

# Corporate Governance

for the year ended 30 June 2022

## Overview

Downer's corporate governance framework provides the platform from which:

- The Board is accountable to shareholders for the operations, performance and growth of the Company
- Downer management is accountable to the Board
- The risks to Downer's business are identified and managed
- Downer effectively communicates with its shareholders and the investment community.

Downer continues to enhance its policies and processes to promote leading corporate governance practices.

The Board endorses the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (ASX Principles).

## Principle 1: Lay solid foundations for management and oversight

The Downer Board Charter sets out the functions and responsibilities of the Board and is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

The Board Charter states that the role of the Board is to provide strategic guidance and to effectively oversee management of the Company. Among other things, the Board is responsible for:

- Overseeing the Company, including its control and accountability systems
- Appointing and removing the Group CEO and senior executives
- Monitoring performance of the Group CEO and senior executives
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Before appointing a Director or senior executive, the Board undertakes appropriate checks.

The Board provides shareholders with all material information which is relevant to the decision to elect or re-elect a Director.

Directors receive formal letters of engagement setting out the key terms, conditions and expectations of their engagement.

The Board Charter also describes the functions delegated to management, led by the Group CEO.

The primary goal set for management by the Board is to focus on enhancing shareholder value, which includes responsibility for Downer's economic, environmental and social performance.

The Group CEO is responsible for the day-to-day management of Downer and his authority is delegated and authorised by the Board.

Downer has written employment agreements with each of its senior executives and the performance of those senior executives is regularly reviewed against appropriate measures, including performance targets linked to the business plan and overall corporate objectives. In 2022, Downer's senior executives participated in periodic performance evaluations where they received feedback on progress against these targets.

The Company Secretary is responsible for supporting the effectiveness of the Board and is directly accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Details of Downer's Directors and the Executive Leadership Team are available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

### Diversity at Downer

Downer is committed to ensuring that it has a diverse and inclusive workforce, which fulfils the expectations of its employees, customers and shareholders while building a sustainable future for its business. This is formalised through the Downer Diversity and Inclusion (D&I) Policy which outlines the Company's commitment to developing a diverse and inclusive workforce.

In May 2022, Downer progressed its Diversity Framework through the launch of 'Own Different', an enhanced Diversity Strategy and Action Plan focused on Inclusion and Belonging (I&B). This plan supports the D&I Policy and implementation of Divisional I&B strategies.

The D&I Policy is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

### ASX diversity recommendations – diversity statement

This diversity statement outlines Downer's performance throughout 2022 with respect to its broader diversity program, but with a particular focus on gender, and specifically includes:

- Details of Downer's key gender representation metrics
- An overview of the gender diversity initiatives undertaken by Downer throughout 2022
- An outline of Downer's measurable gender diversity objectives for 2022.

### Gender representation metrics

As at 30 June 2022, Downer's female gender representation metrics were as follows:

Board	37.5%
Senior Executive <sup>1</sup>	23%
Management <sup>2</sup>	17%
Workforce	31%

1. For present purposes, 'Senior Executive' refers to CEO, KMP and Other Executives/General Managers as defined in the Workplace Gender Equality Agency Reference Guide to the workplace profile and reporting questionnaire (WGEA Reference Guide).

2. For present purposes, 'Management' refers to CEO, KMP, Other Executives/General Managers, Senior Managers and Other Managers as defined in the WGEA Reference Guide.

## Looking back: 2022 measurable objectives

Focus Area	Objective	Targets	Initiatives	Outcomes
Flexibility, Diversity and Inclusion	To continue developing Downer's commitment to representing the businesses and communities in which we serve through a focus on I&B.	Report quarterly to the Executive Committee and Lines of Business on progress towards targets and objectives.	<ul style="list-style-type: none"> <li>Embed talent management and succession planning framework cohort to CEO-3 for females.</li> <li>Establishing a Group Level Community of Practice that provides strategic advice and governance for the Line of Business I&amp;B Steering Committees. This will include a strategic focus on flexible work arrangements.</li> <li>Embedding and leveraging the Diversity and Inclusion Steering Committees within each Line of Business to focus on programs and initiatives that will support the achievement of targets.</li> <li>Continuing to review and modify Downer's Mandatory Induction program to ensure our commitment to a diverse and inclusive workforce and working environment is embedded in Downer's culture.</li> <li>Delivering a series of D&amp;I 'Lunch 'n' Learn' sessions for all employees across the Group, covering a range of topics including Indigenous, gender, disability, orientation and generational diversity.</li> <li>Launch Workplace Giving Program.</li> <li>Continuing to leverage our relationships that manage the transition of ex-Defence personnel into employment</li> <li>Engage with not-for-profit and community organisations to provide pathways and opportunities for culturally and linguistically diverse groups and people.</li> </ul>	<ul style="list-style-type: none"> <li>Executive Committee pilot launched June 2022. Top talent being mentored by Senior Leadership Team members.</li> <li>I&amp;B Community of Practice has been established and meeting on a bi-monthly schedule.</li> <li>Each Line of Business has developed an I&amp;B Tactical Plan consisting of initiatives and actions specific to their Lines of Business I&amp;B maturity and strategic direction.</li> <li>In progress.</li> <li>Commencing March 2021, the I&amp;B Team have been delivering monthly Lunch 'n' Learn sessions across all focus areas identified in the strategy.</li> <li>In December 2021, Downer launched the Workplace Giving Program as part of our Corporate Philanthropic arm.</li> <li>Downer's partnerships with Right Management and the Australian Veterans Employment Coalition (AVEC) are core to supporting the transition of current and ex-Australian Defence Force members and their families into employment.</li> <li>Downer is continuing our partnership with Career Seekers and has two placement programs that we are engaged in.</li> </ul>

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for the year ended 30 June 2022

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Directors receive formal letters of engagement setting out the key terms, conditions and expectations of their engagement.

