

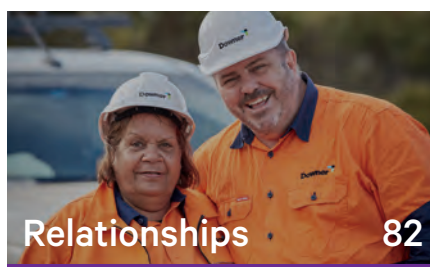
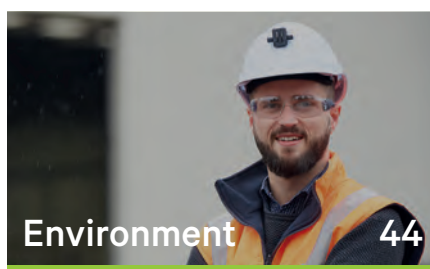
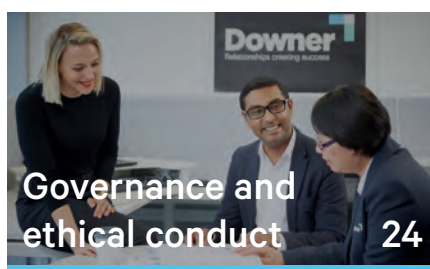
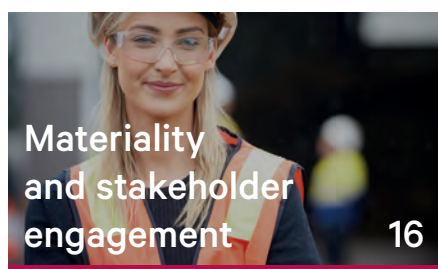
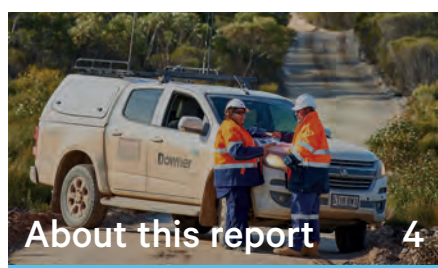
**Sustainability
Report**

2021

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About this year's cover

At Downer's Reconomy plant at Rosehill, New South Wales, we deliver solutions in landfill avoidance that recycle and repurpose domestic, commercial, road and construction waste materials into quality construction and organic products. We also operate in landfill management. These efforts help drive the circular economy through practical applications, while reducing the reliance upon increasingly scarce virgin materials.

Acknowledgement of Country

Downer acknowledges Aboriginal and Torres Strait Islander peoples as the First Australians and the Traditional Custodians across Australia.

We would like to acknowledge and pay our respects to the Elders of the past, present and future in maintaining the culture, country and their spiritual connection to the land.

Karakia Māori

Kia tau ngā manaakitanga
Ki runga ki tēnā ki tēnā o mātou
Kia mahea te hua mākihikihi
Kia toi te mana
Kia toi te kupu
Kia toi te reo
Toi tu te whenua
O tēnā o tēnā o tātou
Kia tuturu whakamaua kia Tina! Tina!
Haumi e hui e!
Taiki e!

*Let the strength and life
force of our ancestors
Be with each and every
one of us
Freeing our path from
obstruction so that
Our integrity is upheld
Our words have honour
Our language has vitality
And the land is steadfast
Let us be resolute
Permanently fixed, established
and understood!
Let us move forward together!*

A message from the Chairman and CEO



Mike Harding Chairman



Grant Fenn CEO

Downer has made significant progress delivering its Urban Services strategy during the 2021 financial year. This involves focusing on our Transport, Utilities and Facilities & Asset Services businesses and divesting our Laundries business and portfolio of Mining businesses.

Our Urban Services strategy delivers many environmental and social benefits. For example, the sale of our Laundries and Mining businesses will not only substantially reduce the Group's capital expenditure, it will also support our decarbonisation pathway by significantly reducing our greenhouse gas emissions.

In December 2020, we enhanced our reputation as a sustainability leader by establishing a \$1.4 billion Sustainability Linked Loan (SLL) – the largest in Australia in 2020. The loan is underpinned by KPI metrics relating to Downer's greenhouse gas emissions reductions and social sustainability (being cultural awareness and mental health and wellbeing training of Downer employees). If these KPIs are realised, Downer's borrowing costs will be lower.

This means our economic outcomes are now directly linked to our sustainability performance. It is a big step on Downer's sustainability journey, and validation of our long-held commitment to operate in a sustainable manner.

In FY21, Downer revisited our materiality assessment, which is an important piece of independent research to identify the issues that matter most to the business and our stakeholders. The results of this research shape the content in this report and inform our business strategies. The most pleasing aspect of this year's materiality assessment is the close alignment in the views of our people and our external stakeholders, demonstrating that Downer understands our stakeholders and markets.

Health and safety again ranked as Downer's most important material issue in the materiality assessment, reinforcing the importance of our strong Zero Harm culture. Downer consistently performs well across key safety indicators, including Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR). In FY21, Downer's LTIFR was 0.99 per million hours worked and TRIFR was 2.60 per million hours worked.

A growing focus in health and safety strategies is mental health and, again, Downer is a leader in this space. We introduced a Group-wide function in 2018 to change the conversation around mental health and provide support for our people. In May, we took our commitment to health and wellness a step further, by partnering with Beyond Blue to also support the mental health of our communities across Australia.

We were the Matched Giving Partner for Beyond Blue's 2021 fundraising campaign, which saw Downer double all donations given to Beyond Blue through the campaign up to a total of \$250,000. Beyond Blue estimates our support will ensure that over 14,500 people get access to support as they navigate pivotal times in their mental health. This partnership is something that all Downer's stakeholders should be proud of.

We also continued to support the growth of our people in FY21. An important initiative was the launch of our first Group-wide women's empowerment and capability building program in March. We initially launched the pilot program in two States – New South Wales and Victoria. But the overwhelming response and expressions of interest from our people led to the expansion of the pilot to include Queensland, ACT and Western Australia.

Managing our business to be sustainable over the long term has always been front of mind for Downer's Board. In March, we reaffirmed this commitment by appointing Julie Wills to the new role of Group Head of Sustainability. Julie, who has done an outstanding job as Downer's Group Head of Zero Harm over many years, has also been responsible for guiding the Group's strategies, policies and reporting on sustainability.

Improving our sustainability reporting and disclosure has been one of our priorities in recent years, and this has been recognised by a number of independent organisations – for example, S&P Global ranked Downer in the top 650 of 7,000 companies globally and listed Downer in its Sustainability Yearbook 2021 because our sustainability performance is within the top 15 per cent for our industry sector. Downer was also awarded Industry Mover status, for the company with the strongest year-on-year score improvement in our industry.

These achievements would not be possible without the hard work and dedication of our people. Thank you to all our employees, customers, communities, business partners, contractors and suppliers for your continued support.

Mike Harding
Downer Chairman

Grant Fenn
Downer Group CEO

Sustainability snapshot

Financial



\$12.2b

Revenue

(FY20: \$13.4b)

\$467.3m

Underlying earnings before interest, tax and amortisation (EBITA)

(FY20: \$416m)

\$261.2m

Underlying net profit after tax and before amortisation of acquired intangible assets (NPATA)

(FY20: \$215.1m)

\$35.4b

Work in hand

(FY20: \$42.2b)

Governance



4 Male
2 Female

Board of Directors – gender diversity

(FY20: 4 Male 2 Female)

300+

Senior executives who completed Downer's Financial and Corporate Governance Self-Assessment surveys in FY21 (100 per cent completion rate)

79

Announcements made to the ASX and NZX with zero breaches of continuous disclosure

Health and safety



0.99

Downer's Lost Time Injury Frequency Rate (LTIFR)/million hours worked

(FY20: 1.08)

2.60

Downer's Total Recordable Injury Frequency Rate (TRIFR)/million hours worked

(FY20: 3.10)

0

Fatality

(FY20: 1)

0

Prosecutions 2 Fines

(FY20: 7 Fines)

Environment



0

Significant environmental incidents

(FY20: Zero)

1

Prosecution 1 Fine

(FY20: 4 Fines)

41.37

Carbon intensity (Scope 1 and Scope 2) tonnes CO₂-e/AUD\$m

(FY20: 44.05)

0.54

Energy intensity (TJ/AUD\$m)

(FY20: 0.59)

People



66% Male
34% Female

Employees – gender diversity

(FY20: Male 65% Female 35%)

25%

Females in Executive roles

(FY20: 22%)

\$56.3m

Overall Indigenous supplier spend within Downer's Australian operations

(FY20: \$47.3m)

Employees by region

**Australia 76%
New Zealand 23%
International 1%**

ESG sustainability ratings performance*

Downer proactively participates in a range of sustainability surveys to inform our understanding and improve our sustainability performance.

S&P Global

Downer was included in S&P Global's 2021 Sustainability Yearbook, after our sustainability performance ranked in the top 15 per cent of our industry.

