identifying and reporting on issues or concerns that are material to our business and our stakeholders. We have adopted this approach because we believe that it is fundamental to our underpinning philosophy of *Relationships creating success*.

We also want our stakeholders to feel confident that what we have included in this report is both accurate and transparent. External assurance provider, KPMG, has been engaged to provide limited assurance over

Downer's application of the GRI G4 Principles for Defining Report Content, as well as over selected sustainability indicators in accordance with the GRI G4 Principles for Defining Report Quality. These selected sustainability indicators are: LTIFR, TRIFR, total direct (Scope 1), and indirect (Scope 2) GHG emissions, total energy consumption and production, any significant environmental incidents or spills, and the total number and value of safety and environmentally related fines or successful prosecutions. For ease of reference, a GRI G4 content index is located on page 50 of this report. KPMG's assurance statement is included on page 46.

In addition, as a member of the Minerals Council of Australia, we accept and are guided by the principles of Enduring Value, the industry's code for sustainable development,

which is based on the International Council on Mining and Metals' 10 Principles of Sustainable Development. We have indicated in the GRI G4 content index the linkages between our reporting and these principles.

Details of the joint ventures in which we participate are provided in our Annual Report. Any changes to the reporting boundaries or measurement methodologies applied compared to our previous Sustainability Report are addressed in the relevant report sections.

Downer has been recognised for its corporate sustainability leadership with inclusion on the Dow Jones Sustainability Australia Index.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

---

10 *G4 presents two options: Core and Comprehensive. Under the Core option, for each identified material Aspect, the organisation should disclose the Generic Disclosures on Management Approach (DMA) and at least one Indicator.*

11 *The GRI Sustainability Reporting Guidelines is the most widely used sustainability reporting framework in the world, providing a framework that supports a standardised approach to transparent and consistent sustainability reporting.*

About Downer

About **Downer**

Downer EDI Limited (Downer) is a leading provider of services to customers across six service lines: Transport Services, Technology and Communications Services, Utilities Services, Engineering, Construction and Maintenance (EC&M), Mining and Rail.

Headquartered in Sydney, Australia, we employ about 19,000 people across more than 200 sites and projects, mostly in Australia and New Zealand (Figure 1).

Our total revenue in FY16 was $7.4 billion, over half of which related to servicing public infrastructure (Figure 2). Eighty per cent of our total revenue was generated within Australia, 19% in New Zealand and less than 1% from all other regions. The contribution of each service line to total net revenue shows the level of diversification and scope of services in our business (Figure 3). Our work-in-hand as at 30 June 2016 was $18.6 billion. Detailed financial statements are provided in our Annual Report.
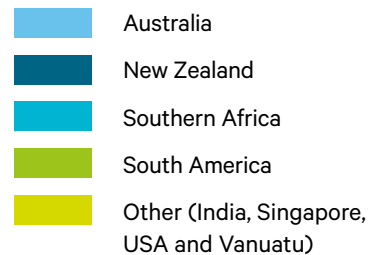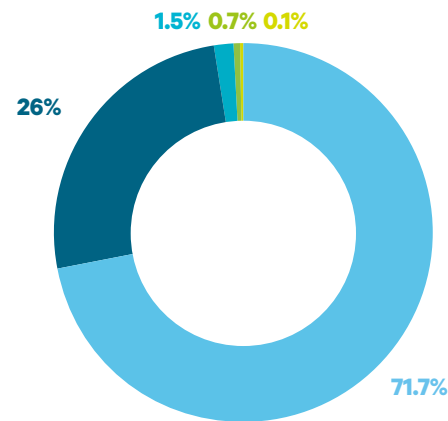
Figure 1:
Total workforce by region

- 1.5%
- 0.7%
- 0.1%
- 26%
- 71.7%

Legend:
- Australia
- New Zealand
- Southern Africa
- South America
- Other (India, Singapore, USA and Vanuatu)

Figure 2: FY16 total revenue by public and private sector

- 44%
- 56%

Legend:
- Public
- Private

Figure 3:
FY16 total revenue by service line

- 7%
- 11%
- 11%
- 21%
- 25%
- 25%

Legend:
- EC&M
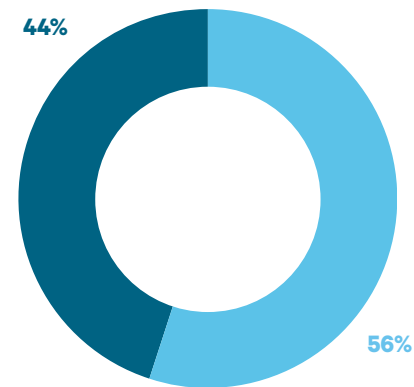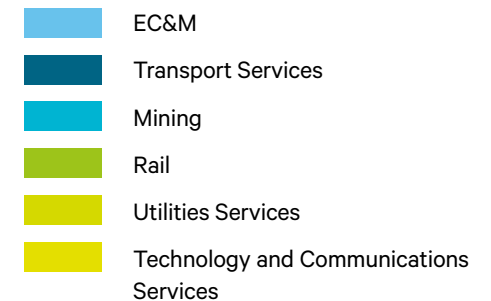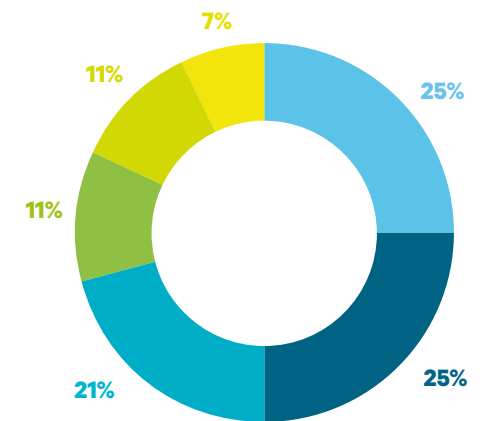- Transport Services
- Mining
- Rail
- Utilities Services
- Technology and Communications Services

Our Purpose, Promise and Pillars

Our business is founded on four Pillars that support our Promise and our Purpose.

Our Purpose

We exist to create and sustain the modern environment by building trusted relationships with our public and private sector customers.

Our Promise

To work closely with our customers to help them succeed, using world-leading insights and solutions.

Flexibility through diversification

We support our customers though the life of their assets, working across the full infrastructure and mining value chains, including feasibility, design, construction, commissioning, operations, monitoring, asset management, maintenance, refurbishment, renewal and replacement. Our flexibility and ability to respond to our customers' requirements are due to our diversified service offering and our highly skilled and experienced workforce.

To best deliver this wide range of services, we have structured our organisation into five operating divisions – Infrastructure Services, New Zealand, EC&M, Rail and Mining. Figure 5 shows their involvement across each of our six service lines, and Table 1 shows our capabilities within each service line.

Figure 4: The Downer Pillars

Safety

Zero Harm is embedded in Downer's culture and is fundamental to the company's future success

Delivery

We build trust by delivering on our promises with **excellence** while focusing on safety, value for money and efficiency

Relationships

We **collaborate** to build and sustain enduring relationships based on trust and **integrity**

Thought leadership

We remain at the forefront of our industry by employing the best people and having the **courage** to challenge the status quo
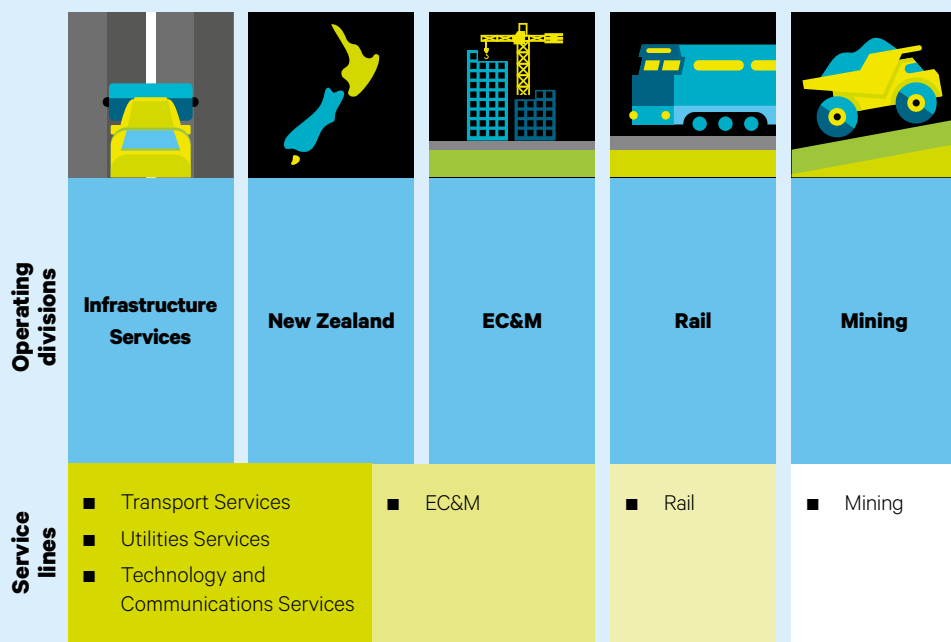
Figure 5: Our organisational structure

Table 1: Our service lines, capabilities and customer locations

Transport Services
- Civil construction, earthworks, surfacing, stabilisation, maintenance and asset management:
  - Roads
  - Rail
  - Ports, wharves, jetties
  - Airport runways
  - Bridges
- Rail track signalling and electrification
- Manufacture and supply of bituminous products

Customer locations:
Australia, New Zealand, Vanuatu

EC&M
- Processing plants and infrastructure:
  - Oil and gas
  - Coal, iron ore, industrial minerals
  - Agricultural
  - Industrial
- Storage facilities (silos, terminals)
- Waste management
- Buildings and facilities:
  - Health and aged care
  - Educational and research
  - Defence and airport terminal
  - Correctional facilities
  - Commercial and retail
  - Event and stadium
  - Public and local authority gardens
- Mineral processing

Customer locations:
Australia, Brazil, Canada, India, New Zealand, South Africa

Mining
- Open cut and underground mining
- Blasting services
- Tyre management
- Asset management
- Civil projects (mine site infrastructure)
- Mine reclamation and land rehabilitation
- Consulting, software and training for the mining industry

Customer locations:
Australia, Botswana, Chile, Namibia, New Zealand, Papua New Guinea, South Africa

Utilities Services
- Renewable energy generation and storage
- Water, wastewater and desalination plants and pipelines
- Urban gas storage and processing plants
- Gas and electricity transmission and distribution
- Agricultural irrigation schemes

Customer locations:
Australia, New Zealand

Rail
- Passenger and freight rolling stock (build, operate and maintain)
- Light rail and buses (operate and maintain)
- Component overhauls
- After-market parts

Customer locations:
Australia

Technology and Communications Services
- Communication networks (wireless, broadband, fixed)
- Data centres
- Intelligent Transport Systems
- Security, network and surveillance systems
- Automated ticketing

Customer locations:
Australia, New Zealand

What sustainability means to us

Central to our sustainability approach is our Zero Harm philosophy, which at Downer means sustaining a work environment that supports the health and safety of our people, and minimises the impact that our business has on the environment while advancing the communities where we work.

Our ability to understand and manage the sustainability of our activities is fundamental to our long-term success as a business. Consequently, our approach to sustainable development is intrinsically linked to our business objectives, and seeks to maintain an acceptable balance between the longer-term impacts of our operations and the need for short-term results by:

Maintaining our focus on Zero Harm by always putting health and safety first, and continually reducing the potential for harm to our people, communities and the environment;

Building core markets and capabilities by optimising our portfolio and performance by expanding our service offering. We will achieve this by employing the right people with the right skills in the right roles, promoting diversity, inclusiveness and employee development, and working with business partners and suppliers who share our values;

Strengthening customer relationships by assisting our customers to improve the sustainability of their businesses by working with them constructively to develop innovative commercial solutions by better understanding their needs, reducing costs and improving productivity. This will bring additional benefits to the host communities where we work through economic participation and community investment; and

Driving efficiency and productivity by 'right-sizing' our business to align with market conditions and optimise our costs and asset utilisation, matching these to our organisational capability to deliver the right results for our customers. By maximising resource efficiency by reducing our energy and water consumption and minimising our waste generation, we will also reduce our ecological footprint and the impact on our host communities.

Determining our material issues

We define our material issues as being those that reflect our significant economic, environmental and social impacts, or may substantively influence our stakeholders' opinions and decisions. By reporting on these issues, we aim to assist our stakeholders to exercise sound judgement in their dealings with us.

We consider our stakeholders to be all individuals and groups that are directly affected by our business, or who have the ability to impact it, as well as those that display an active interest in our activities. Building and maintaining honest and effective relationships with these stakeholders is key to our success.

To ensure that we are capturing the most important material issues to include in this report, we have reviewed matters raised during proactive stakeholder engagement, as well as through our risk register, media enquiries and reporting, queries from the investment community, community complaints, and any regulatory or legislative compliance issues that have arisen. The material issues identified have been discussed with, and validated by, our senior leaders. Our stakeholders and how we engage with them are shown in Table 2.