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### ASX diversity recommendations – diversity statement

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## Looking back: 2022 measurable objectives

Focus Area	Objective	Targets	Initiatives	Outcomes
Flexibility, Diversity and Inclusion	To continue developing Downer's commitment to representing the businesses and communities in which we serve through a focus on I&B.	Report quarterly to the Executive Committee and Lines of Business on progress towards targets and objectives.	<ul style="list-style-type: none"> <li>Embed talent management and succession planning framework cohort to CEO-3 for females.</li> <li>Establishing a Group Level Community of Practice that provides strategic advice and governance for the Line of Business I&amp;B Steering Committees. This will include a strategic focus on flexible work arrangements.</li> <li>Embedding and leveraging the Diversity and Inclusion Steering Committees within each Line of Business to focus on programs and initiatives that will support the achievement of targets.</li> <li>Continuing to review and modify Downer's Mandatory Induction program to ensure our commitment to a diverse and inclusive workforce and working environment is embedded in Downer's culture.</li> <li>Delivering a series of D&amp;I 'Lunch 'n' Learn' sessions for all employees across the Group, covering a range of topics including Indigenous, gender, disability, orientation and generational diversity.</li> <li>Launch Workplace Giving Program.</li> <li>Continuing to leverage our relationships that manage the transition of ex-Defence personnel into employment</li> <li>Engage with not-for-profit and community organisations to provide pathways and opportunities for culturally and linguistically diverse groups and people.</li> </ul>	<ul style="list-style-type: none"> <li>Executive Committee pilot launched June 2022. Top talent being mentored by Senior Leadership Team members.</li> <li>I&amp;B Community of Practice has been established and meeting on a bi-monthly schedule.</li> <li>Each Line of Business has developed an I&amp;B Tactical Plan consisting of initiatives and actions specific to their Lines of Business I&amp;B maturity and strategic direction.</li> <li>In progress.</li> <li>Commencing March 2021, the I&amp;B Team have been delivering monthly Lunch 'n' Learn sessions across all focus areas identified in the strategy.</li> <li>In December 2021, Downer launched the Workplace Giving Program as part of our Corporate Philanthropic arm.</li> <li>Downer's partnerships with Right Management and the Australian Veterans Employment Coalition (AVEC) are core to supporting the transition of current and ex-Australian Defence Force members and their families into employment.</li> <li>Downer is continuing our partnership with Career Seekers and has two placement programs that we are engaged in.</li> </ul>

## Looking back: 2022 measurable objectives

Focus Area	Objective	Targets	Initiatives	Outcomes
Gender Diversity	To improve opportunities for women to reach their potential through an inclusive work environment while positioning Downer Group as a preferred employer for women in our industry.	<p>40% women in the workforce by 2023.</p> <p>25% women in management positions by 2023.</p> <p>25% women in executive positions by 2023.</p> <p>30% women on the Board.</p>	<ul style="list-style-type: none"> <li>Analyse the WGEA reporting data and use the learnings as key inputs to develop ongoing strategy, programs and initiatives.</li> <li>Deliver Downer's THRIVE women's personal and professional growth program.</li> <li>Develop and release an unconscious bias capability program to support an inclusive workplace.</li> <li>Realign our Leadership programs to include further diversity and inclusion content and learning.</li> </ul>	<ul style="list-style-type: none"> <li>In progress.</li> <li>Downer's THRIVE program is now in the second cohort series and has seen 218 participants commence the program.</li> <li>The strategy around unconscious bias is multi-faceted, consisting of online modules through the Inclusion Habits Journey, podcasts, Fact Sheets and Lunch 'n' Learn sessions and the Diversity @ Downer external learning package.</li> <li>Programs have been reviewed to include I&amp;B information. Introduction of Diversity @ Downer.</li> </ul>
Cultural Diversity	To build on Downer Group's commitment to closing the gap by increasing Indigenous workforce participation and developing strategic partnerships with Indigenous organisations and community groups.	3% Aboriginal and Torres Strait Islander employees.	<ul style="list-style-type: none"> <li>Work with Reconciliation Australia to develop and launch a Downer Group Innovate Reconciliation Action Plan (RAP).</li> <li>Create an Indigenous Champions network.</li> <li>Embed best practice cultural heritage monitoring within large-scale on-country project deliveries.</li> <li>Continue to deliver Downer's Māori Leadership Development program, Te Ara Whanake.</li> <li>Continue to deliver the Te Ara Whanake program to Non-Māori leaders which gives them a deeper understanding of Māori history, culture and Tikanga.</li> <li>Continue to deliver Te Ara Maramatanga.</li> </ul>	<ul style="list-style-type: none"> <li>In late May 2022, we received conditional endorsement of our Downer Innovate RAP, which launched during NAIDOC week.</li> <li>Ongoing. In the I&amp;B Strategy and Action Plan we have determined that the creation of 'Listening Circles' around all focus areas is more culturally appropriate.</li> <li>Ongoing. A Downer-wide best practice cultural heritage monitoring guide will be delivered in Q3 of FY23.</li> <li>In FY22 three Te Ara Whanake and two Te Ara Whanake Wahine Toa programs were run with a total of 89 participants completing the program. In addition, we completed eight additional Māori programs.</li> <li>In FY22, 58 participants completed the Te Ara Maramatanga program.</li> </ul>
Generational Diversity	To establish Downer Group as a sought-after employer for all age-groups and as an organisation that builds a talent pipeline of thought leaders and continues to value experience.	Maintain or increase the number of graduate employees year-on-year.	<ul style="list-style-type: none"> <li>Continue to build a talent pipeline by investing in entry level programs that align to our generational diversity focus and priority areas, including: <ul style="list-style-type: none"> <li>The Downer Graduate Development Program</li> <li>Cadets and further Undergraduate programs</li> <li>Apprentices and Trainees.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Ongoing. In addition to the Graduate Program, Cadets and Undergraduate programs, Apprentices and Trainees, we are also utilising the sponsorship arrangements that Downer has made to fill these pipelines with Indigenous students and Alumni and migrant and refugee opportunities.</li> </ul>