MSCI

Ranked as a 'Leader' with a AA rating, placing Downer in the top 21 per cent of companies analysed globally.

ISS

Achieved Level 1 (the highest) for Environment and Social, and a Level 3 for Governance.

ACSI

Highest rating – 'Leading' – in the Commercial and Professional Services sector.

SUSTAINALYTICS

Ranked in the top 24th percentile globally.

CDP

Achieved a grading of C for Climate Change, in line with the global average (C). Achieved a grading of B for Supplier Engagement, ahead of the global average (C).

* Downer's performance for ESG ratings is based on information provided in the FY20 period.

About this report



This Sustainability Report discloses Downer's sustainability-related performance for the financial year ended 30 June 2021.

Sustainability performance information relating to Downer entities and joint ventures has been included in the relevant sections of the report.

Changes to the reporting boundaries or measurement methodologies applied with reference to our previous Sustainability Report are addressed in the relevant report sections.

This report discloses the sustainability-related performance of businesses within the Downer Group (Downer EDI Limited) for the financial year ended 30 June 2021. It is to be read in conjunction with Downer's 2021 Annual Report for information pertaining to the company's financial sustainability. As such, cross-references to Downer's Annual Report appear throughout this document.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, ensuring it presents a full and balanced picture of Downer's material topics and related impacts, as well as how these impacts are managed.

Downer's 2021 Sustainability Report has also been produced as an interactive online document, which can be found on the Downer website at: sustainability.downergroup.com/2021/.

In some instances, you can find additional information online. When you see this icon, refer to our website to read more.



Key changes from previous years

Downer has made changes to the list of material issues and issue boundaries from previous years. Please see the Materiality and stakeholder engagement section (pages 16-23) for full details.

In FY21, we undertook a comprehensive independent materiality assessment to ensure our sustainability performance and reporting continues to align with the priorities of our stakeholders.

The results of the materiality assessment also led to a change in the structure of this report. The Communities section, which has appeared in Downer's previous Sustainability Reports, has been expanded and relabelled 'Relationships' (pages 82-93). The scope of this section has been broadened to focus on how Downer builds and maintains relationships with three crucial external stakeholder groups: communities, customers and supply chain.

In this year's report, we have also included a table outlining Downer's key FY22 targets and objectives for our five sections. We will review our performance against these targets in next year's report.

In FY21, Health and safety performance has been expanded to include Spotless and Hawkins. See Page 36 for further details.

For the purposes of energy and GHG data in this Sustainability Report, the boundary determination now extends to any facilities that are subject to transfer certificate arrangements under

Section 22J of the NGER Act. This means that emissions from the Meandu Mine are now included in Scope 1 and 2 GHG emissions data throughout the report, whereas in Downer's 2020 Sustainability Report this was limited to the Science-Based Target boundary.

Our reporting approach

Reporting in accordance with the GRI Standards provides investors the ability to benchmark with comparable information relating to environmental, social and governance (ESG) performance.

Our approach is guided by the GRI's principles for informing report content: materiality, completeness, sustainability context and stakeholder inclusiveness. A focus of this report is to demonstrate how we deliver sustainable returns while managing risk and being responsible in how we operate.

We engage with our internal and external stakeholders to ensure we understand, and report on, our sustainability risks and opportunities. Our comprehensive independent materiality assessment ensures our sustainability performance and reporting continues to align with the priorities of our stakeholders.

Downer has engaged KPMG to provide limited assurance over selected sustainability indicators to assess whether they have been prepared in accordance with Downer's policies and procedures, and the GRI Standards.

These selected sustainability indicators are:

- Lost Time Injury Frequency Rates and Total Recordable Injury Frequency Rates
- Total direct (Scope 1) and indirect (Scope 2) GHG emissions
- Total energy consumption and production
- Significant environmental incidents (Category 4+)
- The total number and value of safety and environmental related fines or successful prosecutions
- Science-Based Target (SBT) Scope 1 and 2 Greenhouse Gas Emissions Intensity (tonnes CO₂-e/AU\$m)
- Hours delivered for Indigenous Cultural Awareness, Te Ara Whanake and Te Ara Maramatanga training
- Employees trained annually in Downer's Mental Health First Aid (MHFA) training course.

Downer is committed to reporting our sustainability performance annually and consistently improving our data and information collection processes to ensure better quality data and insights.

Downer discloses all environmental and safety fines received during FY21. In addition, if a fine of more \$50,000 is received after 30 June but before publication of the 2021 Sustainability Report, Downer will disclose the fine. If an incident occurs after 30 June but before publication of the 2021 Sustainability Report, and will potentially result in a fine greater than \$50,000, Downer will disclose the incident and an estimated fine value, where possible.

All prosecutions known before the publication of the 2021 Sustainability Report have been disclosed.

Our approach to sustainability

At Downer, sustainability means sustainable and profitable growth, providing value to our customers, delivering our services in a safe and environmentally responsible manner, helping our people to be better and advancing the communities in which we operate. Downer's holistic approach to sustainability is summarised in the diagram below.



Our commitments to sustainability are outlined in our policies, which are accessible from the Downer website (www.downergroup.com).

A core element of Downer's sustainability approach is to focus on our customers' success. Our core operating philosophy, 'Relationships creating success', encapsulates this theme.

Downer operates in sectors that are closely connected to the investment that is being driven by population growth and urbanisation. These sectors include roads, rail, light rail, other public transport, power, gas, water, telecommunications, health, education, defence and other government sectors.

These sectors are served by Downer's Urban Services businesses – Transport, Utilities, and Facilities and Asset Services. These businesses have demonstrated strength and resilience, hold market-leading positions and attractive medium-term and long-term growth opportunities. They have a high proportion of government and government-related contracts and a capital light, services-based business model generating lower risk, more predictable revenues and cash flows. Downer's Urban Services strategy delivers many environmental and social benefits including a move to lower capital intensive and lower carbon activities which supports Downer's decarbonisation pathway.

Downer is proud of the role we play in creating more sustainable cities and improving the quality of life in Australia and New Zealand. We are also heavily involved in providing services for social infrastructure such as schools, universities, hospitals, public housing and other areas of government such as defence.

Our customers trust us to deliver these services, which will have a direct impact on their customers every day.

With our services impacting millions of lives every day, the sustainability of our operations is paramount – for our people, our partners, our shareholders, our customers and their customers.

We deliver these services while managing the impacts of our activities on the environment and communities in which we operate, and working collaboratively with our supply chain. We understand that our ability to do this is fundamental to Downer's long-term success.



For Downer's approach to Zero Harm, refer to our website.

Sustainability Linked Loan

Downer successfully completed the refinancing of the Group's debt platform in December 2020, with the establishment of a new \$1.4 billion syndicated sustainability linked loan facility.

Sustainability linked loans (SLL) are designed to incentivise borrowers, like Downer, to deliver on commitments to sustainability and to support sustainable economic activity and growth.

The new committed facility comprises three, four, five and six year tranches, and has been structured to enhance the debt maturity profile, reduce average borrowing costs and provide flexibility as the Group continues its program of divesting non-core businesses.

The sustainability aspect of the new facility is underpinned by KPI metrics relating to Downer's greenhouse gas emissions reductions and social sustainability that, if realised, will lead to a reduction in borrowing costs under the facility. These sustainability KPIs are unique to Downer and reflect the Group's continued commitment to its sustainability performance and investment in its people.