Table 2: How we engage with our stakeholders

STAKEHOLDER	HOW WE ENGAGE
Directly affected	
Customers	Meetings, surveys, joint sustainability initiatives, social media channels
Employees and contractors	Engagement surveys, presentations, meetings, performance reviews, competitions, Intranet, Downer Connect Facebook page, *Downer News* (printed and electronic newsletter), Our Voice[12]
Communities	Project-specific community engagement plans, local media, employment opportunities, local supply arrangements, community investment projects
Business partners	Joint venture boards and operating committees, meetings, workshops
Shareholders and investment community	Annual General Meeting, Annual Report, Sustainability Report, ASX releases, half-year and full-year results presentations and webcasts, Investor Day, social media channels
Suppliers	Inductions and training, meetings, contractor Zero Harm Days, tender and contract documents
Actively interested	
Government and regulators	Reporting, meetings
Industry associations	Representation on boards and committees, meetings
Media	Media releases, briefings and interviews, website, social media channels
Non-government organisations	Participation in forums, meetings
Unions	Meetings

12 See page 20.

By reviewing our performance in the context of our stakeholders' feedback, we are able to adapt the way in which we deliver our services and products, as well as how we interact with our supply chain.

The following are the issues that we have identified as being priority material areas for our business. Their boundaries are shown in Table 3.

Health and safety

The health and safety of our people and our communities is our first priority. Our Zero Harm culture is built on leading and inspiring, rethinking processes, applying lessons learnt, and adopting and adapting practices that aim to achieve zero work-related injuries.

Business resilience

The key to sustainable development is improving our existing business by optimising our operational activities and converting opportunities into strategic growth.

Governance

Our governance framework provides a platform for decision-making based on our organisational values – courage, collaboration, excellence and integrity.

Environment

Our social licence to operate is contingent upon our commitment to conducting our operations in a manner that is environmentally responsible and sustainable.

Customer relationships

We collaborate to build and sustain enduring relationships based on trust and integrity to deliver shared success. By truly understanding and predicting the needs of those with whom we partner, we bring world-leading ideas to transform possibilities into reality.

Supplier relationships

Our strategic partnerships with our suppliers not only deliver cost savings, reduced risk and security of supply, they also provide us with access to new technology and innovation.

Communities

Understanding the capability and the needs of our host communities allows us to adapt the way in which we deliver our services and products to minimise short-term impacts and create lasting benefits.

People and organisational capability

Recruiting and retaining the right people is fundamental to being able to deliver the best service options to our customers and providing a workplace that motivates people to excel. We aim to bring thought leadership to each stage of the asset lifecycle as we support our customers to plan, create and sustain.

These material issues align with our four Pillars. Effectively managing them allows us to fulfil our business promise, and deliver to our customers and the community. Our overarching governance framework ensures that these issues, and their associated risks and opportunities, are considered though various levels of operational and management review (see *Governance* section for more detail).

This report is structured around these material issues. Further explanation of why each issue is important, its potential impacts, how we are managing these and our performance in this regard is contained in the following sections.

Table 3: Boundaries of issues material to directly affected stakeholders

Downer Pillar	Issue	Interest	Internal	External				
			Employees and contractors	Business partners	Community	Customers	Shareholders and investment community	Suppliers
Safety	Health and safety	Managing health and safety risks; promoting employee wellbeing	■	■	■	■	■	■
Delivery	Business resilience	Financial returns; operational efficiency and productivity; sustainable strategic growth; innovation	■	■		■	■	■
	Governance	Risk management; legislative and regulatory compliance; continuous improvement	■	■		■	■	■
	Environment	Impact mitigation; carbon emissions; resource efficiency	■	■	■	■	■	■
Relationships	Customer relationships	Safety; value for money; cost efficiencies; productivity gains; innovative solutions	■	■		■		■
	Supplier relationships	Enduring, cooperative partnerships; sustainable benefits; transparent tendering arrangements; supply chain impacts	■	■		■		■
	Communities	Employment and training opportunities; local purchasing; community investment; environmental impacts	■	■	■	■		■
Thought Leadership	People and organisational capability	Diversity and inclusiveness; attraction and retention of skilled employees; employee development; involvement; innovation; knowledge management; leadership	■	■		■		■

Relationships creating success

Customer relationships and business resilience

The continued success of our business is due to our ability to adapt to changes in the industries in which we operate and, most importantly, to meet our customers' needs and expectations.

Our resilience in the face of continually challenging conditions in many of our markets is not only due to the diverse mix of services we offer, but also because we have:

- Wide geographical spread;
- Excellent customer relationships;
- A highly skilled, adaptable and experienced workforce;
- A keen focus on driving cost and productivity efficiencies;
- An innovative approach to meeting our customers' challenges; and
- A trusted network of suppliers.

Key to our business strategy is driving growth in core markets through focusing on serving our customers better across multiple products and service offerings, and expanding with them into overseas markets. We are also continuously exploring opportunities to grow our capabilities by expanding into new markets by partnering with other companies in joint ventures, or through merger and acquisition opportunities.

Close, collaborative partnerships are essential for delivering excellent outcomes, and we are engaging closely with our customers to understand their needs and play a more substantial role in their success. This includes working with them constructively to reduce costs and improve productivity. This is especially important for our customers in the resources industry, where depressed commodity prices have led to reduced volumes and lower levels of investment, increasing the industry's focus on production costs.

Cost management and business improvement are fundamental to ensuring our ongoing competitiveness, and form part of our day-to-day management and governance activities and formal planning processes.

We continue to take proactive steps to 'right-size' our business in line with market conditions and, in FY16, achieved a reduction in our costs of 2.0%, against a revenue decrease of 0.5%. Our internal business initiative, the Fit 4 Business Program, has achieved more than $600 million in cost benefits since its launch in FY11.

In addition, the business has seen a shift in its revenue base to more sustainable public infrastructure customers.

Our customers also look to us to bring smart solutions to their projects. We continue to invest in state-of-the-art technology to drive innovation and performance, including, for example, asphalt plants that use more recycled products and substantially less energy (see page 44). We also seek to attract 'thought leaders' to our business, and to provide a working environment where new perspectives and ideas are encouraged and embraced.

Supplier relationships

Our ability to deliver value-for-money services to our customers and maintain our market position depends on us having a secure, reliable and trusted supply chain.

We seek to build strategic, long-term partnerships with our suppliers, working cooperatively to identify opportunities for cost reductions, efficiency improvements, new technologies and productivity gains.

Due to the diverse nature of our business, our supply chain is very broad, with over 20,000 suppliers in Australia alone. In FY16 we made payments of an estimated $4 billion to suppliers, primarily based in Australia and New Zealand. Most of this expenditure was related to civil, electrical and mining subcontractors, plant and equipment (including light vehicles, heavy mobile equipment and locomotives), raw materials (such as bitumen, aggregate and explosives), consumables (including fuel, energy and tyres), engineering services, logistics, maintenance, repairs and operations.

We source most goods and services domestically, although many of these are manufactured outside Australia and New Zealand. We also purchase some items, such as rail parts for rolling stock and electrical and instrumentation requirements, directly from overseas suppliers.

Due to the labour-intensive nature of many of our contracts, for example road surfacing, we routinely engage 'wet-hire'[13] plant and equipment providers, and employ people through labour hire. In FY16 labour hire accounted for around 3% of total hours worked across our business and other contractors 27%. Continued use of contractors, which in FY16 accounted for 22.1% of our cost base, enables us to retain cost variability and be more flexible in our project delivery approach. By structuring our supply chain in this way, we are able to adapt and respond to the changing needs of our customers while optimising our risk position.

Our strategic procurement processes require all suppliers to share our values, and to comply with our Standards of Business Conduct and Procurement Supplier Requirements, which stipulate (among other conditions) that suppliers must:

- Engage fairly, respectfully and honestly with all supply chain members, including our customers, regulatory authorities and communities in which the supplier operates; and

- Support our commitment to Zero Harm, proactively complying with our environmental standards, human rights commitments, equal opportunities, ethics and ethical trading principles.

We will not conduct business with any country or organisation that is subject to any UN Security Council or Australian autonomous sanctions.

We use a supplier rating system that enables us to assess suppliers' quality and service performance. Cost performance is reviewed against implementation of best practice and, where necessary, we work with our suppliers to develop improvement action plans.

Our customers' project requirements for sustainable procurement are becoming increasingly stringent, and we have responded by increasing our knowledge of our supply chain. We have sought infrastructure sustainability ratings for a number of our projects (see *Environment* section), which has provided us with opportunities to improve our own practices by assessing the risks within the supply chain.

We understand our responsibilities to build local capability and foster innovation through supply chain collaboration. For example, we partnered with the Industry Capability Network to conduct a series of *Doing Business with Downer* sessions with Victorian small and medium-sized enterprises that were seeking to participate in infrastructure activities.

13 Wet hire means the hire of plant and equipment and the personnel to operate it.

Governance

Governance

Trust and integrity are fundamental to the way we do business, and we recognise the important role that good governance plays in demonstrating our transparency and accountability to our investors, customers and regulators. This, in turn, facilitates our access to capital and the sustainable growth of our business.

Our robust corporate governance framework also enables us to operate more efficiently, and provides the platform from which we identify, assess and manage material risks to our business.

Our management approach

Our Board provides strategic direction for the responsible, sustainable growth of our company. It also plays a key role in reviewing, ratifying and monitoring systems of risk management and internal control, as well as codes of conduct and legal compliance. Recognising the need for the highest standards of corporate behaviour, our Board endorses the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* – the benchmark for good governance in Australia.

Our Corporate Governance Statement for the year ending 30 June 2016 (in which we report against these principles) is included in our Annual Report.

Our Executive Team sets a range of sustainability-related targets for endorsement by the Board, some of which are included in the short-term incentive plan for our senior leaders. These targets play an important role in driving continuous performance improvement and assisting us to manage risk.

Our risk management governance framework and internal controls are underpinned by a robust company-level Risk Management Framework, which promotes a risk-aware culture, and enables us to address known risks and emerging issues promptly and effectively. The Framework incorporates evaluation and continuous improvement

metrics in line with the principles, framework and processes set out in the international standard ISO 31000:2009 *Risk management – Principles and guidelines*.

Several Board Committees assist the Board in discharging its responsibilities. A brief description of the role of these Committees is included below, and the charters for the Board and these Committees are available on our website in the Corporate Governance section.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee oversees the practices for selecting and appointing Directors, and for reviewing the performance of the Board. It also plays an overarching role in ensuring compliance with our corporate governance commitments and legal and regulatory obligations.

Remuneration Committee

The Remuneration Committee has responsibility for reviewing and making recommendations to the Board on senior executive[14] recruitment, retention, succession planning, remuneration and incentive plans.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in its oversight of our risk policies and profile, the effectiveness of our Risk Management Framework, and the integrity of our accounting and financial reporting practices.

Tender Risk Evaluation Committee

The Tender Risk Evaluation Committee assists the Board in the evaluation and approval of high-value tenders, by reviewing such matters as our capability and capacity to conduct the work, the suitability of partners and contractors, the project's strategic fit and financial returns, and the operational, legal and Zero Harm risks that it presents.

Zero Harm Committee

The Zero Harm Committee is pivotal to the continuous improvement of our health, safety, environmental and quality performance. It assists the Board by overseeing the development and implementation of management systems, procedures, policies and practices to ensure compliance with our obligations and commitments. The effectiveness of these management systems is monitored through an extensive internal audit program and third-party audits, with oversight by the Audit and Risk Committee.

14 All senior executives reporting to the Group Chief Executive Officer.

Further detail about these management systems is included in the *Health and safety* and *Environment* sections of this report.

A key aspect of monitoring the effectiveness of our corporate governance framework is the biannual assessment of our Directors, senior executives and senior managers, who complete the Financial and Corporate Governance Self-Assessment (also called the Directors' and Officers' Questionnaire). The assessment covers financial and non-financial material risks, and provides assurance to the Board that internal compliance and risk management processes are operating effectively. The assessment ensures that complete and accurate information is provided as part of the reporting processes, and confirms that we meet our legal, regulatory, ethical and other obligations.

Ethics and integrity

Our corporate reputation depends on our people. Our Standards of Business Conduct sets out our expectations of how they should conduct themselves when working for or representing, Downer.

The Standards of Business Conduct is approved by the Board and administered by the Group General Counsel and Company Secretary.

Applying not only to our Directors and employees, but also to all contractors and agents of Downer and its subsidiary companies throughout the world, the Standards of Business Conduct deals with such matters as:

- Engaging with stakeholders;
- Workplace safety;
- Sustainability;
- Diversity and inclusiveness;
- Workplace behaviour;
- Corporate governance; and
- Conflicts of interest, including bribery and corruption.