## Looking back: 2022 measurable objectives

Focus Area	Objective	Targets	Initiatives	Outcomes
Gender Diversity	To improve opportunities for women to reach their potential through an inclusive work environment while positioning Downer Group as a preferred employer for women in our industry.	40% women in the workforce by 2023. 25% women in management positions by 2023. 25% women in executive positions by 2023. 30% women on the Board.	<ul style="list-style-type: none"> <li>Analyse the WGEA reporting data and use the learnings as key inputs to develop ongoing strategy, programs and initiatives.</li> <li>Deliver Downer's THRIVE women's personal and professional growth program.</li> <li>Develop and release an unconscious bias capability program to support an inclusive workplace.</li> <li>Realign our Leadership programs to include further diversity and inclusion content and learning.</li> </ul>	<ul style="list-style-type: none"> <li>In progress.</li> <li>Downer's THRIVE program is now in the second cohort series and has seen 218 participants commence the program.</li> <li>The strategy around unconscious bias is multi-faceted, consisting of online modules through the Inclusion Habits Journey, podcasts, Fact Sheets and Lunch 'n' Learn sessions and the Diversity @ Downer external learning package.</li> <li>Programs have been reviewed to include I&amp;B information. Introduction of Diversity @ Downer.</li> </ul>
Cultural Diversity	To build on Downer Group's commitment to closing the gap by increasing Indigenous workforce participation and developing strategic partnerships with Indigenous organisations and community groups.	3% Aboriginal and Torres Strait Islander employees.	<ul style="list-style-type: none"> <li>Work with Reconciliation Australia to develop and launch a Downer Group Innovate Reconciliation Action Plan (RAP).</li> <li>Create an Indigenous Champions network.</li> <li>Embed best practice cultural heritage monitoring within large-scale on-country project deliveries.</li> <li>Continue to deliver Downer's Māori Leadership Development program, Te Ara Whanake.</li> <li>Continue to deliver the Te Ara Whanake program to Non-Māori leaders which gives them a deeper understanding of Māori history, culture and Tikanga.</li> <li>Continue to deliver Te Ara Maramatanga.</li> </ul>	<ul style="list-style-type: none"> <li>In late May 2022, we received conditional endorsement of our Downer Innovate RAP, which launched during NAIDOC week.</li> <li>Ongoing. In the I&amp;B Strategy and Action Plan we have determined that the creation of 'Listening Circles' around all focus areas is more culturally appropriate.</li> <li>Ongoing. A Downer-wide best practice cultural heritage monitoring guide will be delivered in Q3 of FY23.</li> <li>In FY22 three Te Ara Whanake and two Te Ara Whanake Wahine Toa programs were run with a total of 89 participants completing the program. In addition, we completed eight additional Māori programs.</li> <li>In FY22, 58 participants completed the Te Ara Maramatanga program.</li> </ul>
Generational Diversity	To establish Downer Group as a sought-after employer for all age-groups and as an organisation that builds a talent pipeline of thought leaders and continues to value experience.	Maintain or increase the number of graduate employees year-on-year.	<ul style="list-style-type: none"> <li>Continue to build a talent pipeline by investing in entry level programs that align to our generational diversity focus and priority areas, including: <ul style="list-style-type: none"> <li>The Downer Graduate Development Program</li> <li>Cadets and further Undergraduate programs</li> <li>Apprentices and Trainees.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Ongoing. In addition to the Graduate Program, Cadets and Undergraduate programs, Apprentices and Trainees, we are also utilising the sponsorship arrangements that Downer has made to fill these pipelines with Indigenous students and Alumni and migrant and refugee opportunities.</li> </ul>