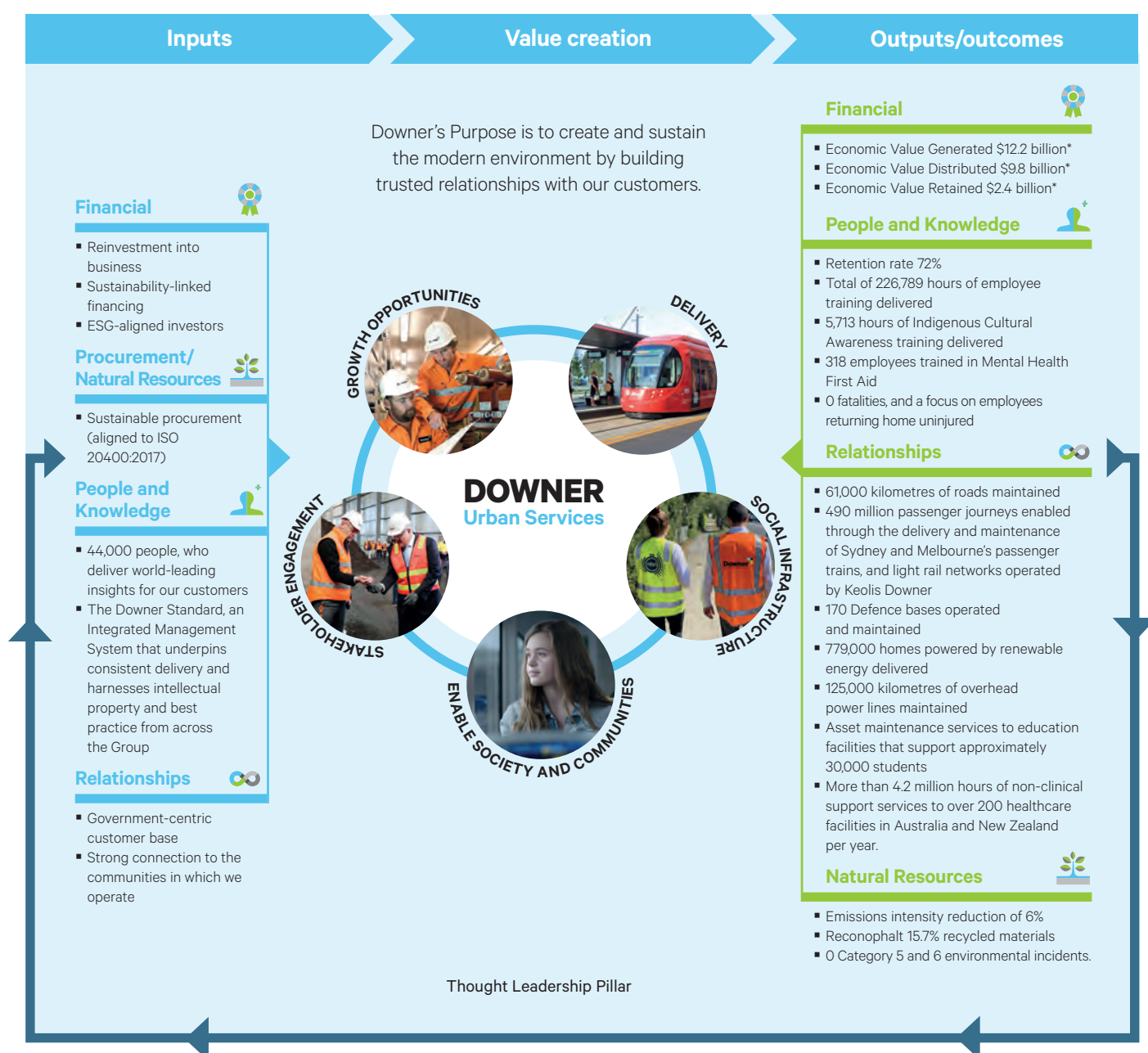
The refinancing was the final step in the consolidation of the Group's debt platforms subsequent to achieving 100 per cent ownership of Spotless on 21 September 2020 and provided an ideal opportunity to align the Group's financing and sustainability strategies.

The \$1.4 billion syndicated sustainability linked loan facility was the largest SLL in Australia in 2020. It was also voted the best in Australia and the Asia Pacific region.

Domestic financial markets publication, KangaNews, awarded Downer the Australian Syndicated Loan Deal of the Year in the annual KangaNews Awards, which polls hundreds of market participants each year to determine the award winners. Asia Pacific Loan Markets Association (APLMA), the industry body that governs bank loan markets in the region, then awarded Downer the Syndicated Green/Sustainable Deal of 2020.

Value chain and value creation

Downer has disclosed its value creation process in line with the concepts of the International Integrated Reporting Council's (IIRC) six capitals. This shows, at a glance, the interlinkages between Downer's sources of value (inputs), its business model (value creation), and the value that Downer contributes (outputs).



* Economic Value Generated, Distributed and Retained are GRI-specific metrics, and are not reflective of financial performance in accordance with international or domestic accounting standards.



About Downer

At Downer, our customers are at the heart of everything we do.

Downer designs, builds and sustains assets, infrastructure and facilities and we are the leading provider of integrated services in Australia and New Zealand.

With a history dating back over 150 years, Downer is listed on the Australian Securities Exchange and the New Zealand Stock Exchange as Downer EDI Limited (DOW). We are an ASX 100 company that employs approximately 44,000 people across more than 300 sites, primarily in Australia and New Zealand.

Learn more about Downer's services at www.downergroup.com.

Our Purpose

Is to create and sustain the modern environment by building trusted relationships with our customers.

Our Promise

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

Our 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



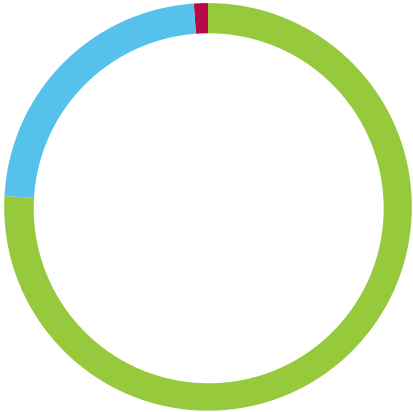
FY21 total revenue
by service line %

Transport	43%
Facilities	24%
Utilities	17%
Mining	9%
Engineering, Construction and Maintenance (EC&M)	7%



FY21 employees
by region %

Australia	76%
New Zealand	23%
International	1%



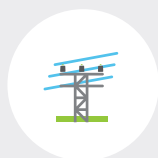


Downer's operating model



Transport

Road Services
Rail and Transit Systems
Infrastructure Projects



Utilities

Telecommunications
Water
Power and Gas



Facilities

Government
Health and Education
Defence
Building



Asset Services

Power and Energy
Industrial and Marine

Divested

Mining
Laundries (Facilities)

In FY21, the structure of the Downer Group continued to evolve in line with our focus on Urban Services in Transport, Utilities, Facilities and Asset Services.

We exited our Laundries business and the Mining business with the exception of Open Cut East. We are continuing to explore opportunities to divest Open Cut East. In the event Downer is unable to complete the sale, we will fulfill our contractual commitments. Once the terms of these contracts are complete, Downer will have no further participation in Mining services.

We also created the Rail & Transit Systems Business Unit through the merger of Rollingstock Services and Major Projects.

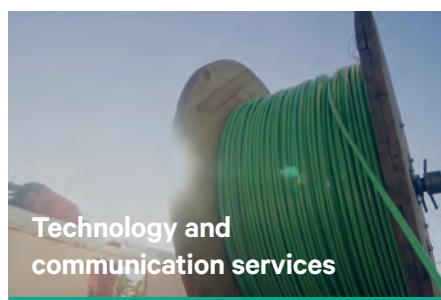
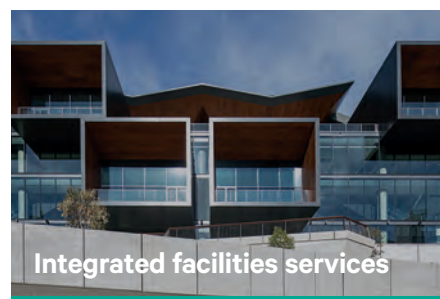
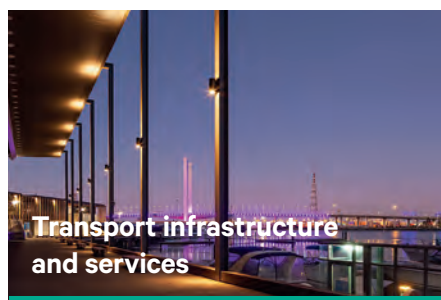
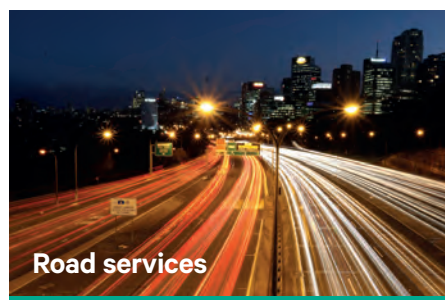
In September 2020, Downer completed the full acquisition of Spotless. This allowed Downer to further integrate Spotless into the organisation.

We created the Downer Defence Business Unit through the merger of Downer's Defence Systems and Spotless' Base and Estate Management. We also created the Facilities & Asset Services Business Unit by combining the residual Spotless business and Asset Services.

This represents the final stage of Spotless' integration into the Downer Group.

What we do

Downer supports our customers through the full life of their assets – from initial feasibility and design through to production and operations and eventual decommissioning.



UN Sustainable Development Goals (SDGs)

In 2015, the United Nations agreed on 17 SDGs as part of a 2030 Agenda for Sustainable Development to end poverty, promote prosperity and wellbeing for all, and protect the planet. Downer is a supporter of the SDGs and we recognise that, as the leading integrated services provider in Australia and New Zealand, we are in a strong position to contribute towards achieving these goals and their related targets.

The materiality assessment Downer conducted in FY21 (see pages 16-23) identified the following top eight SDGs, ranked in order of priority, to which Downer has the greatest contribution:

1.



2.



3.

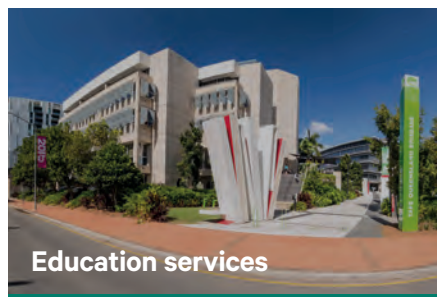


4.