Our Chief Executive Officer is responsible to the Board for our culture, including the way we conduct our business. Our senior executives and management are responsible for supporting the Chief Executive Officer in upholding our high standard of conduct, and ensuring that our people understand and comply with the Standards of Business Conduct.

Familiarisation with the Standards of Business Conduct is a compulsory part of the induction process for new employees, Directors and business partners, all of whom must also complete refresher training every two years. Both the initial familiarisation and the refresher training take the form of e-learning modules

and a quiz. For those with computer access, this is online; for those without, face-to-face sessions are held.

We have a formal whistleblower policy and procedures for reporting and investigating breaches of the Standards of Business Conduct. This includes the Our Voice service; an external and independent reporting service that enables employees to anonymously report potential breaches of the Standards of Business Conduct, including misconduct or other unethical behaviour.

Our Anti-bribery and Corruption Policy also addresses certain matters of business conduct, such as working with government, political donations, human rights, conducting business internationally, and gifts and benefits. As we have operations in foreign jurisdictions, our employees may be confronted with the challenges of doing business in environments where bribery and corruption present a real risk. However, regardless of the country or culture within which our people work, we are committed to complying with the law in all jurisdictions and maintaining our reputation for ethical practice.

Influencing sustainability policy development

Our ability to inform and influence sustainability-related policy and decision-makers is facilitated by our membership of various peak industry bodies and organisations, including:

- Australian Constructors Association (ACA);
- Australian Industry Group;
- Australian Mines and Metals Association (AMMA);
- Australian Supply Chain Sustainability School;
- Business Council of Australia;
- Chamber of Minerals and Energy of Western Australia (CMEWA);
- Civil Contractors Federation;
- Clean Energy Council;
- Group of 100;
- Infrastructure Partnerships Australia;
- Infrastructure Sustainability Council of Australia;
- Institution of Professional Engineers New Zealand;
- Minerals Council of Australia (MCA);
- Queensland Resources Council; and
- Sustainable Business Council of New Zealand.

We are represented on the Boards of the ACA and MCA, CMEWA Council and AMMA Board Reference Group.

Health and safety

Health and safety

It is an ethical obligation, a societal expectation, a legislative requirement and a stay-in-business imperative that people are not harmed as a result of our activities.

Some of the industries in which we operate have been identified by Safe Work Australia to be among their priority industries, due to the high numbers and rates of employees affected or the inherent hazardous nature of these industries[15]. Despite this, we firmly believe that any injury is unacceptable and preventable. In everything we do, the health and safety of our people and communities is always our top priority.

For our customers, our health and safety record is an important consideration when deciding whether or not to engage us. For our people and contractors, it is a key influencer when choosing whether or not to work with us.

Our management approach

We are committed to the relentless pursuit of our goal of Zero Harm. We aim to achieve this through continued strong leadership, and by engaging, enabling and empowering our people. Core to our success will be maintaining our focus on:

■ Listening, setting clear expectations, developing and involving our people, leading and inspiring, and acting with integrity;

■ Managing risks that have the potential to cause serious harm;

■ Improving our management systems so that our approach is simple, robust and consistent across our businesses;

■ Learning from our experiences, celebrating success, doing what we say we will do and translating Zero Harm theory into good work practices; and

■ Promoting a culture where frontline teams have an enhanced commitment and capability to manage Zero Harm.

Robust, Group-wide systems

To ensure that hazards are identified, risks are managed and legal requirements are met, every Downer division has in place a health and safety management system, certified as a minimum to occupational health and safety management standard AS/NZS 4801 and, where required, to BS OHSAS 18001.

These international best-practice standards provide us with important benchmarks against which to assess the integrity of our systems, so that we can continuously improve them. In addition to the external audit required for certification, each system regularly undergoes further audit, both internally and by other third parties, and is subject to internal management review.

We also adhere to other third-party standards, such as the Office of the Federal Safety Commissioner, where such accreditation is required, and to individual customer's specific requirements on a project-by-project basis, as well as ensuring that we meet all applicable licence and regulatory conditions.

Consolidating our approach across a diverse business

In FY16 we completed the development of a revised Group-wide Zero Harm Framework, including the consolidation of divisional Policy Statements, which resulted in five consistent policy statements across Downer. The finalisation of this work further ensures a consistent and comprehensive approach to the management of Zero Harm across our business.

We have maintained our focus on understanding and managing the low-likelihood, high-consequence risks – the 'critical risks' – that have the potential to cause serious harm to our people, the environment or our operations. These include risks arising from plant or equipment maintenance, plant or vehicle operation, third-party interactions, underground and overhead services, falling objects, electrical work and working at height. Our businesses have identified and evaluated the controls that are critical in the prevention and management of these risks, and continue to strengthen these through our divisional management systems and Group-wide Critical Risk Management Program.

15 Safe Work Australia Australian Work Health and Safety Strategy 2012-2022.

Roller remedy removes risk

Fitting and Machine Shop Supervisor, Simon D'Monte, demonstrates the ergonomically improved descaling process.

Our Goldfields maintenance workshop in Kalgoorlie is often required to descale stainless steel rollers from nickel processing plants for reuse by the customer. Traditionally, this has involved an operator using a hand-held pneumatic air chisel to remove the build-up of hardened nickel from the two-metre-long roller; a task that has generally taken around two hours. Confident that there was a less hazardous way of doing this that removed the operator's risk of injury from the constant vibration, prolonged static posture and manual handling, Fitting and Machine Shop Supervisor, Simon D'Monte, set about engineering the following solution.

Two opposing guarded chisels, held in place by a specially manufactured jig, now descale the roller, which rests on a waist-high bed. The operator simply has to guide the roller back and forth through the jig, and has no direct contact with the chisels. Not only is the task now far safer, it is also much more efficient, only taking around 45 minutes to complete.

The maintenance and assurance of these critical controls is a key focus across the Group. Our approach is to have the right people checking the right things at the right time, having quality conversations about critical risks and ways of improving their critical controls, and sharing learnings to enable our leaders to drive improvements in areas that can make significant impact.

Embedding accountability for performance

Responsibilities and accountability for health and safety are clearly defined through our governance framework and Zero Harm management systems.

- The Board Zero Harm Committee oversees the development and implementation of systems, procedures, policies and practices to ensure compliance with our legal and regulatory obligations and other commitments.

- Our Executive Team has overall accountability for our health and safety performance. It is incumbent on the Executive to ensure that robust systems and processes are in place to enable our people to deliver a Zero Harm environment.

- Our divisional and operational managers are accountable and responsible for implementing these systems and processes, and for driving continuous performance improvement.

- Our people have a responsibility to follow, and be involved in developing, agreed work practices, comply with our Cardinal Rules and, when required, stop, challenge and report work practices that are unsafe or environmentally irresponsible.

We also specify accountabilities in performance agreements.

Additionally, senior management participates by invitation in an annual short-term incentive plan, of which 20% is allocated to health and safety. In FY16 the Key Performance Indicators (KPIs) relating to safety were once again a balance of leading and lagging indicators, and included:

- Fatal incidents, LTIFR and TRIFR; and

- Critical risk management, including High Potential Incidents.

These and other leading and lagging indicators are reviewed monthly at the Group and divisional levels to monitor behaviours, culture, performance and the progress of initiatives.

Fostering an aware and involved workforce

To ensure that our people remain informed and involved, we regularly communicate about and consult on Zero Harm matters across all our operations. We foster timely, two-way communication through pre-start, toolbox and Health and Safety Committee meetings, safety moments at the beginning of meetings, site visits and safety observations by senior management, and competitions. These are supported by resources such as Zero Harm noticeboards and our Intranet.

Pleasingly, the feedback we received through our employee engagement survey conducted in August 2015 (see page 32) clearly confirmed the success of our strategic approach to embedding a strong, inclusive safety culture within our organisation. Eighty-four per cent of all employees who responded to the survey agreed with the health and safety related statements included in the survey, compared to benchmark industries that recorded 64%.

We recognise the critical role that our supervisors play in ensuring a safe and healthy workplace, and provide specific training to develop their skills and guide their behaviours.

For example, supervisors in our EC&M and Infrastructure Services divisions attend the divisions' 'Achieving Zero Harm' workshop, which involves senior leaders working with their supervisory teams on how to achieve Zero Harm and examining the supervisor's role in leading a safety culture. An 'Achieving Zero Harm' module is also a mandatory part of our Mining division's Supervisor Capability Program.

We also offer specialised programs in specific skills to reduce operator risk and verify competency, as well as ongoing training for employees undertaking specialist technical operational activities in relation to inspections, identification of faults, repairs and maintenance.

We track all licences and required certifications through our learning management systems, and manage renewals to ensure that the skills of our workforce are maintained and current. This covers licences for vehicles, plant and equipment operators, and rail shunters, as well as access licences for specific locations, such as confined spaces, mine sites and rail corridors.
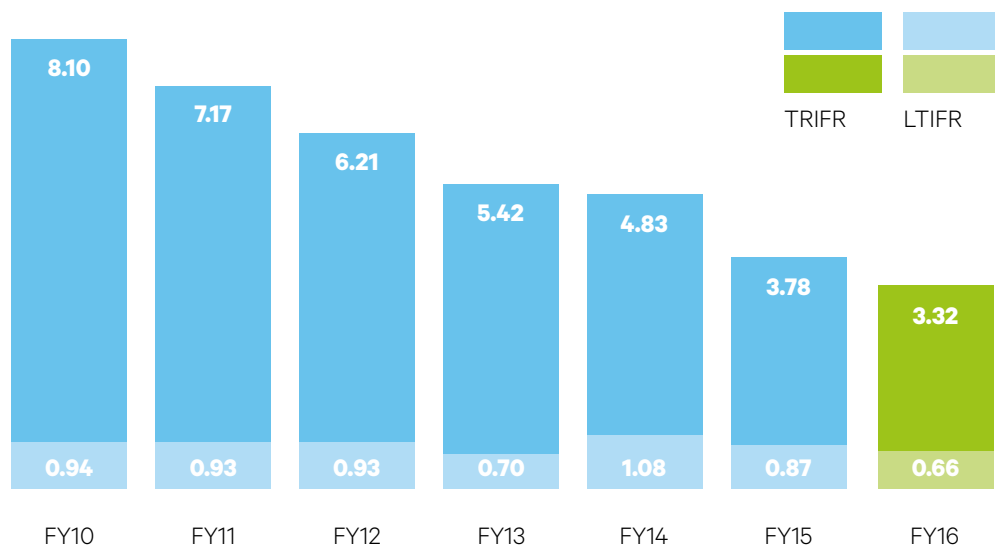
Promoting workplace wellness

We recognise that our employees' health and wellbeing go hand in hand with their safety and productivity. We therefore have a suite of programs to assist our employees, and to provide them with support and encouragement to adopt healthy behaviours. Such programs include:

- An injury management service to assist employees with both work-related and non-work-related injuries and illnesses to return to work;

- Health assessments, including pre-employment screening, industry-defined medical assessments and executive medicals;

- An Employee Assistance Program (EAP) for employees and their families that includes confidential counselling, and access to a home doctor service and accredited practising dieticians;

- A Manager Assistance service that assists managers and team leaders to manage difficult workplace situations;

- Education programs, support via the EAP and testing to support our zero tolerance to impairment due to alcohol or other drugs in the workplace;

- Participation in health promotion events, such as Movember, R U OK? Day and Stress Down Day; and

- A suite of benefits accessible to employees and their families, such as discounts on gym memberships, health insurance and holidays.

Figure 6: Lost time and total recordable injury frequency rates (per million hours worked)

	TRIFR	LTIFR

FY10: 8.10 / 0.94
FY11: 7.17 / 0.93
FY12: 6.21 / 0.93
FY13: 5.42 / 0.70
FY14: 4.83 / 1.08
FY15: 3.78 / 0.87
FY16: 3.32 / 0.66

Our performance

Tragically, in November 2015 one of our employees died while undertaking scaffolding work in Western Australia. We extend our deepest sympathies to his family, friends and colleagues, and continue to strengthen our resolve to ensure that incidents such as this do not occur again.

We monitor our health and safety performance (for employees and contractors) across a number of indicators, and benchmark publicly through the measurement of the lagging indicators LTIFR and TRIFR. Both indicators improved in FY16. Our LTIFR decreased from 0.87 to 0.66, and our TRIFR reduced from 3.78 to 3.32. This represents a 24% reduction in injuries that resulted in time lost and a 12% improvement in the number of recordable injuries. Our TRIFR has decreased by 47% over the past five years and by 79% over the past 10 years.

As part of responding to the GRI G4 reporting guidelines, this year we have also reported against the additional safety metrics of severity rate (lost days) and occupational disease rate by gender and region for our Australia and New Zealand employees, who comprise 98% of our workforce.