## Looking ahead: 2023 measurable objectives

Focus Area	Objective	Targets	Initiatives
Aboriginal, Torres Strait Islander and Māori Peoples	Educate and embed best practice cultural heritage monitoring within large-scale on-country project deliveries. Support engagement and partnership with Iwi, Local Traditional Owner groups and Registered Native Title bodies.  Focus on talent and sourcing pipelines, Employee Value Proposition, retention and engagement.	3% Aboriginal and Torres Strait Islander employees.	<ul style="list-style-type: none"> <li>Develop and deliver a series of information sessions, awareness packs and other resources to the business about Aboriginal, Torres Strait Islander and Māori history and cultures, such as Cultural Learning Bites.</li> <li>Develop and endorse inclusive 'optional' mentoring programs for Aboriginal and Torres Strait Islander employees, to ensure supported ongoing 'Cultural Safety' in their roles.</li> <li>Develop internal Indigenous pre-employment and internship programs in Australia, through the consultation, education, engagement, and collaboration with Business Units across Downer.</li> <li>Identify and implement pipeline activities for potential candidates from Aboriginal, Torres Strait Islander and Māori heritage. Develop innovative programs and approaches to reach a wider range of recruitment platforms and diverse communities.</li> <li>Develop a strategic and inclusive Diversity Attraction, Employment, Engagement and Retention Plan.</li> <li>Continue to deliver Downer's Māori Leadership Development program, Te Ara Whanake.</li> <li>Continue to deliver the Te Ara Whanake program to Non-Māori leaders which gives them a deeper understanding of Māori history, culture and Tikanga.</li> <li>Continue to deliver Te Ara Maramatanga.</li> <li>Create and maintain identified positions for Aboriginal and Torres Strait Islander people.</li> </ul>
Gender Diversity	To improve opportunities for women to reach their potential through an inclusive work environment while positioning Downer Group as a preferred employer for women in our industry.	<p>40% women in the workforce by 2023.</p> <p>25% women in management positions by 2023.</p> <p>25% women in executive positions by 2023.</p> <p>30% women on the Board.</p>	<ul style="list-style-type: none"> <li>Analyse the WGEA reporting data and use the learnings as key inputs to develop ongoing strategy, programs and initiatives.</li> <li>Develop a strategic and inclusive Diversity Attraction, Employment, Engagement and Retention Plan.</li> <li>Conduct self-assessment against criteria and standards outlined in the Workplace Equality and Respect Standards and <i>Gender Equality Act 2020 (Vic)</i>, reporting on areas for improvement.</li> <li>Continue to deliver THRIVE, our women's personal and professional growth program and New Zealand's Women In Leadership Downer program (WILD).</li> </ul>
Cultural and Linguistic Diversity	To improve opportunities for employees from different cultural and linguistic backgrounds.	Increase employees who identify to be from cultural and linguistically diverse backgrounds.	<ul style="list-style-type: none"> <li>Develop a strategic and inclusive Diversity Attraction, Employment, Engagement and Retention Plan.</li> <li>Develop and deliver information sessions, awareness packs and other resources to the business in relation to the awareness and understanding of different cultures and languages.</li> <li>Identify new partnerships and opportunities for sourcing and recruiting employees from under-represented cultural groups.</li> </ul>

## Looking ahead: 2023 measurable objectives

Focus Area	Objective	Targets	Initiatives
Generational Diversity	To establish Downer Group as a sought-after employer for all age-groups and as an organisation that builds a talent pipeline of thought leaders and continues to value experience.	Increase the number of graduate employees year-on-year.	<ul style="list-style-type: none"> <li>▪ Develop a strategic and inclusive Diversity Attraction, Employment, Engagement and Retention Plan.</li> <li>▪ Continue to build a talent pipeline by investing in entry level programs that align to our generational diversity focus and priority areas, including:               <ul style="list-style-type: none"> <li>▪ The Downer Graduate Development Program</li> <li>▪ Cadetships and further Undergraduate programs</li> <li>▪ Apprenticeships and traineeships (mature-age opportunities, recognition of prior learning for experienced workers without formal qualifications)</li> <li>▪ Internships</li> <li>▪ CSO pre-employment programs (NZ).</li> </ul> </li> </ul>
LGBTQIA+	Create a welcoming and safe environment for all employees who identify as lesbian, gay, bisexual, transgender, intersex, queer, asexual and other diverse genders, sexes and sexualities.	Increase confidence of employees to identify as LGBTQIA+.	<ul style="list-style-type: none"> <li>▪ Develop and deliver information sessions, awareness packs and other resources to the business in relation to LGBTQIA+ communities.</li> <li>▪ Identify new partnerships and opportunities for sourcing and recruiting employees from the LGBTQIA+ community.</li> </ul>
Disability and Neurodiversity	Providing a safe and inclusive workplace that enables people of all abilities to realise their full potential and make valued contributions.	Increase confidence of employees to identify as employees with a disability.	<ul style="list-style-type: none"> <li>▪ Identify new partnerships and opportunities for sourcing and recruiting employees with a disability.</li> <li>▪ Autism recruitment pilot within a specific Business Unit. Identify target roles and seek a recruitment exemption from the Anti-Discrimination Board (Australia).</li> <li>▪ Develop and deliver information sessions, awareness packs and other resources to the business in relation to disability workplace accessibility and inclusion.</li> </ul>

## Principle 2: Structure the Board to be effective and add value

Throughout the 2022 financial year, the Board was comprised of a majority of independent Directors.