For more information on Downer's services, refer to the Downer website.



5.



6.



7.



8.












Downer contributes to the SDGs in four important ways: through our services and products; by responsibly operating our business; through our capability and thought leadership; and through our social responsibility activities and community involvement. Downer's sustainability targets (as outlined on pages 14-15) are the tangible reflection of the organisation's contribution to the SDGs. A full description of activities that feed into each target can be found in the respective section of the report.



















Refer to the Downer website for full mapping to SDG-related indicators.

Downer's sustainability targets and objectives

Downer commits to the following primary targets, which encompass its material issues, as described in the Materiality and stakeholder engagement section on pages 16-23. Additional objectives are included within each section of the report to describe Downer's focus areas in greater detail.

Targets and objectives	Timeframe	SDGs	Progress against targets and objectives
Governance and ethical conduct			
Zero breaches of: <ul style="list-style-type: none"> Disclosures relating to market sensitive information Anti-bribery and corruption policy Securities trading policy. 	Ongoing/FY22		Downer has an ongoing commitment to zero breaches of key governance principles and policies. In FY21, Downer had zero breaches of these principles and policies.
Zero instances of anti-competitive behaviour.	Ongoing/FY22		Downer has an ongoing commitment to zero instances of anti-competitive behaviour. In FY21, Downer had zero instances of anti-competitive behaviour.
Publish Downer's Modern Slavery Statement for FY21.	FY22		Downer published its inaugural Modern Slavery Statement in FY21.
Health and safety			
Zero fatalities <0.9 Lost Time Injury Frequency Rate (LTIFR) <3.5 Total Recordable Injury Frequency Rate (TRIFR).	Ongoing/FY22	 	Downer's ongoing health and safety targets include zero fatalities and a commitment to industry-leading LTIFR and TRIFR performance. In FY21, Downer recorded zero fatalities, a 0.99 LTIFR and a 2.60 TRIFR.
Developing unified Zero Harm management system.	Ongoing/FY22	 	Achieved single certification across the Group to ISO 45001.
Environment			
Zero environmental prosecutions Zero serious environmental incidents.	Ongoing/FY22	 	Downer continues to target zero environmental prosecutions and zero serious environmental incidents as a result of its operations. Unfortunately, in FY21, Downer recorded an environmental prosecution within our New Zealand business. Downer recorded zero serious environmental incidents in FY21.

Targets and objectives	Timeframe	SDGs	Progress against targets and objectives
Environment			
Science-Based Target: 45-50% reduction in Scope 1 and 2 emissions by 2035	2035	 	In 2019, Downer committed to the decarbonisation of our absolute Scope 1 and 2 GHG emissions by 45-50 per cent by 2035 from a 2018 base year, and to being net zero by the second half of the century. In 2021, we tightened this commitment to being net zero by 2050.
Science-Based Aligned Target of Net Zero by 2050.	2050		Downer's interim target for FY21 was 528.6 ktCO ₂ -e. Downer's performance for FY21 was 506.1 ktCO ₂ -e, exceeding the target by four per cent.
Downer Business Units to produce a decarbonisation plan to contribute to Downer's Science Based-Aligned Target.	Ongoing/FY22	 	Downer will report progress against Business Units' decarbonisation plans on a consolidated basis, as part of ongoing reporting against our Science Based-Aligned Target.
People			
Make progress towards Downer's medium-term gender diversity targets:	2023	 	In 2021, Downer's workforce was:
<ul style="list-style-type: none"> 40 per cent of women in the workforce by 2023 25 per cent of women in management positions by 2023 25 per cent of women in executive positions by 2023 30 per cent women on Board by 2023. 			<ul style="list-style-type: none"> 34 per cent female 17 per cent of women in management positions 25 per cent of women in executive positions 33 per cent of women in Board positions.
Three per cent Aboriginal and Torres Strait Islander employees in Australian workforce	Ongoing/FY22		In 2021, Downer's workforce comprised:
11 per cent Māori employees in workforce in New Zealand.			<ul style="list-style-type: none"> 1.64 per cent Aboriginal and Torres Strait Islander employees in Australia 24 per cent Māori employees in New Zealand
Increasing engagement and progress scores in Downer's annual Employee Engagement Survey.	Ongoing/FY22	 	In FY21, Downer's engagement score decreased from 72 per cent in FY19 (full survey) to 70 per cent.
Launch Innovate Reconciliation Action Plan (RAP) to cover both Downer and Spotless.	Ongoing/FY22		Downer did not conduct a full Employee Engagement Survey in 2020 due to COVID-19
Deliver dedicated Group-wide women's empowerment and capability building program.	Ongoing/FY22		Downer and Spotless closed out their separate Innovate RAPs in FY21.
			Downer launched a pilot of its first Group-wide female empowerment and capability building program, THRIVE, in FY21.
Relationships			
Roll out the Carbon Disclosure Project's (CDP) supply chain program and increase supplier engagement	2023	 	Downer commits to increased supplier engagement, through an increased response rate to the survey each year.
Identify non-profit Indigenous organisation to form partnership with		 	Downer is committed to supporting Indigenous communities.
			Indigenous procurement supply agreements increased from 103 in FY20 to 156 in FY21.
Develop and launch Downer's workplace giving program.			In FY21, Downer consulted Workplace Giving Australia on a workplace giving pilot program.



Materiality and stakeholder engagement

Our stakeholders

Downer recognises that our business operations have a direct impact on a wide range of stakeholders.

Downer believes that what is important to our stakeholders is important for us to meet our strategic objectives and fulfil our Purpose. This requires ongoing and effective engagement with our stakeholders, where we provide transparent and timely information and actively encourage feedback. We utilise the following initiatives to promote open, two-way communication between Downer and our stakeholders.

How we engage with our external stakeholders

Stakeholder	Upstream/Downstream*	How we engage
Customers	Downstream	Meetings, surveys, joint sustainability initiatives, and social media channels
Communities	Downstream	Project specific community engagement plans, local media, social media channels, employment opportunities, local supply arrangements, community investment projects, sponsorships and donations
Investors and shareholder community	Downstream and Upstream	ASX releases, Half Year and Full Year results presentations and webcasts, Investor Day (annually), Annual General Meeting, Annual Report, Sustainability Report, regular meetings and social media channels (ongoing)
Business partners	Upstream	Joint venture boards and operating committees, meetings, workshops
Suppliers	Upstream	Prequalifications, tender contract documents, inductions and training, meetings, contractor engagement
Government regulators	Upstream	Reports, meetings
Industry associations	Upstream	Representation on boards and committees, meetings
Trade unions	Upstream	Meetings
Media	Upstream	Media/ASX releases, briefings and interviews, websites, social media channels
Non-Government Organisations (NGOs)	Upstream	Participation in forums, meetings

* **Upstream stakeholders** – comprises stakeholders who either directly or indirectly influence Downer's success.

Downstream stakeholders – comprises the paying customers and end-users of Downer's products and services.

What are material issues?

Downer seeks to identify the issues where we have the most significant impacts* ('Importance for Downer' in the materiality matrix, page 19) and which matter most to our stakeholders and can therefore most influence their assessments and decisions ('Importance for stakeholders' in the materiality matrix). These issues have the most influence over the value that Downer creates for shareholders, and other key stakeholders, now and into the future.

We refer to these as our material issues. In FY21, Downer revisited our materiality assessment in accordance with the Global Reporting Initiative (GRI) Standards. Materiality Counts, an independent expert, led a process to engage selected internal and external stakeholders to identify and understand our material economic, social, environmental and governance risks and opportunities.

Why we do this

Reporting on the issues that Downer has the most significant impact on, and which matter most to our stakeholders, ensures this report is directly relevant to our target audiences. Material issues are also a valuable input to our strategic planning. Downer recognises these issues may change over time, reflecting changes in our business and external operating environment and the expectations of stakeholders. We use the results of the materiality assessment to inform our business strategy and our sustainability framework and targets.

Our materiality process

The independent process consisted of the following steps.

Step 1 – Develop the universe of potential material issues

A list of potential material issues, alongside short explanations, was compiled using a comprehensive range of inputs including material risks, media scanning, stakeholder feedback, employee surveys, peer review, industry trends and the United Nations' Sustainable Development Goals (SDGs). Downer's 2019 material issues list was reviewed considering changes to our business structure and investor base, as well as COVID-19 impacts, and taking into account risk and peer reports. This resulted in a consolidated list of 19 potential issues for review and discussion by stakeholders.

Step 2 – Materiality survey

A representative sample of stakeholders was identified for consultation. This included internal stakeholders – namely Board members, Executives and key employees – as well as external stakeholders including investors, customers, suppliers, industry associations and Non-Governmental Organisations (NGOs), ensuring geographic spread across Australia and New Zealand. All stakeholders completed a survey, providing quantitative data on the relative priority of the issues.