The TRIFR and severity rate are 12% and 7.5% higher respectively for our male employees in New Zealand than in Australia. The severity rate for our female employees, who account for 12% of our workforce, is considerably lower than that for their male counterparts in both Australia and New Zealand. The occupational disease rate is similar for male and female employees in Australia, whereas in New Zealand it is significantly lower for females than for males. See performance data on page 48 for more detail.

The principal cause of occupational diseases that resulted in medical treatment or lost days (total recordable injuries) was musculoskeletal disorders, which comprised 29% of all occupational diseases reported. This is consistent with trends published for Australian workplaces[16], and is due to the type of physical work often undertaken in engineering, construction and mining, such as manual handling, twisting, bending, repetitive work and working with vibrating machinery. We are continuing to implement initiatives (such as those described in the case studies on pages 23 and 27) that are aimed at reducing the incidence and severity of this type of injury.

We received no fines or prosecutions in FY16 as a result of breaches of Occupational Health and Safety legislation.

16 Safe Work Australia Industry Factsheets for Transport and Storage, Construction, Mining, Manufacturing 2011/12.

Achieving industry best practice

We are very proud of the fact that, during the year, we were recognised as having achieved industry best practice in Zero Harm in several areas of our business. We received the following industry awards:

- Australasian Rail Industry (ARI) Safety Award;

- Australian Asphalt Pavement Association (AAPA) – Safety Initiatives Awards – National, New South Wales and South Australia;

- Chamber of Minerals and Energy of Western Australia's 2015 Safety and Health Innovation Awards – People Category;

- National Electrical and Communications Association (NECA) WA – Workplace Health and Safety Award; and

- NSW Minerals Council Health Excellence Award.

We also received a Gold award at the LearnX Impact Awards for the customised e-learning modules that we have developed for our incident and event reporting system, INX InControl.

Capturing ideas for a safer workplace

Our Zero Harm culture is built on leading and inspiring, rethinking processes, learning lessons from what has worked well, and adopting and adapting practices that aim to achieve zero work-related injuries. In FY16 we held our inaugural Group-wide innovation competition 'Future Box', which attracted 286 submissions from across our divisions, many of which were health and safety related. Three out of the five winning submissions presented safer ways of carrying out routine tasks. One of these is featured in the case study on this page.

This competition proved an excellent mechanism for bringing to our attention the innovation that our people bring to our business, and the opportunity to explore the transferability of these initiatives across our business and beyond. We look forward to capturing more ideas for improvement when we run Future Box again in FY17.

17 A cross arm is a piece of wood or hollow steel tube that is mounted perpendicular to a utility pole used to hold up power lines.

Simple solution eliminates cross arm harm

Site Manager, David Burbidge, leader of the team that developed the innovative safety solution shows the sling attached to the EWP bucket.

To reduce the risk of objects, such as cross arms[17], falling from Elevated Work Platforms (EWP) while being lifted for installation on power poles, we have developed an inexpensive, easy-to-install solution that is very user-friendly.

After exploring various options, it proved as simple as lifting up the rigid insulating liner from the fibreglass EWP bucket, wrapping a strap around it, and then securing the cross arm to the EWP bucket using two slings attached to the strap by carabiners. In this way, the cross arm is held in place while being lifted and is easy to release once fastened to the power pole.

To ensure that the idea could be manufactured to meet all Australian and New Zealand safety standards, we partnered with lifting solutions firm Nobles. The result was a tool that can be installed in less than five minutes by just two people, costs under $200 per unit, is suitable for all EWP makes and models that have an insulating liner, and, most importantly, is protecting our people from harm.

Our focus for FY17

In the year ahead we will be focusing on:

- Managing our critical risks;
- Continuing to review, measure and benchmark our performance across a range of leading and lagging indicators, to provide assurance that the business has the necessary processes in place to manage Zero Harm risks to minimise the number of incidents and that these processes are being actively used;
- Strengthening our systems;
- Providing appropriate skills, leadership and training to employees and contractors; and
- Learning from audit and incident investigation findings.

Reusable transport frames reduce risk and resource consumption

Mechanical Engineer – Design Verification, Thomas Romeijn, designed the new reusable transport frames.

Our Mineral Technologies team's new reusable metal transport frames have made the task of transporting their six-metre-long, 250kg mineral-separating spiral assemblies safer, cheaper and more environmentally friendly.

Unlike the formerly used wooden frames, which had to be assembled from scratch and were discarded after delivery, the new frames can be folded and flat-packed for easy return by our customers, who are encouraged to do so through a refund scheme. This eliminates the hazards that were associated with dismantling the wooden frames, such as working at height and in tight spaces, and the risk of injury while removing nails.

The risks on site at Mineral Technologies are also greatly reduced, as the hazards associated with the construction of the wooden frames, such as the use of nail guns, have been removed. Furthermore, the metal frames, which were both developed and certified in house, are easier to manoeuvre, as they have wheels at the front that enable them to be rolled rather than lifted into the container for transport. They also serve as storage facilities, reducing trip hazards and freeing up valuable floor space.

The new frames also have the potential to lead to considerable long-term cost savings and environmental benefits, as their reuse could reduce timber consumption by an estimated minimum of 5.2 tonnes per year for a standard project, with the savings reaching as high as 23 tonnes per year for a major project.

Our people
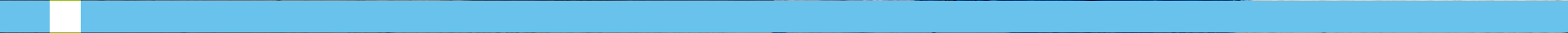
Our people

We work in a highly competitive environment, and our customers look to us to bring innovative solutions and excellent outcomes to their projects. The quality of our teams is therefore a key factor in winning work.

We are highly focused on providing superior leadership and maintaining an engaged, high-performing workforce where our employees are motivated to challenge the status quo.

We believe that embracing difference fuels innovation and enables more informed decision-making, which is why we promote diversity and inclusiveness in our workplaces. We recognise that by learning from the many and varied experiences of our people, and listening to their perceptions and ideas, we will become both more resilient and more resourceful.

We also understand that the growth of our company is intrinsically linked to the development of our people. To ensure that our employees feel inspired, engaged and empowered, we place a high priority on providing the skills, systems and support that they need to meet their personal and professional goals. This is also integral to the retention of the talent that sets us apart from our competitors.

Our workforce profile

At the end of FY16 we employed about 19,000 people (excluding contractors).

We have a wide variety of employee relations arrangements across our business, including individual contracts of employment and collective agreements. This reflects the diverse sectors in which we operate. Approximately 65% of our employees based in Australia and New Zealand are covered by collective agreements and industry-based awards.

We have an Industrial and Employee Relations Management Policy, and obligations under the relevant employment legislation in the countries in which we operate, that recognise the right to freedom of association.

Our management approach

Leveraging difference

Notwithstanding the challenges of changing workforce composition in the current economic climate, we remain fully committed to increasing female participation through proactive recruitment and internal advancement strategies. To encourage women to apply for advertised positions, we have redesigned our advertising templates and careers website to reflect our genuine commitment to gender diversity. We have set and implemented targets to ensure that female candidates are included on shortlists wherever appropriate, in particular for management roles. We have also completed a job grading process, which has enabled us to embark on a comprehensive gender remuneration gap analysis, and we are implementing action plans to address any anomalies.

We recognise that each generation brings different perspectives and levels of experience to our business, and therefore it is important to us to have a workforce composed of different age demographics. We have a significant number of employees considering retirement in the next five to ten years. To ensure that we continue to benefit from the depth of knowledge of this important employee group, we are currently exploring a range of flexible work options to enable our older employees to meet their changing work-life balance requirements and plan for their transition to retirement.

We acknowledge Aboriginal and Torres Strait Islander peoples as the First Australians and the Traditional Custodians of Australia, and recognise and respect their history, cultures, and connection to lands and places.

Our draft 'Reflect' Reconciliation Action Plan (RAP)[18], which has been lodged with Reconciliation Australia, confirms our commitment to furthering the advancement of Aboriginal and Torres Strait Islander peoples. It provides a framework and a 12-month action plan for investigating opportunities to increase Aboriginal and Torres Strait Islander participation in both our workforce and our supply chain. It also seeks to promote cultural awareness through employee engagement; for example, by continuing our participation in such events as National Reconciliation Week and NAIDOC Week.

A RAP Working Group, comprising the Group CEO and CEOs of our Australian businesses, will be formed to drive the implementation of the RAP, with a view to moving to an 'Innovate' RAP in FY18.

18 Reconciliation Action Plans provide a framework for organisations to realise their vision for reconciliation. There are four types – Reflect, Innovate, Stretch and Elevate – depending on an organisation's progress in Aboriginal and Torres Strait Islander employment, retention, cultural awareness and procurement.

We also acknowledge the special place that Māori hold as Tangata Whenua (people of the land) in New Zealand and are committed to creating an environment that promotes opportunities for Māori. This begins with executive sponsorship, and is reflected in recruitment messaging, education and awareness strategies.

In FY17 we will be formalising Diversity Steering Committees in each of our divisions. These will report to the Group Diversity Steering Committee, enabling us to capture and share successful initiatives, and set realistic targets through better understanding opportunities and challenges within each division.

Our redesigned performance and development framework will also play an important role in managing the challenge of increasing diversity in our workforce, both by enabling more informed input into succession planning and the identification of appropriate career pathways, and by providing an important vehicle to facilitate the achievement of our employees' personal goals both within and outside the workplace.

Developing our people

During the year we continued to invest in talent development to ensure that we have the best people engaged in the business.

We have in place a comprehensive leadership development framework (described on page 31), and tailored divisional initiatives, such as the Supervisor Essentials Program run by our EC&M and Infrastructure Services divisions, Rail's Frontline Leadership Program and Mining's Supervisor Capability Program, all of which target supervisors' behaviours and skills.

Complementing these programs, we have developed our own customised mentoring program, which provides the tools necessary to support mentoring relationships. In FY17 we will be holding workshops to help mentors and mentees make the most of their interactions.

In addition to developing our existing talent, we also invest in our employees at the start of their careers and support current employees who wish to pursue a new career pathway. In this way, we are developing an engaged and committed talent pool to lead the business into the future. We have a number of well-established development programs throughout the business.

Karratha project provides traineeship opportunities

Downer, LandCorp and TAFE representatives joined participants for their Certificate III graduation ceremony.

The Karratha City Centre revitalisation project provided the perfect opportunity for us to introduce eight Aboriginal people from the Pilbara to the civil construction industry through a specially tailored Aboriginal Training and Employment Program.

Sixty applications were received for the eight-week construction training course, which commenced in October 2015. It included modules such as forklift and water cart operation, hand and power tools, working at heights, traffic management, first aid, and workplace health and safety, which were conducted by North Regional TAFE. At the end of the training, the eight successful applicants graduated with a Certificate III in Civil Construction and a Downer worksite accreditation.

At the end of the program, four of the eight participants were offered four weeks' work experience on the Karratha City Centre Project, gaining hands-on experience of road construction, underground services, landscaping, and stormwater and sewer drainage. On completion, two of the participants joined us as trainees in Civil Construction.

The program delivers on a commitment that we made through an Aboriginal Participation Plan established with our customer LandCorp.

These include:

- Traineeships, apprenticeships and cadet programs

  Currently these programs are delivered by our divisions based on their specific needs. For example, our Mining division offers existing employees and local school leavers apprenticeships in mechanical, boilermaking and electrical trades, as well as traineeships in administration and logistics, while its Cadet Program provides employees with the opportunity to study mining engineering while gaining valuable on-the-job experience. Our New Zealand division supports employees to complete the new Civil Infrastructure Trades qualification, and our Rail business recently introduced a new Mobile Plant Apprenticeship program.

  We were very proud when, during the year, electrical apprentice, Izabella Wielga, won the EPIC ITB[19] Outstanding Apprentice 2015 Award and apprentice lineworker, Troy McCluskey, won Apprenticeships Group Australia 2016 Apprentice of the Year award.

---

19 *Victoria's Electrotechnology, Printing, IT and Communications Industry Training Board*

- Internship programs

  These provide valuable industry experience to future talent while they complete their university studies. We have strong links with universities throughout Australia and New Zealand.

- Graduate development programs

  Our well-regarded programs cover a range of operational and functional roles, and are designed around the key professional capabilities required within each division.

Our performance

As at 30 June 2016, 12% of employees directly employed Group-wide were female, consistent with the previous year. In our Australian and New Zealand businesses (which represent 98% of our total workforce), women held 10% of senior executive roles and 13% of all manager roles. Two of the six Non-executive Directors on our Board are women, with a third female Non-executive Director appointed and due to commence in September 2016. Twelve per cent of our new employees in Australia and New Zealand in FY16 were female.

More information about our workforce composition is included in the performance data on page 48.

An innovative approach to building leadership capability

In early 2016 we launched our Executive Development Framework, which encompasses strategic leadership, business acumen and thought leadership. Through coursework, strategic projects, coaching and mentoring, the framework aims to build our future executive pipeline by linking talent and succession planning to provide a vehicle for career pathways across the organisation.