The Board is currently comprised of the Chairman (Mark Chellew, an independent, Non-executive Director), six other independent, Non-executive Directors and an Executive Director (the Group CEO, Grant Fenn). Details of the members of the Board, including their skills, experience, status and their term of office are set out in the Directors' Report on pages 6 to 51 and are also available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

The composition of the Board is reviewed and assessed by the Nominations and Corporate Governance Committee to ensure the Board is of a composition, size and commitment to effectively discharge its responsibilities and duties.

Directors are required to bring their independent judgement to bear on all Board decisions. To facilitate this, it is Downer's policy to provide Directors with access to independent professional advice at the Company's expense in appropriate circumstances.

Downer's Non-executive Directors recognise the benefit of conferring regularly without management present, and they do so at various times throughout the year.

The Board considers that an independent Director is a Non-executive Director who is not a member of management and who is free of any business or other relationship that could (or could reasonably be perceived to) materially interfere with the independent exercise of their judgement.

The Board regularly assesses the independence of each Director to ensure that each Director has the capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of Downer as a whole.

Downer's governance framework requires each Director to promptly disclose actual and possible conflicts of interest, any interests in contracts, other directorships or offices held, related party transactions and any dealing in the Company's securities.

At least one Director must retire from office at each Annual General Meeting (AGM). No Non-executive Director can serve more than three years without offering themselves for re-election.

The Chairman of the Board is an independent, Non-executive Director. He is responsible for the leadership of the Board and for the efficient organisation and functioning of the Board. The Chairman is appointed by the Board to ensure that a high standard of values, governance and constructive interaction is maintained.

The Chairman facilitates the effective contribution of all Directors and promotes constructive and respectful relations between Directors and the Board and management. He also represents the views of the Board to Downer's shareholders and conducts the AGM.

The roles of Chairman and Group CEO are not exercised by the same person and the division of responsibilities between the Chairman and the Group CEO have been agreed by the Board and are set out in the Board Charter and Downer's Delegations Policy.

The Board has established a number of committees to assist the Board to effectively and efficiently execute its responsibilities. A list of the main Board Committees and their current membership is set out in the table below.

Board Committee	Chairman	Members
Audit and Risk	N M Hollows	T G Handicott A M Howse P L Watson
Zero Harm	P L Watson	M J Binns G A Fenn
Nominations and Corporate Governance	M P Chellew	T G Handicott N M Hollows
Remuneration	T G Handicott	N M Hollows A M Howse M J Menhinnitt
Disclosure	T G Handicott	M P Chellew G A Fenn
Tender Risk Evaluation	P L Watson	M J Binns G A Fenn N M Hollows M J Menhinnitt

The names of members of each committee, the number of meetings and the attendances by each of the members of the various committees to which they are appointed is set out in the Directors' Report on page 23.

The Tender Risk Evaluation Committee's primary purpose is to oversee tenders and contracts that exceed the delegation of the Group CEO. The Tender Risk Evaluation Committee, is chaired by an independent Director and comprises four members, including the Group CEO. Meetings of the Tender Risk Evaluation Committee are convened as required to review tender opportunities.

The Board has established the Nominations and Corporate Governance Committee to oversee the practices for selection and appointment of Directors of the Company.

The Nominations and Corporate Governance Committee's primary purpose is to support and advise the Board on fulfilling its responsibilities to shareholders by ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of Directors having regard to the law and leading governance practice.

The Nominations and Corporate Governance Committee has a charter which sets out its roles and responsibilities, composition, structure, membership requirements and the procedures for inviting non-committee members to attend meetings. The Nominations and Corporate Governance Committee Charter gives the Nominations and Corporate Governance Committee access to internal and external resources, including advice from external consultants and specialists. The Nominations and Corporate Governance Committee Charter is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

The Nominations and Corporate Governance Committee, all members of which are independent Directors, is chaired by an independent Director and has a minimum of three members.

The Committee's responsibilities include:

- Assessing the skills and competencies required on the Board
- Assessing the extent to which the required skills are represented on the Board
- Establishing processes for the review of the performance of individual Directors, Board Committees and the Board as a whole
- Establishing processes for identifying suitable candidates for appointment to the Board (including undertaking a formal due diligence screening process)
- Recommending the engagement of nominated persons as Directors.

When appointing Directors, the Nominations and Corporate Governance Committee aims to ensure that an appropriate balance of skills, experience, expertise and diversity is represented on the Board. This may result in a Non-executive Director with a longer tenure remaining in office to bring that experience and depth of understanding to matters brought before the Board.