Step 3 – Stakeholder interviews

One-on-one telephone interviews were conducted with selected internal and external stakeholders, which provided qualitative information to increase our understanding of the current and future context of each issue, including the potential for it to impact our value creation over time.

Step 4 – Validation of the results

The validation of results by Downer's Executives and Board is an important part of the process. The qualitative and quantitative results and stakeholder feedback were presented to Downer's Executive Strategic Committee, where it was decided to elevate the priority ranking of Economic Performance from ninth to third, due to the business impact and importance placed on Economic Performance by both internal stakeholders and investors.

The 13 material issues and revised rankings were endorsed by the Zero Harm Board Committee.

The material issues listed on page 19 framed the structure and content of this Sustainability Report.

Materiality results

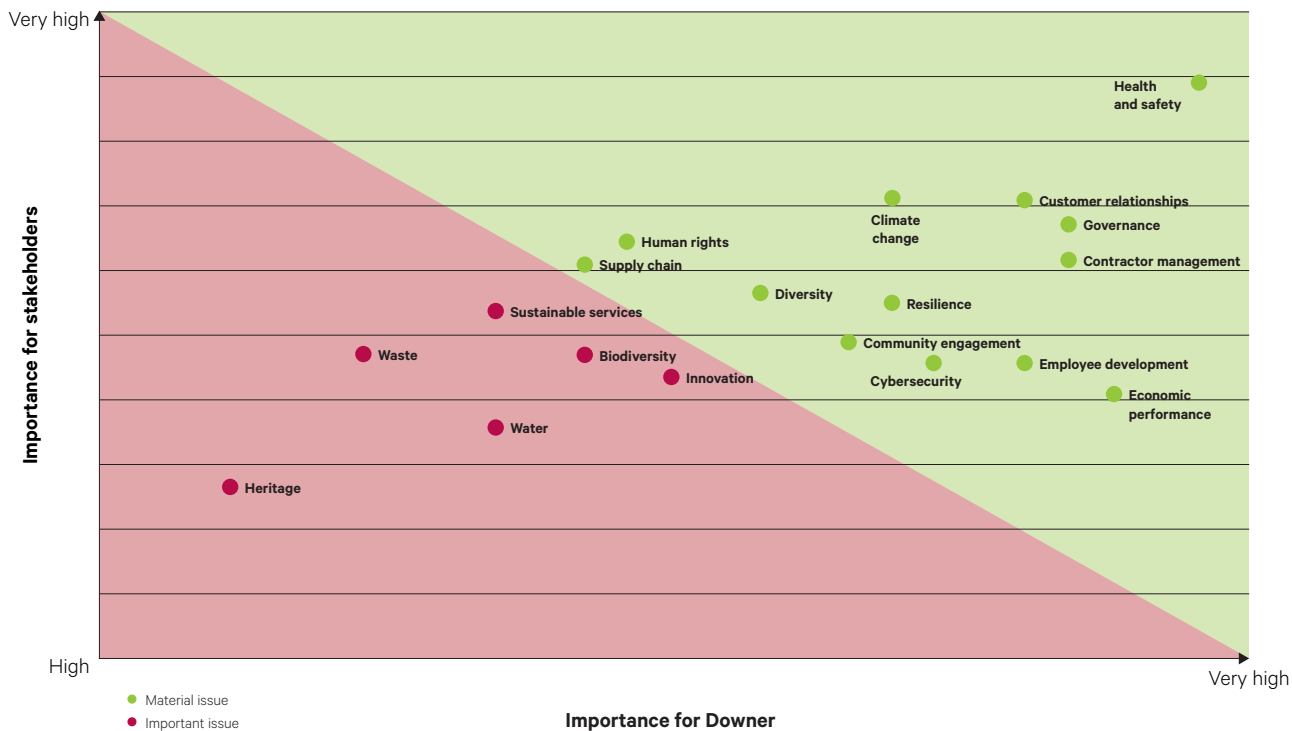
Stakeholders prioritised the issues based on their importance and significance of Downer's impacts. This provided a list of the top 13 issues which Downer deems to be its *material* issues. The remaining six issues, which remain important to Downer and will continue to be addressed, are referred to as *important* issues.

The materiality results are shown in the matrix on page 19 and further explained in order of priority on pages 20-22.

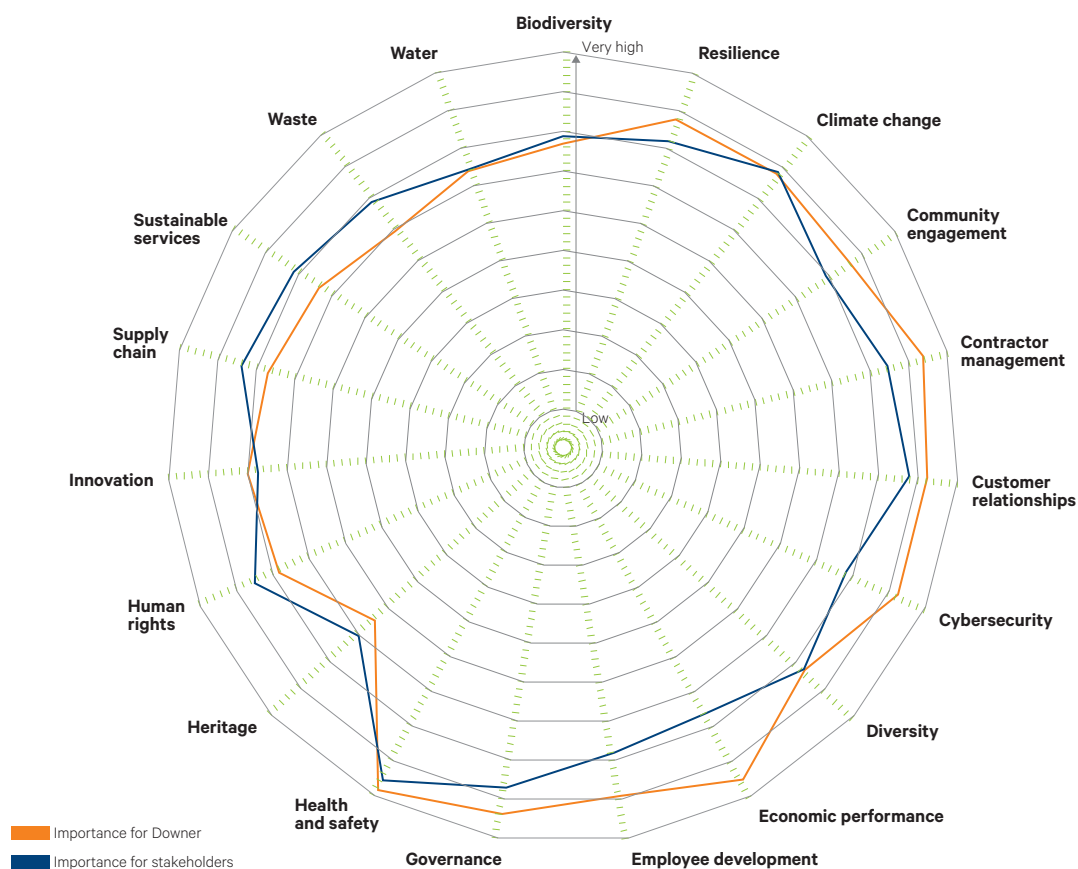
The results were positive, with strong alignment between internal and external stakeholder views, as demonstrated in the spider diagram.

* 'Impacts' can refer to environmental, social and economic impacts, which can be positive, negative, actual, potential, direct, indirect, short-term, long-term, intended or unintended.

Materiality matrix







Material issues prioritised by internal and external stakeholder view











Material issues

The materiality assessment identified a prioritised list of 13 material issues, as well as the top eight Sustainable Development Goals (see pages 12–13) that Downer contributes to. The context behind each material issue is outlined over the following three pages.

The material issues are addressed within the relevant sections of this Sustainability Report, except for economic performance. These are referenced within the context of the Sustainability Report but addressed in more detail in Downer's Annual Report.