During the year our innovative approach to developing our frontline supervisors and middle leaders received external recognition when we received the Australian Institute of Training and Development's Best Talent Development Program Award for our Project Plus and LEaD (Leadership Excellence at Downer) courses. Both programs, which we developed in house, use Downer-specific case studies to illustrate the practical skills required to deliver profitable projects and excellent customer outcomes in our complex and fast-changing environment.

Project Plus comprises a suite of programs and support tools aimed at strengthening our project managers' capability to deliver projects safely, on time and on budget. These learnings are then enhanced through participation in the LEaD program. Since the introduction of LEaD in 2014, around 400 of our employees in Australia have completed the program.

In New Zealand we have been developing our leaders through the Inspiring Leaders Program, with over 850 people now having completed one of the three levels of the program. In addition, around 70 people have attended our Māori Leadership Program (see case study on page 32).

Building partnerships with educational institutions

In June 2016 our Infrastructure Services division embarked on a two-year partnership with Victoria's biggest regional university, Federation University Australia, providing $160,000 to fund eight industry placements for undergraduate students in 2017.

Our Rail business has partnered with TAFE NSW to launch the Plant, Heavy Vehicle and Auto Electrical Training Centre at Kurri Kurri campus. We will be providing rolling stock equipment to the facility for technical training, apprentice development and associated training, while TAFE NSW will make available to us classrooms, workshop and laboratory facilities.

These mutually beneficial programs provide us with the opportunity to extend our skills training and enhance our organisational capability.

What our people are telling us

In August 2015 we conducted our annual 'Have Your Say' employee engagement survey to seek the views of our people on how well they consider we are performing as an employer. Highest rated were the collegiate environment, harassment-free workplace, and strong health and safety culture. Employees also reported a high level of job satisfaction, role clarity and commitment to Downer. Areas in which they felt we could do better included inter-divisional collaboration, change management, career progression, and recognition and reward. These will be focus areas for the future.

Our focus for FY17

During FY17 we will be focusing on:

- Continued improvement of talent identification, talent management and succession planning;
- Introducing our new performance and development framework;
- Growing our diversity and inclusiveness program more broadly under the direction of our Group Diversity Steering Committee supported by the Divisional Diversity Steering Committees; and
- Promoting and communicating flexible work options.

20 Custom and culture.

21 A Māori meeting place.

Empowering Māori Leaders

Māori customs and culture underpin the unique leadership program.

Truly understanding, embracing and leveraging cultural differences within our workforce has been key to the success of our Māori Leadership Program. Sixteen per cent of our people in New Zealand are Māori, which is not currently reflected across leadership positions.

To address this, Māori leaders within our New Zealand team were engaged in the development of a unique program around tikanga[20] Māori, as a means of developing and empowering Māori leaders. An internal Māori Development Advisory Board was formed to oversee the program and assess nominations, ensuring an appropriate mix of gender and age.

The program comprises three two-day workshops, the first and last of which take place on a marae[21], and explore Orokotimatanga (beginning/unfolding/awakening) and Whakapuamai (flourishing/blossoming/going forth). The second workshop takes place at Sudbury Farm, where innovative programs use horses to help develop leadership presence. The theme of this workshop is Whakawhanake (learning/growing/opportunity).

The inaugural program commenced in March 2015, following a successful pilot in 2014. A further two programs began later in the year, both of which were funded by Te Puni Kōkiri (the Ministry of Maori Development). Of the 30 Māori employees who completed the first program, 13 have since been promoted into new positions at Downer, and many others have taken a step up in their current roles with their families and communities. A further 40 people will complete the program in early FY17.

Several non-Māori senior managers are also participating in the program to develop their knowledge and understanding of Māori, which has increased engagement and promoted active sponsorship across the business.

Our communities

Our communities

We work within many communities across Australia and overseas and, whether involved in short- or long-term projects, we are committed to open and transparent communication, recognising the important role that trust plays in facilitating our social licence to operate.

By fostering meaningful, enduring relationships, we are better able to understand our impacts, respond promptly to residents' concerns, identify local supply and employment opportunities, and direct our sponsorship and donation support to the areas where the greatest need exists.

Our management approach

We have stakeholder engagement processes in place to help us to understand our social, economic and environmental impacts. We know, for example, that our construction and mining operations have the potential to impact on local residents through noise and dust, and that roadworks may cause sustained inconvenience to road users. Our projects are therefore required to have procedures in place to manage issues, and to capture and resolve any complaints received.

We also recognise the significant socio-economic benefits that our presence in a community can bring. We engage with local suppliers and contractors, and participate in regional business groups and chambers of commerce, to ensure that opportunities for employment and the supply of goods and services are effectively communicated.

Our performance

Some of our projects are in remote or regional locations, where the provision of job opportunities is a key community concern. Wherever possible, we recruit locally and, particularly on longer-term projects, we are often able to provide training and apprenticeship opportunities.

Of particular focus in remote communities is the engagement of Aboriginal and Torres Strait Islander people, either within our workforce or as contractors (see case studies on pages 30 and 36). Since 1996 we have worked continuously with Aboriginal-owned mining contractor, Carey Mining, at Western Australian mining operations, and have a joint venture with Carey at Sunrise Dam gold mine to deliver a five-year contract for AngloGold Ashanti. We also have a joint venture with Karlayura Enterprise for mine reclamation and land rehabilitation works.

Partnering with community organisations

In addition to providing local employment opportunities, we are committed to making a positive contribution to the communities in which we operate through sponsorships and donations, either financial or in kind. We take pride in our partnerships with community organisations and charities, which in FY16 included the following:

- Australian Literacy & Numeracy Foundation's Wall of Hands Appeal;
- CareFlight – Northern Operations;
- Cerebral Palsy League's Metal for Mobility program;
- Garnduwa Festival;
- Genesis Youth Trust;
- Great Barrier Reef Foundation;
- Maryborough Netball Association;
- Mogalakwena Sustainable Development Program;
- Police-Citizens Youth Club Blackwater;
- Roy Hill Community Foundation;
- South Burnett Food and Wine in the Park Festival
- The Smith Family's Learning for Life program; and
- Westpac Rescue Helicopter Service.

In addition, this year marked the tenth anniversary of our funding of the Soft Cogs cycling team's participation in the 'MS Sydney to the Gong Ride'. This annual ride from Sydney to Wollongong raises money for Multiple Sclerosis Australia. We have supported the Soft Cogs since the team first took part in the ride in 2006, and it has now raised more money than any other team in the history of the event. In November 2015 these dedicated riders passed their $1 million milestone.

We also continued our partnership with Jawun, a not-for-profit organisation that places secondees from corporate, government and philanthropic partners into Aboriginal organisations across Australia to share their skills. By assisting Aboriginal leaders, organisations and communities to achieve their own development goals, our employees have a unique and rewarding experience while delivering lasting benefits to their host communities. In FY16 eight of our people completed secondments on Cape York, and in West Kimberley and Inner Sydney.

Tailored to their personal skill set, their secondments were varied. They included, for example:

- Advising on the steps required to progress the development of a commercial marina;
- Developing and implementing a safety system for a new office building;
- Providing project management expertise to enable an Aboriginal business to prequalify for Department of Transport and Main Roads contracts; and
- Conducting a full business risk assessment for a not-for-profit organisation.

Young professionals in our New Zealand team are being given a remarkable growth opportunity by lending a helping hand to one of the poorest nations in the Pacific region. In the past decade, the Solomon Islands has been badly affected by earthquakes, severe flooding and a tsunami. Despite this, the country has one of the region's fastest-growing populations, but only one in five of its people is fully literate. Education, and especially the provision of more schools, is therefore a top priority.

Through our exclusive three-year partnership with Volunteer Service Abroad (VSA), each year four of our young professionals are embarking on a three-month assignment to the Solomons to help the local people carry out much-needed maintenance on school buildings and build new classrooms. Not only does our volunteers' involvement fast-track these works, but their exposure to different cultures and situations provides them with experience that supports their professional development, enhances their leadership skills and enables them to build strong networks.

This innovative component of our Young Professionals Program was recognised at the 2015 New Zealand Association of Graduate Employers Graduate Industry Awards, when it was awarded Best Innovation and Runner-up, Best Graduate Development Program.

Labels for cables lead to community connection

Westhaven supported employees making fencing panels.

Our contract to roll out the National Broadband Network (NBN) to homes and businesses in northern News South Wales requires many kilometres of cable, and every length of cable requires two identification labels. In Dubbo these tiny tags have been produced by local community organisation, the Westhaven Association, which provides supported employment and accommodation for adults with intellectual disabilities.

In the year-and-a-half that they have been working with us, Westhaven's supported employees have produced thousands of labels, averaging around 550 a month over the final 12 months of the Dubbo roll-out.

While waiting to start the next wave of production for the roll-out in Mudgee, they adeptly turned their skills to manufacturing portable safety fencing to fill an order of 400 panels for us to use while we are installing cable and doing other civil works.

Westhaven's Chief Executive Officer, Christian Grieves, said: "It's a wonderful opportunity for people with a disability to assist Downer in their roll-out of the NBN in Australia. It's often a challenge to find businesses willing to collaborate on social enterprise, and Downer working with Westhaven means more work for people with a disability living in the community."

Our focus for FY17

During FY17 we will be focusing on:

- Proactively identifying local supply and employment opportunities, and capturing better information in this regard;
- Strengthening our community engagement processes to enable us to:
  - Better understand our impacts;
  - Respond effectively to concerns or suggestions for improvement raised; and
  - Direct our sponsorship and donation support to the areas where the greatest need exists; and
- Continuing to build on our community partnerships through, in particular, promoting employee involvement.

Working together to achieve employment success

Downer representatives, Traditional Owners and Garnduwa Festival organisers celebrate another successful event in Fitzroy Crossing.

In September 2016 our six years at the Christmas Creek iron ore mine in the Pilbara, Western Australia will draw to a close, but the legacy that we leave of industry-leading Aboriginal and Torres Strait Islander participation will be one of which we will be forever proud.

Eighteen per cent of our total workforce at Christmas Creek comprises people of Aboriginal and Torres Strait Islander descent. Most of these 170 people are directly employed in roles such as trainee mobile plant operators, blast crew members, tyre fitters, trades assistants, supervisors and superintendents, while the remaining 18% are indirectly employed through Aboriginal businesses.

Critical to this outstanding outcome was the early establishment of a relationship with Guruma Yani U Men's Shed in Fitzroy Crossing in the Eastern Kimberley region. In conjunction with the Men's Shed, we have held six recruitment workshops, attended by well over 200 Fitzroy Crossing residents.

Fifty of these participants went on to join us as trainee operators, and, through a service agreement, the Men's Shed helped them to build their skills and confidence to give them the best possible chance of succeeding in a Fly In Fly Out environment. Thanks to this invaluable support, we have achieved a 90% retention rate.

During the year we also continued our long-term support of the Fitzroy Crossing community by sponsoring the ladies' basketball final at the Smarter than Smoking Garnduwa Festival in September, and will do so again in FY17. This annual cultural festival, which promotes healthy living, brings together over 3,000 Aboriginal people from across the Kimberley region.

Environment

Environment

We recognise that we cannot provide our diverse products and services without having some impact on the environment.

In general, these impacts relate to the GHG emissions from our own operations and the work we undertake for our customers, as well as the direct environmental impacts to land, air and water from our construction and mining activities.

Effective management of our impacts not only enables us to meet our compliance obligations and retain our social licence to operate, but also makes good business sense.

By developing processes and technologies to reduce our energy consumption and GHG emissions, we are able to reduce our environmental footprint, while at the same time increasing our cost-competitiveness, and creating cost savings and efficiency gains for both ourselves and our customers. Our customers are also looking to us to provide them with low carbon solutions for their infrastructure and mining projects, and government contracts for major projects are setting more stringent sustainability and environmental management performance criteria in this regard.

We are increasingly focusing our attention on managing risks associated with climate change, but are also taking advantage of the considerable commercial opportunities that it presents for our business. We are now one of the largest and most experienced providers of design, build and maintenance services to Australia's renewable energy market.

Our management approach

Our robust management systems provide a framework that guides our approach to the key areas of risk management, compliance, minimising our environmental impacts, and maximising resource efficiency opportunities in both our own and our customers' businesses.

Our primary focus during the year was on managing our top critical environmental risks by embedding critical risk controls into divisional management systems, and conducting verification that the controls were in place and effective.

Each divisional management system is benchmarked against, and certified to, the international environmental management system standard ISO 14001. We also adhere to other third-party standards and guidelines, as well as customer-specific requirements, on a project-by-project basis, and ensure that we meet all applicable licence and regulatory conditions. Each management system is reviewed regularly, undergoing internal and external audit, to ensure that effective controls are maintained and opportunities for continuous improvement are identified.