Given the breadth of Downer's service offerings across a range of markets, the Board seeks to ensure that it maintains an appropriate range of technical skills and executive experience across engineering, construction and scientific disciplines as well as services activities and professional services when considering the appointment of a new Director.

During 2022, Downer's Board renewal program continued. On 1 September 2021, Mark Chellew joined the Downer Board as Non-executive Director and Chairman-elect, succeeding Mike Harding as Chairman on his retirement from the Board on 30 September 2021. This was followed by the appointments of Mark Binns and Mark Menhinnitt on 1 March 2022 and Adelle Howse on 1 April 2022.

In making these appointments, the Downer Board identified the need to ensure ongoing engineering and operational expertise, experience in senior executive roles, various aspects of major infrastructure projects, as well as knowledge and experience of the construction and New Zealand markets.

Mr Chellew has extensive experience in engineering and the building materials sector, as well as a Chief Executive Officer, Non-executive Director and Non-executive Chairman of large publicly listed organisations.

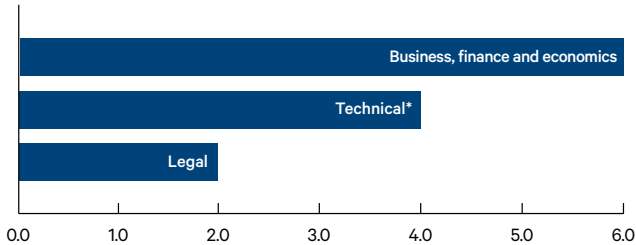
Mr Binns is an experienced senior executive and Non-executive Director with extensive experience in New Zealand in the energy, construction and building materials sectors where he has been closely involved in many of New Zealand's largest infrastructure projects.

Mr Menhinnitt is an experienced senior executive with extensive domestic and international experience in large infrastructure development and urban regeneration, investment management, construction, asset services, operations and maintenance.

Dr Howse has extensive senior executive and Non-executive Director experience in the infrastructure, energy and resources, construction, data centres, telecommunications and property sectors.

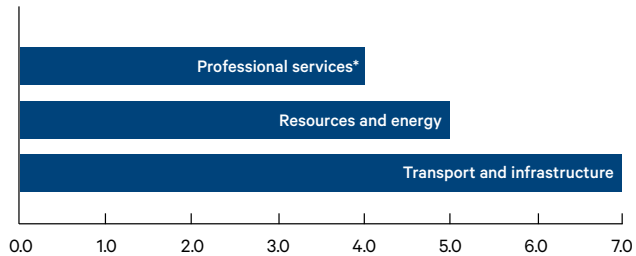
The chart below illustrates the balance achieved with the current Board composition. The Company recognises the value of diversity which has been a component of the appointment process over the past few years.

**Professional qualifications**



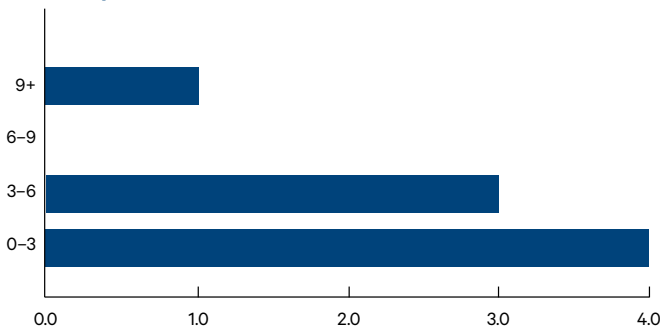
\* Comprises construction, engineering, metallurgy and science.

**Industry experience**

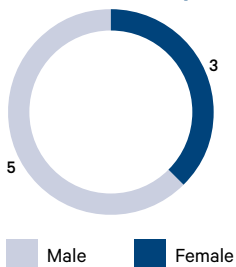


\* Includes banking, finance and legal.

**Tenure (years)**



**Gender diversity**



From time to time, Downer engages external specialists to assist with the selection process as necessary, and the Chairman, Board and Group CEO meet with candidates as part of the appointment process.

Nominations for re-election of Directors are reviewed by the Nominations and Corporate Governance Committee and Directors are re-elected in accordance with the Downer Constitution and the ASX Listing Rules.

As part of its commitment to leading corporate governance practice, the Board undertakes improvement programs, including externally facilitated periodic reviews of its performance and that of its Committees and Directors. The last review was completed during FY22 and included consideration of the skills and knowledge of Directors.

The Company has formal induction procedures for both Directors and senior executives. These induction procedures have been developed to enable new Directors and senior executives to gain an understanding of:

- Downer’s financial position, strategies, operations and risk management policies
- The respective rights, duties and responsibilities and roles of the Board and senior executives
- Downer’s culture and values.

Directors are given an induction briefing by the Company Secretary and an induction pack containing information about Downer and its business, Board and Committee charters and Downer Group policies. New Directors also meet with key senior executives to gain an insight into the Company’s business operations and the Downer Group structure.