Material issues by ranking	Definition	Issue relevance to broader value chain	Relevant Sustainable Development Goal	Section/Page number
1. Health, safety and wellbeing	Maintaining a strong and committed Zero Harm culture. This includes managing safety risks and supporting the mental and physical health of our people and our partners.	Subcontractors, suppliers, customers, communities, JVs and alliances, regulators.		Health and safety Pages 34-43
2. Governance and ethical conduct	Maintaining a robust governance framework that rewards high ethical standards and personal integrity. This includes committing to transparency for all our stakeholders.	Investors, regulators, customers, subcontractors, suppliers, JVs and alliances.		Governance and ethical conduct Pages 24-33
3. Economic performance	Demonstrating economic strength and resilience, and strong operational performance. This includes achieving low risk, predictable revenue and cash flow through a capital light, services-based business model.	Investors, subcontractors, suppliers, customers, JVs and alliances.		Downer's Annual Report
4. Customer relationships	Keeping pace with customer expectations via engagement and feedback to ensure we improve the value and services we provide to both our customers and their customers.	Investors, subcontractors, suppliers, customers, JVs and alliances.		Our approach to sustainability Page 6 About Downer Pages 8-13 Relationships Pages 82-93
5. Contractor management	Ensuring that contractors know their obligations, and are engaged and aligned to Downer's values in managing risk. This includes adherence to Downer's Standards of Business Conduct and The Downer Standard including Downer's health, safety and environmental policies which govern how we perform work to meet our customers' expectations.	Subcontractors, JVs and alliances, customers.		Governance and ethical conduct Pages 24-33 Health and safety Pages 34-43 Environment Pages 44-65 Relationships Pages 82-93
6. Climate change	Minimising Downer's contribution to the harmful effects of climate change. This includes reducing Downer's greenhouse gas emissions, as well as those of our supply chain. Improving the resilience of our assets and portfolio and capitalising on climate-related opportunities.	Investors, regulators, subcontractors, suppliers, customers, communities, JVs and alliances.		Environment Pages 44-65
7. Cybersecurity	Protecting the information of our operations and our partnerships. This includes implementing policies and infrastructure to safeguard data while minimising disruptions.	Investors, subcontractors, suppliers, customers, JVs and alliances.		Governance and ethical conduct Pages 24-33

Material issues by ranking	Definition	Issue relevance to broader value chain	Relevant Sustainable Development Goal	Section/Page number
8. Business resilience	Managing and withstanding extraordinary events such as natural disasters, abrupt shifts in consumer demand or pandemics. This relies on the organisation's strategy to minimise impact and disruption as a result of these extraordinary events.	Investors, subcontractors, suppliers, customers, communities, JVs and alliances, regulators.	  	Our approach to sustainability Page 6 Governance and ethical conduct Pages 24-33 Downer's Annual Report
9. Employee development and engagement	Attracting and retaining a skilled and engaged workforce to be an employer of choice. This includes providing career development opportunities, market competitive employee benefits and avenues for engagement and feedback.	Subcontractors, JVs and alliances, communities.		People Pages 66-81
10. Diversity and inclusion	Fostering a diverse and inclusive workplace that facilitates opportunity and respect. This includes focusing on gender, cultural and generational inclusiveness to reduce inequalities.	Subcontractors, JVs and alliances, customers, communities.		People Pages 66-81
11. Community engagement, impact and development	Supporting the success of communities in which we operate. This includes fostering partnerships to aid in developing local communities, minimising negative impacts and leaving a positive legacy.	Investors, subcontractors, suppliers, customers, communities, JVs and alliances.		Relationships Pages 82-93
12. Human rights (including modern slavery)	Protecting the fundamental human rights of our people, and people working across our value chain, inclusive of modern slavery. Human rights are the basic standards of treatment to which everyone is entitled, regardless of gender, race, nationality, economic status or religion.	Investors, customers, subcontractors, suppliers, communities, partners.		Governance and ethical conduct Pages 24-33
13. Supply chain management	Engaging with our supply chain to maintain responsible sourcing. This involves having environmental, social and governance frameworks and criteria built into prequalification and supplier agreements, to ensure accountability across the supply chain. This also includes increasing spend with social enterprises where feasible.	Investors, customers, partners, subcontractors, suppliers.		Governance and ethical conduct Pages 24-33 Relationships Pages 82-93

Important issues

Downer's six important issues, as identified in our materiality assessment, in order of priority, are:

Important issues by ranking	Definition
14. Innovation and technology	Driving innovation through the application of technology. This includes adapting and utilising existing technology while identifying opportunities for new technology to increase efficiency and market competitiveness.
15. Biodiversity and land management	Protecting the land and ecosystem in which we operate. This includes minimising contamination impacts and reducing negative impacts to flora and fauna.
16. Sustainable products and services	Ensuring that the products Downer develops and the services Downer provides are contributing to positive sustainability outcomes. This includes the principles of the circular economy, a system aimed at eliminating waste through the continual reuse of materials.
17. Water management	Managing the use and discharge of water. This includes minimising our consumption of potable water through efficiencies and recycling. This also includes the services Downer provides to the water sector, such as providing complete water lifecycle solutions (design, development and maintenance) in areas such as water/wastewater treatment, desalination and biosolids treatment.
18. Waste management	Reducing the generation of waste and ensuring proper management of hazardous waste. This includes efficient use of materials, reuse and recycling, as well as providing waste repurposing solutions.
19. Heritage management	Ensuring that spirit and ingenuity is preserved. This is achieved through careful consideration of historic buildings and sites, and unique living landscapes during development and maintenance activities.

These six issues remain important to Downer, with many forming part of our business strategy and contributing to Downer's performance.



Changes in material issues from previous years

Downer continues to refine its material issues list as a result of changes in the organisation, and the market in which it operates.

Compared with Downer's comprehensive materiality assessment in 2019, there have been three new material or important issues added. These are:

- Cybersecurity
- Heritage management
- Human rights.

These issues have been reported on in previous years, as subsets of other material issues; but are now considered as standalone, potentially reportable issues in their own right.

Operational Performance and Financial Performance were combined to create a new material issue, Economic Performance.

Partnerships and Stakeholder Engagement was removed as a material issue. Relevant partnerships and stakeholder engagement are considered within each material issue, therefore listing this as a standalone issue was deemed redundant.





Downer
Relationships creating success



Governance and ethical conduct

For our approach to governance and ethical conduct, visit:
sustainability.downergroup.com/2021/governance.html

Our performance

Downer committed to achieving the following governance targets and objectives in the 2021 financial year.

The performance information in this section includes Australian Operations, Spotless and New Zealand, including Hawkins. While Downer's governance policies and procedures cover contractors and joint ventures, performance information in this section excludes these entities.

Target/objective	Result	Reference
Board structure – maintain a balance of skill, experience, expertise and diversity represented on our Board	✓	Board structure Page 26
Financial and corporate governance self-assessment – achieve 100 per cent completion rate among senior management	✓	Financial and Corporate Governance Self-Assessment Page 27
Zero breaches of disclosures relating to market-sensitive information	✓	Timely, honest and transparent disclosures Page 27 Open, transparent and ethical disclosures Page 33
Zero breaches of anti-bribery and corruption policy	✓	Anti-bribery and corruption Page 28
Zero breaches of securities trading policy	✓	Insider trading Page 27
Zero instances of anti-competitive behaviour	✓	Anti-competitive behaviour Page 27
Improve supply chain management processes	✓	Labour practices and modern slavery Page 29
Publish Downer's first Modern Slavery Statement	✓	Labour practices and modern slavery Page 29

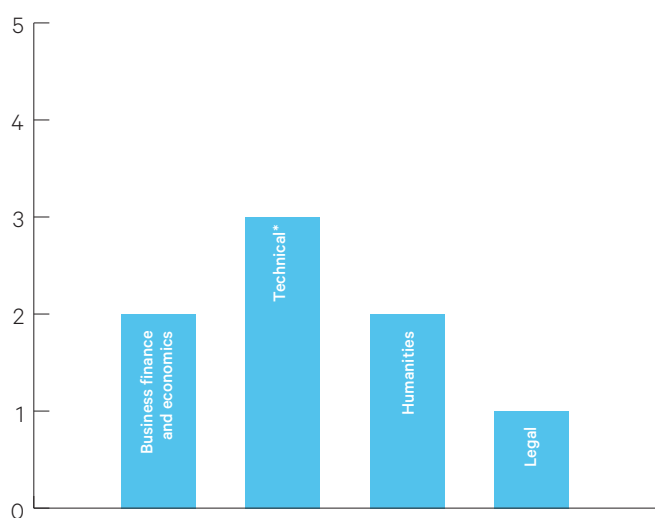
Significant progress was made this year in delivering on focus areas that were disclosed in Downer's 2020 Sustainability Report. Downer's key focus areas during the year were to:

Focus from 2020	Achievements in 2021	Reference
Strengthen our governance of business integrity by launching a training module on Downer's policies and practices for the management of whistleblower reports	An online training module on the management of whistleblower reports was developed and launched with 486 people completing the training	Whistleblower management training Page 28
Continue to review our membership of peak bodies and industry associations	Downer constantly reviews and assesses our industry memberships	Industry memberships and associations Page 30
Release of Downer's first Modern Slavery Statement in accordance with the <i>NSW Modern Slavery Act 2018</i> and the Commonwealth's <i>Modern Slavery Act 2018</i>	Released Modern Slavery Statement on 10 February 2021	Labour practices and modern slavery Page 29
Revise Downer's Privacy policy to ensure that standards for the collection, use and disclosure of personal information are maintained	Work commenced on the revision of the Privacy Policy and this will be completed in FY22	N/A
Develop a training module on privacy, which will be made available to General Managers and above, as well as employees from functional areas who handle personal information as part of the responsibilities of their roles	This module will be developed and made available in 2022 once the Privacy Policy review is finalised	N/A
Increase awareness of cybersecurity risk and threats across the Group.	Strengthened awareness around cybersecurity, including an uplift in our existing mandatory annual awareness training program and introduction of Executive mandate that non-completes will have access revoked until training is completed.	Cybersecurity Page 30