As a consequence of the review undertaken of the Group-wide Zero Harm framework, our divisional environmental and sustainability polices have now been amalgamated into a single Downer Environmental Sustainability Policy, which is supported by a set of *10 Environmental Principles*. These principles are an important central awareness and engagement tool, providing practical messages to assist our frontline workers to achieve environmental compliance.

10 Environmental Principles

1	Check approvals and permits are in place before starting work
2	Protect waterways and be prepared for spill events
3	Use effective erosion and sediment controls
4	Store and secure chemical substances in a bunded area
5	Reduce, reuse, recycle to minimise waste
6	Manage noise, vibration, dust, odour and fume to minimise impact on the community
7	Protect flora and fauna and prevent the spread of weeds and pests
8	Protect and report cultural, heritage and other finds
9	Report all environmental hazards and incidents
10	Keep every site secure, tidy and housekeeping maintained

Embedding accountability for performance

Responsibilities and accountability for environmental and sustainability performance are clearly defined through our governance framework and the Zero Harm management system, which is described in the *Health and safety* section of this report.

In the senior management short-term incentive plan, 10% is allocated to environmental sustainability measures, with 5% relating to management of critical environmental risks and delivery of a critical environmental risk mitigation program, and 5% to energy efficiency and GHG emissions reduction.

En route to haul road optimisation

In-pit conditions at Boggabri following the optimisation measures.

A three-pronged approach to haul road optimisation has led our team at Boggabri coal mine on a path towards significant water savings, enhanced operator safety and reduced wheel-generated dust.

More efficient, standardised water delivery was a priority, and so the ADE ECO Spray measureable water-delivery system was fitted to all four watercarts on site. This involves installing specific spray heads onto the watercarts to limit the atomisation of the water and pump controls to vary the amount of water delivered to the haul road surface based on ground speed. Since the introduction of this safety-focused initiative across the Mining division's open cut projects in the east, there has been a 64.5% reduction in uncontrolled vehicle movements attributable to haul road watering. Boggabri's performance has been in line with this improvement.

It was also necessary to re-set the operational understanding that using more water was better for dust control. KPIs have now been introduced, providing operators and supervisors with a target of watercart loads per hour, enabling the management of effective spray time and reducing the occurrences of overwatering.

Finally, in February 2016, RST's Avenger Coal and Boost X products were introduced. These are added via an automatic dosing system when the watercarts fill up. The environmentally safe products work by penetrating the haul road surface and binding the soil particles together, so that there is less chance of them becoming airborne.

The combination of these three initiatives resulted in water savings of 11.3% in litres per square metre between January and May 2016 compared with the same period in 2014. To continue the improvements, the team is now investigating an online monitoring system to track water use efficiency and provide forecast usage patterns for each shift.

Infrastructure sustainability rating hat-trick

Downer Group General Manager Environment Operations, Ricky Bridge, receives the 'Excellent' certificate for the RWTF project from ISCA Director, Alison Rowe, and ISCA Chairman, David Singleton.

Our association with the Infrastructure Sustainability Council of Australia[22] (ISCA) has led to a series of firsts, clearly confirming our commitment to environmentally responsible construction.

It began when Tenix's Whitsundays Sewerage Treatment Plant Upgrade project became the first project to achieve both ISCA's Infrastructure Sustainability (IS) Design and IS As Built ratings[23] (in April 2013 and August 2014 respectively).

Then in October 2015, together with partner Melbourne Cricket Club, Downer was awarded ISCA's first-ever 'Excellent' IS Operation rating for the Yarra Park Recycled Water Treatment Facility (RWTF) at the

Melbourne Cricket Ground. Since commissioning, the RWTF (which we designed, built and now operate) has achieved water efficiencies of 7% and above, supplied 99.99% of potable water replacement demand, and introduced process improvements that have cut chemical usage by 45% and significantly reduced energy consumption.

We achieved our third 'first' when we registered the first renewable energy project – the Ararat Wind Farm – for an IS As Built rating in March 2016. Participating in the IS rating process while we build Australia's third-largest windfarm will enable us to both measure our sustainability performance and set a benchmark for the industry.

22 The Infrastructure Sustainability Council of Australia (ISCA) is a member-based, not-for-profit industry (public and private) council, and is the peak industry body for advancing sustainability in Australia's infrastructure.

23 ISCA developed and administers the Infrastructure Sustainability (IS) rating scheme. IS is Australia's only comprehensive rating system for evaluating sustainability across design, construction and operation of infrastructure. IS evaluates the sustainability (including environmental, social, economic and governance aspects) of infrastructure projects and assets.

Climate change and adaptation

We recognise the need to address climate change impacts and restrict the global temperature increase to less than 2ºC, and to work towards the national targets set as a consequence of the international agreement on climate change developed at the Paris Convention of Parties in 2015. We are also aware of the leadership role we can play in this regard, and have been reporting on our annual carbon performance through voluntary disclosure in our sustainability reports and to CDP (www.cdp.net). While adapting and responding to climate change still presents a challenge for us, it also gives us the opportunity to foster partnerships with our customers and suppliers to develop low carbon solutions that will deliver mutual benefits in managing climate change related impacts.

Climate change related challenges for our businesses are therefore incorporated into our risk management processes, response strategies and decision-making. This includes assessing and managing the availability of key resources, such as energy, fuel and water, identifying potential business interruptions due to the predicted changes in frequency and intensity of extreme weather events, and designing and constructing infrastructure and assets that are resilient to climate change risks.

Our performance

We record all environmental incidents, using a six-level severity rating. In FY16 we achieved our Group-wide target of no Level 5[24] or Level 6[25] environmental incidents. However, despite having robust systems and processes in place, we had one significant environmental incident; a Level 4 spill where hydrated lime dust was released to the air during roadworks. We received one fine for this and two further environmental fines, totalling $19,538 (see performance data on page 49 for more information).

Reducing our carbon footprint

We are now two years into the implementation of five-year, business-specific energy management plans that identify opportunities to maximise operational efficiency, as well as managing our carbon footprint relative to our business activities. These plans include annual targets for energy savings and consequential reductions in GHG emissions (Scopes 1, 2 and 3[26]).

Our continued efforts to reduce our GHG emissions and improve our energy efficiency have resulted in a 3.5% reduction in total energy consumption (3,752 terajoules), and a 3.7% reduction in total Scope 1 and 2 emissions (262 kilotonnes CO_2-e) compared to FY15. These savings have resulted from changes in production at various facilities, a 0.5% reduction in total revenue and ongoing efficiency projects, as well from the implementation during FY16 of 40 new projects that have the capacity to deliver 215 terajoules of annualised energy savings. This is equivalent to the abatement of 35 kilotonnes of CO_2-e emissions across Scopes 1, 2 and 3.

Total energy production (95,386 terajoules) increased by approximately 1.6% this year, with almost 100% of the total derived from mining bituminous coal at Commodore open cut coal mine in Queensland and the remainder from electricity generated from a solar installation at one of our rail maintenance facilities.

Fugitive methane emissions from mining activities at Commodore represent less than 1% of our total Scope 1 and 2 emissions (see Figure 7). We have operational control at two Queensland open cut coal mines, Commodore and Meandu; however, we only report emissions from Commodore. At Meandu we have a Reporting Transfer Certificate in place with the Australian Clean Energy Regulator, and the mine owner has responsibility for reporting energy and emissions.

At an estimated 1,636 tonnes CO_2-e[27], fugitive emissions from coal mining at Commodore were approximately 1% lower than in FY15, reflecting a smaller area of coal exposed as part of the open cut mining process.

As a contract service provider operating within carbon-intensive industries, a key challenge for us is the effective management of our carbon-related activities. In FY16 the primary source (72%) of our total Scope 1 and 2 GHG emissions was again the consumption of liquid fossil-derived fuels (see Figure 7), both by our transport fleet and through the production of stationary energy in our asphalt and other manufacturing plants. Diesel oil was the major fuel consumed.

Our carbon intensity[28] and energy intensity[29] vary from year to year due to changes in production, project opportunities and fluctuations in revenue streams. Since we started implementing energy efficiency initiatives and effective energy management programs in FY10, we have seen a 26% reduction in carbon intensity and a 29% reduction in energy intensity. In FY16 carbon intensity decreased by 3.2% and energy intensity by 3%, due to a 3.7% reduction in Scope 1 and 2 emissions, and a 3.5% reduction in energy intensity against a small (0.5%) reduction in total Group revenue. Our ongoing challenge is to identify the best value for money carbon abatement opportunities.

Scope 3 emissions increased in FY16, due mainly to the increase in Scope 3 emissions associated with the consumption of liquid fuels (mostly diesel oil) by plant and equipment at our contract mining operations (up by 58%) and construction activities undertaken outside our operational control, which at 9 ktCO2-e were four times higher than in FY15. Contract mining operations account for approximately 92% (742 ktCO$_2$-e) of the total 807 ktCO$_2$-e of Scope 3 emissions, and represent approximately 59% of the total Scope 1, 2 and 3 GHG emissions inventory.

---

24 *A Level 5 environmental incident is defined as any incident that causes significant impact or serious harm to the environment, where 'material harm' has occurred and if costs in aggregate exceed $50,000.*

25 *A Level 6 environmental incident is defined as an incident that results in catastrophic widespread impact on the environment resulting in irreversible damage.*

26 *Scope 3 emissions are those that occur from sources not owned or controlled by Downer.*

27 *Fugitive emissions at Commodore were determined by applying the site-specific, life-of-mine GHG emissions model, in accordance with the Australian Coal Association Research Program Guidelines, in compliance with the requirements of the NGER (Measurement) Determination 2008 Method 2 and in alignment with the principles outlined in the GHG Protocol.*

28 *Downer uses the carbon intensity metric of Annual Scope 1 and Scope 2 GHG emissions relative to total revenue (i.e. tonnes CO2-e/AUD$m) to provide a comparative measure of carbon performance. Normalising annual GHG emissions in this manner allows the company to track carbon performance over time and make year-on-year comparisons.*
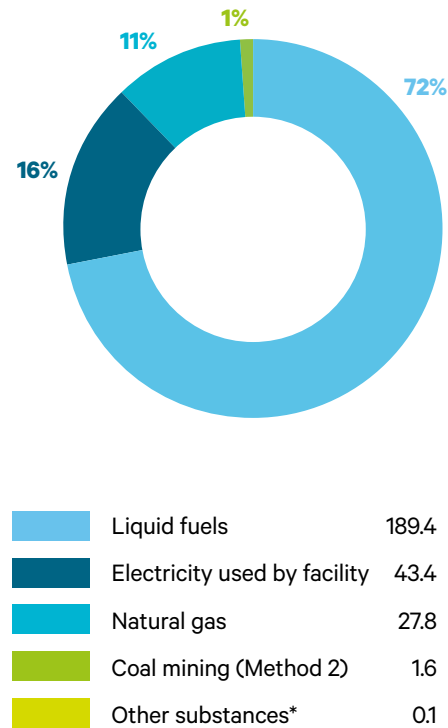
29 *Energy intensity for Scope 1 and Scope 2 emissions is measured as energy consumed relative to total revenue (i.e. terajoules/AUD$m).*

Figure 10 shows Scope 3 emissions in comparison to total Scope 1 and 2 emissions.

Total Scope 3 GHG emissions also include emissions associated with air travel for business purposes for employees based in Australia and New Zealand, where approximately 98% of our workforce is situated. At 55.5 $ktCO_2$-e air travel emissions represented approximately 6% of Scope 3 emissions, consistent with last year.

In FY16 we have been able to more accurately estimate emissions relating to flights taken in the Australian sector than in previous years, as this data is now provided directly by the travel company[30], and calculated by applying emission factors for seat class and journey lengths. This better aligns it with the methodology used for our New Zealand sector[31]. To provide direct comparison, we have recalculated the emissions from our Australian-origin flights in FY15 as 50.3 $ktCO_2$-e, indicating a 10% increase in air travel emissions in FY16.

30 Australian sector travel company uses 2008 Guidelines to DEFRA's GHG Conversion Factors: Methodology Paper for Transport Emission Factors. Department for Environment, Food and Rural Affairs, London, UK.

31 New Zealand sector travel company provides emission data to Downer, and the methodology for estimating the emissions for the New Zealand origin flights has been independently verified by Enviro-Mark Solutions Limited and is considered suitable for use in an inventory compliant to ISO 14064-1:2006.

Figure 7: Scope 1 and 2 GHG emissions by source (ktCO$_2$-e, %)

Liquid fuels	189.4
Electricity used by facility	43.4
Natural gas	27.8
Coal mining (Method 2)	1.6
Other substances*	0.1

*   Petroleum-based oils and greases, solvents, acetylene and petroleum-based fuels (other than oils and greases).