Directors are encouraged to continually build on their exposure to the Company’s business and a formal program of Director site visits has been in place since 2009. Directors are also encouraged to attend appropriate training and professional development courses to update and enhance their skills and knowledge and the Company Secretary regularly organises governance and other continuing education sessions for the Board.

The Board is provided with the information it needs to discharge its responsibilities effectively. The Directors also have access to the Company Secretary for all Board and governance-related issues and the appointment and removal of the Company Secretary is determined by the Board. The Company Secretary is accountable to the Board, through the Chair, on all governance matters.

### Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Downer's Purpose is to create and sustain the modern environment by building trusted relationships with our customers. Its Promise is to work closely with our customers to help them succeed, using world-leading insights and solutions. Downer's Purpose and Promise are founded on the Pillars of Zero Harm, Delivery, Relationships and Thought Leadership and define the way it manages its business and are the foundations that support Downer's culture. An overview of the Purpose, Promise and Pillars can be found on the Downer website at [www.downergroup.com](http://www.downergroup.com).

Downer strives to attain the highest standards of behaviour and business ethics when engaging in corporate activity. The Downer Standards of Business Conduct sets the ethical tone and standards of the Company and deals with matters such as:

- Compliance with the letter and the spirit of the law
- Workplace behaviour
- Prohibition against bribery and corruption
- Protection of confidential information
- Engaging with stakeholders
- Workplace safety
- Diversity and inclusiveness
- Sustainability
- Conflicts of interest.

Downer has 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 which enables employees to anonymously report potential breaches of the Standards of Business Conduct, including misconduct or other unethical behaviour. Reports received through Our Voice are investigated where appropriate, with the Company Secretary overseeing the completion of any remedial action. The Board is informed of material breaches of the Standards of Business Conduct through reporting of incidents reported under the whistleblower policy, investigations of allegations of fraud and breaches of Downer's Zero Harm Cardinal Rules.

The Standards of Business Conduct applies to all officers and employees and is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

Downer endorses leading governance practices and has in place policies setting out the Company's approach to various matters, including:

- Securities trading (stipulating 'closed periods' for designated employees and a formal process which employees must adhere to when dealing in securities)
- The Company's disclosure obligations (including continuous disclosure)
- Communicating with shareholders and the general investment community
- Privacy.

Downer has an Anti-Bribery and Corruption Policy which expands upon the prohibition against bribery and corruption currently contained in the Standards of Business Conduct, and which addresses key issues such as working with government, political donations, human rights, conducting business internationally and gifts and benefits. The Board is informed of material breaches of the Anti-Bribery and Corruption Policy.

As Downer has operations in foreign jurisdictions, Downer employees are confronted by the challenges of doing business in environments where bribery and corruption are real risks. However, regardless of the country or culture within which its people work, Downer is committed to compliance with the law, as well as maintaining its reputation for ethical practice.

These policies are available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

### Principle 4: Safeguard the integrity of corporate reports

The Company has in place a structure of review and authorisation which independently verifies and safeguards the integrity of its financial reporting.

An external limited assurance engagement is performed on selected sustainability information in Downer's annual Sustainability Report. Downer also follows a comprehensive internal verification process to ensure the integrity of the Sustainability Report and other periodic corporate reports which are not audited or reviewed by the external auditor, including the Directors' Report, Corporate Governance Statement, and Information for Investors. This process involves review of reporting by relevant subject matter experts across the organisation to ensure it is materially accurate, balanced and provides investors with appropriate information.

The Audit and Risk Committee assists the Board to fulfil its responsibilities relating to:

- The quality and integrity of the accounting, auditing and reporting practices of the Company with a particular focus on the qualitative aspects of financial reporting to shareholders
- The Company's risk profile and risk policies
- The effectiveness of the Company's system of internal control and framework for risk management.

The Audit and Risk Committee is structured so that it:

- Consists of only Non-executive Directors
- Consists of a majority of independent Directors
- Is chaired by an independent Chairman (who is not the Chairman of the Board)
- Has at least three members.

The Audit and Risk Committee comprises only independent Directors, includes members who are financially literate and has at least one member who has relevant qualifications and experience.

The Audit and Risk Committee Charter sets out the Audit and Risk Committee's role and responsibilities, composition, structure and membership requirements and the procedures for inviting non-committee members to attend meetings.

The Board receives assurances from the Group CEO and the Group CFO that the declarations provided to it in relation to the annual and half-year financial statements, in accordance with sections 295A and 303(4) of the *Corporations Act 2001* (Cth), are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Downer's external auditor attends the Company's AGMs and is available to answer any questions which shareholders may have about the conduct of the external audit for the relevant financial year and the preparation and content of the Audit Report.

Information regarding the number of times the Audit and Risk Committee convened in FY22, together with the individual attendances of members at the meetings, is set out in the Directors' Report on page 23.

The Audit and Risk Committee Charter is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

### **Principle 5: Make timely and balanced disclosure**

The Company's Disclosure Policy sets out processes which assist the Company to ensure that all investors have equal and timely access to material information about the Company and that Company announcements are factual and presented in a clear and balanced way. It includes that new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation. A copy of the Disclosure Policy is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

The Disclosure Policy also sets out the procedures for identifying and disclosing material and market-sensitive information in accordance with the *Corporations Act 2001* (Cth) and the ASX Listing Rules. The Board receives copies of all material market announcements promptly after they have been made.