Board structure

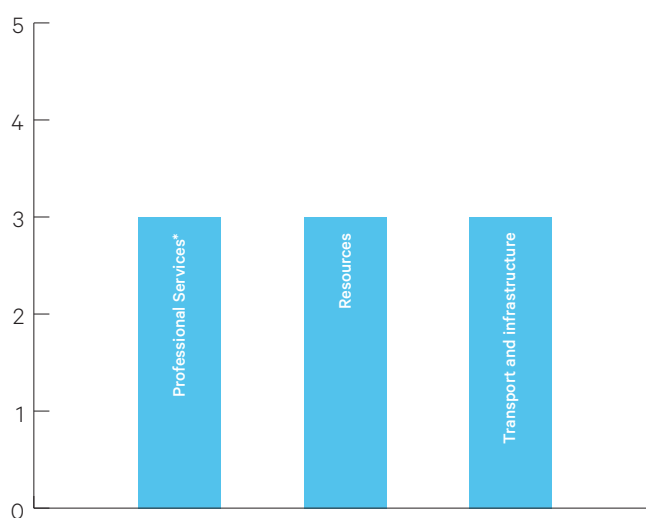
We appreciate the value of diversity on our Board and this is taken into consideration during the appointment process. The charts below illustrate the balance achieved with the current Board composition.

Professional qualifications



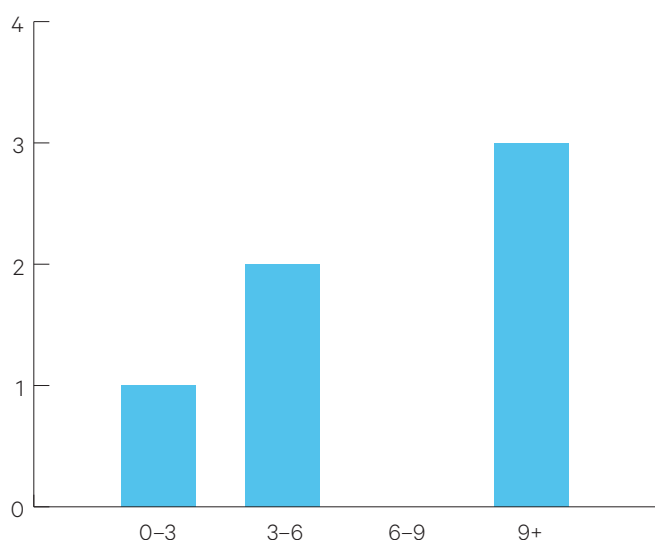
*Comprises construction, engineering, metallurgy and science.

Industry experience

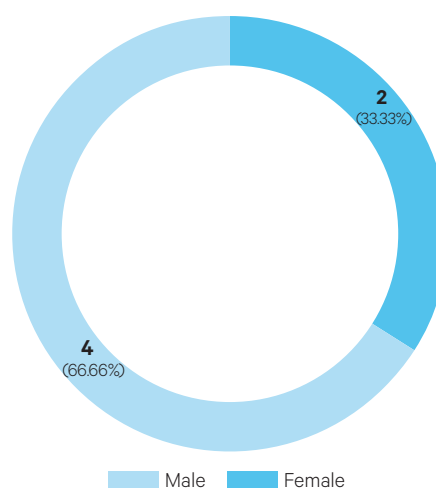


*Includes banking, finance and legal.

Tenure (years)



Gender diversity



On 18 June 2021, Downer announced the appointment of Mark Chellev as Non-executive Director and Chairman-elect, effective from 1 September 2021.

Mr Chellev is an experienced Chief Executive Officer and Non-executive Director, including in the industrial, building materials and transport sectors. He is currently the Chairman of Cleanaway Waste Management Limited and a Director of Ampol Limited.

Mr Chellev holds a Bachelor of Science (Ceramic Engineering) from the University of New South Wales, a Master of Engineering (Mechanical) from the University of Wollongong and a Graduate Diploma of Management from the University of New South Wales.

Mr Mike Harding will retire from the Board on 30 September 2021, at which time Mr Chellev will become Chairman. Mr Harding joined the Downer Board in July 2008 and became Chairman in November 2010.

Board committees

The names of the members of each committee are included in Downer's 2021 Annual Report.

Organisation structure

In June, Downer announced an important organisational change to improve operational alignment and performance.

The new role of Group Chief Operating Officer was established, tasked with improving Downer's project, contract and operational performance and with bringing together Strategy, Growth and Innovation, People and Culture, The Downer Standard, Tenders and Contracts Committee and support for the Board Tender Risk Evaluation Committee.

This role is an important addition to the way we will manage and govern the Downer Group.

It will align the key functional areas responsible for our core management system and its successful implementation. Improvement in our project and contract margins is a key goal for the Group, with high level conformance to The Downer Standard's Delivery Management Methodology being the most important enabler.

Peter Tompkins, who was Downer Group General Counsel and Company Secretary from 2010 to 2018 and Spotless CEO from 2018 to 2021, has been appointed to the new role of Chief Operating Officer, reporting to the Group CEO. Peter has made significant contributions to Downer's risk and governance processes, which will continue to be a focus in this new role.

Internal audit and risk

In FY21, Downer's Internal Audit and Risk function completed 21 internal audits comprising seven project reviews and 14 reviews of key business processes. The audits and reviews that relate to Downer's material issues consisted of:

- **Plant management:** This review was focused on efficient and timely management of Downer's plant maintenance activities. The audit confirmed maintenance was performed in a timely manner, ensuring the reliability and optimal performance and safety of the plant, and minimising greenhouse gas emissions from a poorly maintained plant. The review did not identify any matters associated with untimely maintenance.
- **Procurement:** The review encompassed modern slavery management processes, in particular ensuring our contractual conditions associated with modern slavery were appropriately identified and complied with. Minor matters identified were addressed.
- **HCMT engineering change control:** Review confirmed Safety Plans associated with the HCMT build met the regulatory requirements. The audit identified no issues.
- **Project reviews:** Eight individual project reviews were conducted. Each assessed the project's processes in accordance with The Downer Standard to manage risk including safety and environment requirements.

Downer is committed to ensuring its employees are paid in accordance with their employment agreements and its legal obligations. Downer is nearing completion of a major review of applicable Enterprise Agreements and Modern Award obligations in the Spotless business to calculate, validate and, where necessary, remediate any historical underpayment. As at 30 June 2021, Downer was carrying a payroll remediation provision of \$3,093,720 and an additional provision for contrition of \$1,200,000.

Tenders and Contracts Committee

The Tenders and Contracts Committee (TCC) is a Downer Group management committee which is central to Downer's bid and risk management, making recommendations to the Group CEO on EOLs, Bids and Projects reviewed in accordance with its Opportunity and Bid and Delivery Management procedures.

Standards of Business Conduct

Downer's Standards of Business Conduct and related Policies are available on the Downer website www.downergroup.com.

In FY20, Downer reviewed its Standards of Business Conduct and made a number of important changes.

In FY21, Downer continued to roll out our Standards of Business Conduct training and Workplace Behaviour training, with 16,550 employees completing the modules.

Financial and Corporate Governance Self-Assessment

Downer conducted two Financial and Corporate Governance Self-Assessment (FCGSA) surveys in FY21, with 311 senior executives completing the first, and 278 completing the second, both of which had 100 per cent completion rates.

Timely, honest and transparent disclosures

In FY21, Downer made 79 announcements and disclosures via the ASX and NZX. Of these, 13 were Director's interest disclosures and 14 related to Downer's On-Market Buy-back which was announced on 27 April 2021. There were no breaches of continuous disclosure and Downer is unaware of any substantial complaints regarding breaches of privacy or other matters by customers or other stakeholders.

Political donations

In FY21, Downer made a total of \$7,449 in political donations to the major parties through participation in industry forums. Donations were made to the WA Labor party (\$4,949) and the Liberal National Party (\$2,500).

Insider trading

There were no reported breaches of the Securities Trading Policy in FY21.

Anti-competitive behaviour

There were no breaches or litigation associated with anti-competitive behaviour brought to Downer's attention in FY21.

Anti-bribery and corruption

There were no breaches or litigation associated with anti-bribery and corruption brought to Downer's attention in FY21.

Whistleblower management training

In FY21, Downer strengthened our governance of business integrity by developing and launching a training module on Downer's policies and practices for the management of whistleblower reports. 486 employees completed the training in FY21.

The Downer Standard

The materiality assessments that Downer undertake consistently rank governance as one of our most important material issues (see pages 16-23). One of the key strategic initiatives to strengthen Downer's governance is The Downer Standard.