Figure 8: Scope 1 and 2 GHG emissions (ktCO$_2$-e)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Upper	49.0	52.7	50.1	50.7	46.4	51.8	43.4
Lower	242.2	250.0	203.1	219.8	219.3	220.6	218.9

Figure 9: Direct and indirect energy consumption by source (TJ, %)
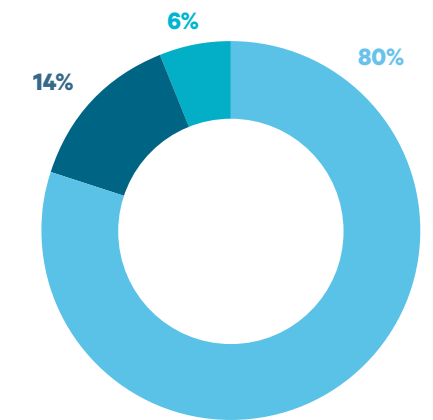
	Liquid fuels	2,979.9
	Natural gas	535.8
	Electricity used by facility	224.6
	Other substances*	12.2

Figure 10: Scope 1, 2 and 3 GHG emissions (ktCO$_2$-e, %)

	Scope 1	218.9
	Scope 2	43.4
	Scope 3 Liquid fuels – contract mining sites	741.9
	Scope 3 Liquid fuels – construction sites	9.2
	Scope 3 Business flights (Australia and New Zealand based employees)	55.5

*   *Petroleum-based oils and greases, solvents, acetylene, and petroleum-based fuels (other than oils and greases).*
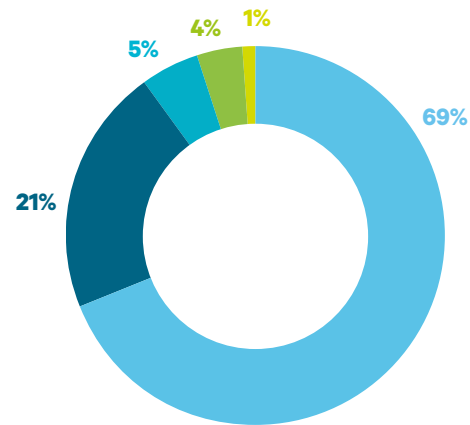
Minimising our environmental impacts

Our ability to develop processes and technology to reduce our GHG emissions and overall energy consumption across a wide range of business activities, such as mining and asphalt manufacturing, enables us to assist our customers in managing the environmental sustainability challenges of their business. Some of the initiatives we have implemented through our energy-saving and GHG reduction program have included:

■   A Group-wide program of energy management, identifying ways of reducing energy consumption, alternative strategies for undertaking tasks, and opportunities to use renewable or alternative energies where practical;

■   Reuse of waste oil by our Mining division as a diesel substitute in blasting products, blending it at a ratio of 30% waste oil to 70% diesel. Since the on-site reprocessing technology was introduced at the Jellinbah coal mine in Central Queensland in October 2014, approximately 100,000 litres of waste oil have been reused, with volumes increasing by over 40% during FY16. We aim to increase the use of waste oil further during FY17 by implementing various process efficiency improvements;

■   Installation of solar photovoltaic panels on facilities and mobile equipment to supplement electricity sourced from the grid or replace diesel used in generators;

■   Lighting upgrades to optimise the use of natural light by installing clear roof sheeting and daylight sensors, enabling us to reduce or remove the use of task lighting;

■   An ongoing program of progressively retrofitting workshops, warehouses, offices, and temporary and remote lighting plants with more energy efficient and automated lighting;

■   Applying voltage optimisation technology to reduce energy consumption across a range of sites;

■   Reusing 'waste' construction materials on site to reduce volumes of virgin materials used and, wherever possible, substituting alternative materials, such as fly ash and slag, in processes to reduce energy and GHG emissions; and

■   Substituting post-consumer materials, such as printer cartridge toner, tyre crumb rubber, glass, recycled oils and recycled bitumen pavements, for virgin materials in the road surfacing process.

As we reported last year, in June 2015 in a world first we set a new benchmark for recycled asphalt when our Bayswater High Recycling Technology asphalt-mixing plant in Victoria demonstrated that it was possible to produce 99% recycled asphalt. Current best practice in Australia is for asphalt to include 30 to 40% recycled materials; however, authorities in each State or Territory have their own stipulation as to what percentage can be used on their roads, and this may often be lower than this. While 99% recycled asphalt may not be used on Australian roads in the near future, the learnings from the demonstration that we have applied in the past year have been invaluable for refining, and increasing customer confidence in, our low-carbon asphalt products.

During the year we embarked on a trial in Canberra with Roads ACT, using reduced-temperature Warm Mix Asphalt (WMA)[32] with up to 30% recycled content from reclaimed asphalt[33] pavement and toner from printing cartridges. Current practice in the Australian Capital Territory sees Hot Mix Asphalt used with a low recycled content of about 10%.

We also commenced the $4 million redevelopment of our Flagstaff Gully asphalt plant in Tasmania. The redeveloped plant will produce WMA and low CO_2 asphalt (incorporating up to 20% reclaimed asphalt and other recycled materials, such as rubber tyres). These are products not previously available in Tasmania.

We were delighted to win the Civil – Sustainable award for our low-carbon asphalt at the 2016 Master Builders Association of Australia and Cbus Excellence in Building Awards (ACT).

During the year we continued to raise the bar for the use of recycled materials in Australian road surfacing when we partnered with Victoria's Yarra Ranges Council and Queensland's Moreton Bay Regional Council to trial our new Tonerseal product. Not only does this innovative spray seal binder exceed 20% recycled content (compared with previous best practice of 18%), but it has been proven to perform better than standard unmodified binders.

Tonerseal is the first binder to incorporate toner from printer cartridges, in addition to the crumb rubber from recycled tyres that has been used in similar products to date. Every kilometre of road lane paved with Tonerseal will incorporate toner from approximately 6,400 cartridges, as well as crumb rubber from around 145 car tyres. Consequently, every tonne sprayed will result in up to 45kg fewer CO_2-e emissions than a standard binder[34].

Due to the properties introduced by this unique blend of recycled materials, Tonerseal is expected to provide the following benefits when compared to unmodified standard binders: better stone and aggregate adhesion, extending the life of the seal and reducing vehicle damage; improved flexibility and elasticity properties to delay the onset of cracking and maintain water impermeability; and a higher softening point to improve resistance to temperature-induced bleeding.

---

32 Warm Mix Asphalt technologies allow asphalt producers to lower the temperatures at which the material is mixed and placed on the road, reducing both fuel consumption and GHG emissions.

33 Hot Mix Asphalt is a blend of aggregates (crushed rock), sands and fillers that are passed through a heating drum to completely dry them, and then heated to around 160°C adding hot bitumen in the process.

34 Standard 45R grade binder.

Sunshine to power thousands of Sunshine Coast homes

Sunshine Coast Mayor, Mark Jamieson, with Executive Director Downer Utilities, Trevor Cohen, on site in Valdora.

To meet our stakeholders' expectations with regard to the future strategic direction of our business, we recognise that our increased involvement in the renewable energy sector will be critical. Our acquisition of Tenix Holdings in FY2015 provided us with valuable expertise in the design and construction of solar farms, which stood us in good stead when we successfully tendered for Sunshine Coast Council's new solar farm this year.

The 15 megawatts Sunshine Coast Solar Farm, to be built on 24 hectares at Valdora, will be the largest in Queensland and the fifth largest in Australia. It will be unique, however, in that the innovation we are applying to the project will enable it to operate at 1,500 Volt DC, while currently other solar farms in the country are built to just 1,000 Volt DC.

In another first, Sunshine Coast Council will become Australia's only local government to build a utility-scale, grid-connected solar farm. At its peak, it will generate 15 megawatts of electricity from the sun; sufficient to power about 5,000 homes over one year.

Our almost $40 million Design, Construct, Operate and Maintain contract will see us install more than 57,000 photovoltaic modules (generating electricity into Energex's network), around 1,500 support structures and six inverter stations, and complete various civil and structural works, including a control room, access track and road widening, and medium voltage underground lines.

Our focus for FY17

We will continue to drive improvement in our environmental sustainability performance by:

- Consolidating and strengthening our management systems;
- Lowering our risk profile by effectively managing environmental risk through our Critical Risk Management Program;
- Identifying energy efficiency opportunities and reducing GHG emissions;
- Increasing our knowledge of our supply chain to help in reducing our environmental risks and our GHG emissions;
- Continuing to provide services to the renewable energy sector through construction of wind and solar farms;
- Streamlining our data collection and reporting processes; and
- Applying infrastructure sustainability ratings to acknowledge the opportunities for innovation and improved sustainability performance.

KPMG assurance statement

Independent Limited Assurance Report to the Directors of Downer EDI Ltd

Conclusion

Based on the procedures performed, and the evidence obtained, for the year ended 30 June 2016:

- We are not aware of any material misstatements in the Sustainability Report with regards to Downer's application of the GRI G4 principles for defining report content: materiality, stakeholder inclusiveness, sustainability context and completeness; and
- We are not aware of any material misstatements in the Selected Sustainability Information, which has been prepared by Downer EDI Ltd, in accordance with the GRI G4 principles for defining report quality: balance, comparability, accuracy, timeliness, clarity and reliability.

Information subject to assurance

The Selected Sustainability Information, as presented in the Downer EDI Ltd (Downer) Sustainability Report 2016 and available on Downer's website, comprised the following:

Selected Sustainability Information	Value assured
Direct emissions of greenhouse gases (scope 1)	218.9 kt CO2-e
Indirect emissions of greenhouse gases (scope 2)	43.4 kt CO2-e
Energy consumed	3,752 TJ
Energy produced	95,386 TJ
Number of significant environmental incidents	1
Number of environmental fines and prosecutions	3
Number of safety fines and prosecutions	0
Total Recordable Injury Frequency Rate (TRIFR)	3.32 per million hours worked
Lost Time Injury Frequency Rate (LTIFR)	0.66 per million hours worked

Criteria used as the basis of reporting

The criteria used in relation to the Sustainability Report content are the GRI G4 principles for defining report content and in relation to the Selected Sustainability Information the criteria are the GRI G4 principles for defining quality and Downer's policies, procedures and methodologies.

Basis for conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 and ASAE 3410 (Standards). In accordance with the Standards we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the Selected Sustainability Information is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of procedures performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Downer staff, and review of selected documentation, to assess the appropriateness of Downer's process for the application of GRI G4 principles for defining report content;
- enquiries with relevant Downer personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- review and challenge of Downer's materiality assessment process;
- analytical procedures and sample testing over the Selected Sustainability Information;
- site visit to the Commodore Mine;
- walkthroughs of the Selected Sustainability Information to source documentation; and

KPMG

- review of the Downer Sustainability Report 2016 in its entirety to ensure it is consistent with our assurance work.

How the Standard defines limited assurance and material misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Misstatements, including omissions, within the Selected Sustainability Information are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Downer.

Use of this Assurance Report

This report has been prepared for the Directors of Downer for the purpose of providing an assurance conclusion on the Selected Sustainability Information and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Downer, or for any other purpose than that for which it was prepared.

Greenhouse gas reporting

Greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to determine emissions factors and the values needed to combine emissions of different gases.

Management responsibility

Management are responsible for:
- determining that the criteria is appropriate to meet their needs;
- preparing and presenting the Selected Sustainability Information in accordance with the criteria;
- determination of Downer's GRI level of disclosures in accordance with the GRI G4 guidelines; and
- establishing internal controls that enable the preparation and presentation of the Selected Sustainability Information that is free from material misstatement, whether due to fraud or error; and maintaining integrity of the website.

Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 30 June 2016, and to issue an assurance report that includes our conclusion.