Downer's Disclosure Committee consists of two independent, Non-executive Directors (one of which is the Chairman of the Board) and the Group CEO. The Disclosure Committee oversees disclosure of information by the Company to the market and the general investment community.

### **Principle 6: Respect the rights of security holders**

Downer empowers its shareholders by:

- Communicating effectively, openly and honestly with shareholders
- Giving shareholders ready access to balanced and understandable information about the Company and its governance
- Making it easy for shareholders to participate in general meetings
- Giving shareholders the option to receive communications from, and send communications to, the Company and its security registry electronically.

The Downer Communication Policy sets out the Company's approach to communicating with shareholders and is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

The Company publishes corporate information on its website ([www.downergroup.com](http://www.downergroup.com)), including Annual and Half Year Reports, ASX announcements, investor updates and media releases.

Downer encourages shareholder participation at members' meetings through its use of electronic communication, including by making notices of meetings available on its website and audio casting of general meetings and significant Group presentations. All substantive resolutions at meetings of shareholders are conducted by poll.

The Directors and key members of management attend the Company's AGMs and are available to answer questions.

### **Principle 7: Recognise and manage risk**

To mitigate the risks that arise through its activities, Downer has various risk management policies and procedures in place that cover (among other matters) interest rate management, foreign exchange risk management, credit risk management, tendering and contracting risk and project management.

Downer has controls at the Board, executive and business unit levels that are designed to safeguard Downer's interests and ensure the integrity of reporting (including accounting, financial reporting, environmental and workplace health and safety policies and procedures). These controls are designed to ensure that Downer complies with legal and regulatory requirements, as well as community standards.

Downer has a Risk Management Framework in place to enable business risks to be identified, evaluated and managed. The Board ratifies Downer's approach to managing risk and oversees Downer's Risk Management Framework, including the Group risk profile and the effectiveness of the systems being implemented to manage risk. The last review of the Risk Management Framework was completed in 2022. The Board reviews the Group risk profile twice each year and considers other risk matters, such as business resilience, tender review

processes, risk appetite, and specific risk areas, on a regular basis, as well as regular reports from senior management, the internal audit team, and the external auditor.

Downer's annual Sustainability Report provides a detailed overview of Downer's approach to managing its environmental and social risks. The Sustainability Report is available on the Downer website at [www.downergroup.com/2022sustainabilityreport](http://www.downergroup.com/2022sustainabilityreport).

The Company's internal audit function objectively evaluates and reports on the existence, design and operating effectiveness of internal controls. Downer's internal audit team is independent of the external auditor and reports to the Audit and Risk Committee.

Downer's Audit and Risk Committee assists the Board in its oversight of Downer's risk profile and risk policies, the effectiveness of the systems of internal control and Risk Management Framework and Downer's compliance with applicable legal and regulatory obligations. The Audit and Risk Committee Charter is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

Management reports regularly to the Audit and Risk Committee on the effectiveness of Downer's management of its material business risks and on the progress of mitigation treatments.

### **Principle 8: Remunerate fairly and responsibly**

The Board has established a Remuneration Committee and has adopted the Remuneration Committee Charter which sets out its role and responsibilities, composition, structure and membership requirements and the procedures for inviting non-committee members to attend meetings.

The Remuneration Committee is responsible for reviewing and making recommendations to the Board about:

- Executive remuneration and incentive policies
- The remuneration, recruitment, retention, performance measurement and termination policies and procedures for all senior executives reporting directly to the Group CEO
- Executive and equity-based incentive plans
- Superannuation arrangements and retirement payments.

Remuneration of the Group CEO, Executive Directors and Non-executive directors forms part of the responsibilities of the Nominations and Corporate Governance Committee.

Downer's remuneration policy is designed to motivate senior executives to pursue the long-term growth and success of the Company and prescribes a relationship between the performance and remuneration of senior executives.

The Remuneration Committee is structured so that it:

- Consists of a majority of independent Directors
- Is chaired by an independent Director
- Has at least three members.

The Executive Director is not a member of the Remuneration Committee.

The maximum aggregate fee approved by shareholders that can be paid to Non-executive Directors is \$2.0 million per annum. This cap was approved by shareholders on 30 October 2008. Further details about remuneration paid to Non-executive Directors are set out in the Remuneration Report at page 27.

Retirement benefits are not paid to Non-executive Directors.

Non-executive Directors do not participate in any equity incentive schemes.

The remuneration structure for Executive Directors and senior executives is designed to achieve a balance between fixed and variable remuneration taking into account the performance of the individual and the performance of the Company. Executive Directors receive payment of equity-based remuneration as short-term and long-term incentives.

Executive Directors and senior executives are prohibited from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any of the Company's equity-based remuneration schemes, as set out in the Securities Trading Policy. A copy of the Securities Trading Policy is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

Further details about the remuneration of Executive Directors and senior executives are set out in the Remuneration Report at page 27 and details of Downer shares beneficially owned by Directors are provided in the Directors' Report at page 10.