Our independence and quality control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

KPMG

Sydney

26 August 2016

Performance data

Health and safety
(employees and contractors)

Safety performance	FY16	FY15
LTIFR per million hours worked	0.66	0.87
TRIFR per million hours worked	3.32	3.78
Fatalities	1	0
Fines and prosecutions	0	0

Detailed safety performance FY16 (Australia and New Zealand)	Gender	Region Australia	Region New Zealand
TRIFR per million hours worked	Male	3.60	4.04
	Female	0.22	0.79
Occupational disease rate (number of cases per million hours worked)	Male	0.42	1.79
	Female	0.45	1.18
Severity rate (lost days per million hours worked)	Male	18.02	19.37
	Female	0.00	3.16
Fatalities	Male	1	0
	Female	0	0

People

Employees by region and gender FY16	Total %	Male %	Female %
Australia	71.7	89.0	11.0
New Zealand	26.0	85.2	14.8
Southern Africa	1.5	88.4	11.6
South America	0.7	100.0	0.0
Other (India, Singapore, USA and Vanuatu)	0.1	80.0	20.0
Total	**100.0**	**88.0**	**12.0**

Employee by category and diversity – Australia and New Zealand only	Gender % Total	Gender % Male	Gender % Female	Age group % Under 30	Age group % 30–49	Age group % Over 50
Senior executives	0.8	89.7	10.3	4.8	60.0	35.2
Other managers[35]	9.1	86.5	13.5	4.4	60.6	35.0
Professionals and supervisors	20.6	88.5	11.5	15.7	54.4	29.9
Operators and trades	55.4	94.8	5.2	24.2	50.0	25.8
General support	14.1	61.2	38.8	21.5	50.7	27.7
Total	**100.0**	**88.0**	**12.0**	**20.1**	**52.1**	**27.8**

Employment type by gender (Australia and New Zealand only)	Total %	Male %	Female %	Covered by collective agreements
Full-time permanent	92.6	89.0	11.0	64.8
Part-time permanent	0.3	23.5	76.5	26.5
Full-time contract	1.4	72.9	27.1	40.2
Part-time contract	0.2	65.1	34.9	18.6
Casual	5.5	88.4	11.6	76.2
Total	**100.0**	**88.0**	**12.0**	**64.5**

Employee new hires	Gender % Male	Gender % Female	Age group % Under 30	Age group % 30–49	Age group % Over 50
Australia	10.4	89.6	22.1	47.3	16.3
New Zealand	18.8	81.9	5.1	6.3	2.9
Total	**11.6**	**88.4**	**27.2**	**53.7**	**19.2**

35 Includes 'senior managers' and 'other managers' as defined in the WGEA Reference Guide 2015-16.

Environment

	Units	FY16	FY15
Significant environmental incidents	Number	**1**	0
Fines and prosecutions	Number	**3**	0
Fines and prosecutions	AUD$	**$19,538[36]**	0
GHG emissions			
Scope 1 – Direct GHG emissions	kilotonnes CO_2-e	**218.9**	220.6
Scope 2 – Indirect GHG emissions	kilotonnes CO_2-e	**43.43**	51.8
Scope 3 – GHG emissions	kilotonnes CO_2-e	**806.6**	522.1
Total GHG emissions	kilotonnes CO_2-e	**1,068.8**	794.4
Intensity (Scope 1 and 2)	tonnes CO_2-e/AUD$m	**35.5**	36.7
GHG emissions (Scope 1 and 2) by source			
Electricity used by facility	kilotonnes CO_2-e	**43.4**	51.8
Liquid fuels	kilotonnes CO_2-e	**189.4**	189.1
Natural gas	kilotonnes CO_2-e	**27.8**	29.7
Fugitive emissions from coal mining	kilotonnes CO_2-e	**1.6**	1.7
Other substances	kilotonnes CO_2-e	**0.1**	0.1
Total Scope 1 and 2 GHG emissions	kilotonnes CO_2-e	**262.3**	272.4

	Units	FY16	FY15
GHG emissions Scope 3			
Emissions from contract mining operations not under Downer's operational control	kilotonnes CO_2-e	**741.9**	469.5
Emissions from construction projects not under Downer's operational control	kilotonnes CO_2-e	**9.2**	2.3
Air travel – business flights for Australia and New Zealand based employees	kilotonnes CO_2-e	**55.5**	50.3[37]
Total Scope 3 GHG emissions	kilotonnes CO_2-e	**806.6**	522.1
Energy			
Energy consumption – total	terajoules	**3,752.5**	3,886.9
Energy consumption – liquid fuels	terajoules	**2,979.9**	3,036.5
Energy consumption – natural gas	terajoules	**535.8**	574.8
Energy consumption – electricity	terajoules	**224.6**	252.3
Energy consumption – other substances	terajoules	**12.2**	23.3
Energy intensity	terajoules/AUD$m	**0.51**	0.52
Energy production	terajoules	**95,386**	93,924

36 In FY16 Downer paid a total of AUD$19,538 for three environmental fines: allowing wash-off of bitumen emulsion into stormwater system ($8,538, Ipswich City Council); partial disturbance of Aboriginal heritage items at a construction site ($3,000, NSW Department of Planning and Environment); and release of hydrated lime dust to air ($8,000, NSW Environmental Protection Authority).

37 Australian flight data for FY15 recalculated using seat class and journey length to provide a more accurate estimate. Total Australian and New Zealand flight data restated from 22.466 kilotonnes CO_2-e for FY15.

GRI G4 content index

Indicator	Description	Location of information	Notes	Enduring Value principles reference
GENERAL STANDARD DISCLOSURES				
STRATEGY AND ANALYSIS				
G4-1	Statement from the most senior decision-maker of the organisation	Message from the CEO – page 4		
ORGANISATIONAL PROFILE				
G4-3	Name of the organisation	About this report – page 6		
G4-4	Primary brands, products and services	About Downer – pages 8-10		
G4-5	Location of organisation's headquarters	About Downer – page 8		
G4-6	Number of countries where the organisation operates, and names of countries with either major operations or ones that are specifically relevant to the sustainability topics covered in the report	About Downer – page 8		
G4-7	Nature of ownership and legal form	Annual Report – pages 80-86, 110-111		
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	About Downer – pages 8, 10 Annual Report – pages 4-7, 55-58		
G4-9	Scale of the organisation	About Downer – pages 8, 10 Annual Report – pages 4-12, 49-52	Quantity of products and services not identified.	
G4-10	Total workforce by employment type, gender, employment contract and region	About Downer – page 8 Our people – pages 29, 31 Performance data – page 48		3
G4-11	Percentage of total employees covered by collective bargaining agreements	Our people – page 29 Performance data – page 48		3
G4-12	Describe the organisation's supply chain	Relationships creating success – page 17		
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	Annual Report – pages 73-83, 109-111		
G4-14	Is the precautionary approach or principle addressed and, if so, how?	About Downer – pages 11-13 Governance – pages 19-20 Annual Report – pages 13-14, 107	The precautionary principle is an intrinsic component of our operational risk management approach.	2, 4
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	About this report – page 6 Governance – pages 19-20 Health and safety – page 22 Environment – pages 38, 40 Annual Report – page 100		10
G4-16	Memberships of associations	Governance – page 20		

Indicator	Description	Location of information	Notes	Enduring Value principles reference
GENERAL STANDARD DISCLOSURES				
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	List of entities included in the organisation's consolidated financial statements and any that are not	Annual Report – pages 84-85		
G4-18	Explanation of the process for defining the report content and the Aspect Boundaries, and how the Reporting Principles for Defining Report Content have been implemented	About this report – page 6 About Downer – pages 11-14		
G4-19	List of all material Aspects identified in the process for defining the report content	About Downer – pages 12-14		
G4-20	Aspect Boundary within organisation for each material Aspect	About Downer – page 14		
G4-21	Aspect Boundary outside organisation for each material Aspect	About Downer – page 14		
G4-22	Explanation of the effect of any restatements of any information provided in previous reports	Environment – page 42 Performance tables – page 49		
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		No significant change.	
STAKEHOLDER ENGAGEMENT				
G4-24	List of stakeholder groups engaged by the organisation	About Downer – pages 12, 14		
G4-25	Basis for identification and selection of stakeholders with whom to engage	About Downer – pages 12-14		
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	About Downer – pages 12-14		
G4-27	Key topics and concerns that have been raised through stakeholder engagement (attributed to the relevant stakeholder group) and the organisation's response to those key topics and concerns, including through its reporting	About Downer – pages 12-14		
REPORT PROFILE				
G4-28	Reporting period for the information provided	About this report – page 6	Reporting period is for financial year FY16.	10
G4-29	Date of most recent previous report		2015 Sustainability Report and 2015 Annual Report.	
G4-30	Reporting cycle	About this report – page 6	Annual.	
G4-31	Contact point for questions regarding the report or its contents	Back cover – page 55		
G4-32	'In accordance' option chosen and respective GRI Content Index	About this report – pages 6, 50-54		10
G4-33	Current policy and practice with regard to seeking external assurance for the report	About this report – page 6 KPMG assurance statement – pages 46-47	Limited assurance – Independent Limited Assurance Statement included in this report.	10

Indicator	Description	Location of information	Notes	Enduring Value principles reference
GENERAL STANDARD DISCLOSURES				
GOVERNANCE				
G4-34	Governance structure of the organisation, including committees responsible for decision-making on economic, environmental and social impacts	Governance – pages 19-20 Health and safety – page 23 Environment – page 39 Annual Report – pages 100-104	Board and Committee Structure: http://www.downergroup.com/Investors-and-media/Corporate-governance/Board-and-Committees.aspx Accountability for good governance and sustainability performance is embedded in short-term incentive plans for senior managers.	1, 2, 4
ETHICS AND INTEGRITY				
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	About Downer – page 9 Relationships creating success – page 17 Governance – pages 19-20 Annual Report – pages 105-106	Standards of Business Conduct: http://www.downergroup.com/Resources/Documents/Investors/Corporate-Governance/Board-Policies/Standards-of-Business-Conduct.pdf	1, 2
SPECIFIC STANDARD DISCLOSURES				
CATEGORY: ECONOMIC **ASPECT: ECONOMIC PERFORMANCE**				
DMA	Disclosure on Management Approach	Annual Report – pages 11, 13-15		
G4-EC1	Direct economic value generated and distributed	Sustainability snapshot – page 3 About Downer – page 8 Relationships creating success – page 17 Our communities – pages 34-35 Annual Report – pages 5-12, 49-52	Community investment expenditure is not reported. List of community partnerships on page 34 has minimum contribution of AUD $10,000. In-kind contributions to communities are noted on page 35. Supplier relationships – sourcing of subcontractors, plant, equipment, raw materials, consumables, etc. mostly through Australian and New Zealand suppliers.	

Indicator	Description	Location of information	Notes	Enduring Value principles reference
CATEGORY: ENVIRONMENTAL				
ASPECT: ENERGY				
DMA	Disclosure on Management Approach	Environment – pages 38-40		6
G4-EN2	Percentage of materials that are used that are recycled input materials	Environment – pages 40, 43-44	Data not currently collected at Group level. Customer relationships – providing products and services with increased efficiency of resource use and greater use of recycled materials reduces costs to customers.	6, 8
G4-EN3	Energy consumption within the organisation	Environment – page 41 Performance tables – page 49		6
G4-EN5	Energy intensity	Environment – page 41 Performance data – page 49		6
G4-EN6	Reduction of energy consumption	Environment – page 41 Performance data – page 49		6

SPECIFIC STANDARD DISCLOSURES

Indicator	Description	Location of information	Notes	Enduring Value principles reference
ASPECT: EMISSIONS				
DMA	Disclosure on Management Approach	Environment – pages 38-41		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment – pages 41-43 Performance tables – page 49		6
G4-EN16	Energy indirect GHG emissions (Scope 2)	Environment – pages 41-43 Performance data – page 49		6
G4-EN17	Other indirect GHG emissions (Scope 3)	Environment – pages 41-43 Performance data – page 49		6
G4-EN18	GHG emissions intensity	Environment – page 41 Performance data – page 49		6
G4-EN19	Reduction of GHG emissions	Environment – pages 41-44 Performance data – page 49	Customer relationships – reducing GHG emissions from products and services to meet customer requirements of lower carbon and lower costs.	6
ASPECT: EFFLUENTS AND WASTE				
DMA	Disclosure on Management Approach	Environment – page 38		7
G4-EN24	Total number and volume of significant spills	Environment – page 41 Performance data – page 49		

Indicator	Description	Location of information	Notes	Enduring Value principles reference
ASPECT: PRODUCTS AND SERVICES				
DMA	Disclosure on Management Approach	Environment – page 38	Customer relationships enhanced by ability to deliver products and services with more efficient use of resources and reduced GHG emissions.	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environment – pages 41-44		8
ASPECT: COMPLIANCE				
DMA	Disclosure on Management Approach	Governance – 19-20 Environment – page 38		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environment – page 41 Performance data – page 49		

SPECIFIC STANDARD DISCLOSURES

CATEGORY: SOCIAL
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK
ASPECT: EMPLOYMENT

DMA	Disclosure on Management Approach	Our people – pages 29-30		
G4-LA1	Total number and rates of new hires and employee turnover by age group, gender and region	Our people – page 31 Performance data – page 48	Data currently available for new hires in Australia and New Zealand only. Turnover data not provided for any region.	

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

DMA	Disclosure on Management Approach	Health and safety – pages 22-24		5
G4-LA6	Type of injury and rates of injury, occupational disease, lost days, and absenteeism, and total number of work-related fatalities, by region and gender	Health and safety – page 25 Performance data – page 48	Report does not include absenteeism rate.	5

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

DMA	Disclosure on Management Approach	Our people – pages 29-30		3
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Our people – page 31 Performance data – page 48 Annual Report – pages 2-3 and 100-102		3

SUB-CATEGORY: SOCIETY
ASPECT: LOCAL COMMUNITIES

DMA	Disclosure on Management Approach	Our communities – pages 34-35		

ASPECT: COMPLIANCE

DMA	Disclosure on Management Approach	Governance – pages 19-20		9
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Health and safety – page 25 Performance data – page 48		

Downer
Relationships creating success

Feedback
Please send your feedback on
our sustainability performance
and this report to
sustainability@downergroup.com