The Downer Standard (TDS) is a Downer-wide Integrated Management System that underpins our approach to serving our customers, managing our processes, meeting our business obligations, and continually improving what we do. It covers the breadth of our core business processes including Asset Management, Customer Planning and Engagement, Finance, Information Technology, Legal, Opportunity and Risk, Procurement, Project Management and Delivery, Commercial, and Zero Harm.

TDS is closely aligned to Downer's Purpose, Promise and Pillars, and has been created based on input from all parts of the Downer Group, capturing intellectual property which represents best practice gleaned over many years of doing business. It has been implemented across all parts of the Downer Group.

It is more than just a set of policies, standards and procedures ensuring we fulfil the tasks required to achieve our objectives.

The Downer Standard is a vital governance tool which:

- Includes a structure for governing and sustaining our core processes and capabilities
- Is embedded into Downer project and contract processes and tools to ensure consistent service delivery
- Acts as a vehicle for sharing knowledge and best practice
- Establishes a framework for quality assurance via single certification to international management standards (ISO 45001, 9001 and 14001)
- Provides a backbone for learning and professional development
- Facilitates rapid integration of new acquisitions, mergers and joint ventures
- Enables a culture of continuous improvement and customer centricity.

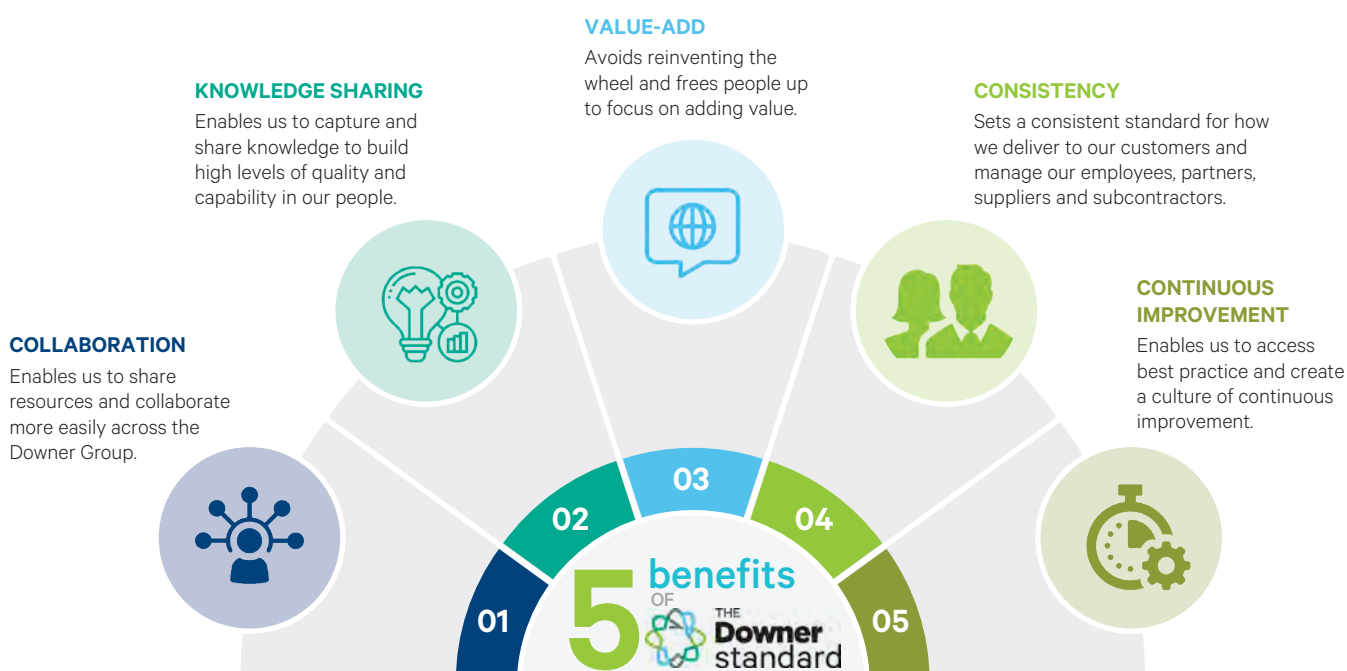
The Downer Standard project commenced in 2018, with the aim of delivering five key benefits across the Group: consistency, collaboration, value-add, knowledge sharing and continuous improvement.

The Downer Standard team has made significant progress over the past 12 months.

We have defined and launched The Downer Standard content across the Downer Group for all core processes.

We have also outlined and prioritised The Downer Standard adoption activities for all Business Units, including the embedment of The Downer Standard into all induction programs for new hires.

In an important step, **Downer achieved centralised third-party accreditation to the International Standards ISO 45001 (Safety), ISO 9001 (Quality) and ISO 14001 (Environment).**



This gives us a single system of work for managing environment, safety and quality and a framework to develop and monitor The Downer Standard.

In May 2021, we established The Downer Standard Leadership Team, which includes a number of senior executives. The Leadership Team has a Charter and Mandate, including an ongoing governance structure to enable continual improvement, prioritisation and oversight of TDS.

Labour practices and modern slavery (suppliers, contractors and partners)

Downer is committed to operating responsibly and establishing and adhering to the highest ethical standards.

We reject any activities which may cause or contribute to modern slavery, including forced or bonded labour, child labour, human trafficking, slavery, servitude, forced marriage or deceptive recruiting for labour or services.

Ensuring that modern slavery is not taking place in Downer's workforce, which includes our supply chain beyond our direct suppliers, is challenging given the diversity of our service offerings and locations.

However, Downer has designed and implemented a risk-based approach and is committed to continuously improving our processes. This includes engaging with our direct suppliers to educate, assess and encourage improvement in their own capacity to manage modern slavery risks within their broader supply chains.

On 10 February 2021, Downer released our first Modern Slavery Statement, which is available on our website.

The statement outlines our approach to address and minimise the risk of modern slavery in our business operations and supply chains.

Downer is committed to releasing our Modern Slavery Statement by 31 December annually, which will span the previous financial year ended 30 June. This is supported by our Group-wide Procurement Framework Policy and Standards of Business Conduct. These policies are supported by the following:

- Procurement induction and training module
- Supplier and subcontractor prequalification
- International Supply Standard – for international supply
- Standard precedent terms and conditions for all supply agreements and subcontracts, including our purchase order terms and conditions
- FCGSA Directors' questionnaire
- Downer's risk assessment process.

Downer's risk assessment process sets a base level identification of modern slavery risk by considering country risk, and product/service category risk.



CASE STUDY

Setting the Standard

The Downer Standard defines the way we work and enables growth through better collaboration, continuous improvement and consistency in our processes.

TDS captures best practice processes and procedures from across the Group, so this knowledge can be easily accessed by people within any part of the organisation.

This not only provides consistent outcomes for our customers, it also provides the tools for our people to be more effective and efficient.

Across Downer, our people are seeing the benefits of having access to a rich library of information at their fingertips.

"The Downer Standard has been essential in standardising the way contracts are mobilised within the DM Roads business," DM Roads' Commercial Lead South Australia, Tasmania and Victoria, Luke Boord, said.

"The successful mobilisation of two major road maintenance contracts in South Australia can largely be attributed to TDS which provided a set roadmap to follow.

"From the tender/bid process, through to establishing a project mandate, project boards and meetings and then by following the Day One Readiness process and checklist, we successfully mitigated the risks involved with starting such a large contract. It also led to efficiencies in the contract start-up phase, by having readily available templates and guides to implement, which satisfied customer key conditions and precedent obligations prior to the contract start date.

"This flowed into the smooth procurement of subcontractors for services using TDS legal guides and templates, including implementing and negotiating subcontract and maintenance services agreements and evaluating key tenders."

To improve our understanding of local human rights contexts, as well as exposure to related issues such as corruption, we use tools including the Global Slavery Index. The majority by value of our payments are made to goods and services suppliers in Australia and New Zealand, primarily in lower risk categories such as skilled subcontractors, fleet, fuels and professional services.

We recognise there is risk; however, it is primarily in our lower category spend areas and products sourced from countries with a higher risk of modern slavery. For example, Downer works with suppliers in China through its partnership with CRRC Changchun, which is delivering Sydney's Waratah trains and Melbourne's new High Capacity Metro Trains. One of CRRC's suppliers for the High Capacity Metro Trains was the subject of public allegations in 2020, concerning the treatment of their workforce with respect to human rights and modern slavery. These allegations have been denied strongly; however, incidents like this highlight the challenges Downer faces in managing these issues outside of our immediate supply chain.

While there are potential benefits and cost savings associated with overseas sourcing, we need to consider the risks which include:

- Additional costs for international administration, foreign currency exchange, transport and customs duties
- Logistical challenges including import, customs and quarantine regulations
- Exposure to modern slavery and potential for bribery and corruption in some foreign jurisdictions
- Limited legal protections in foreign jurisdictions, should disputes arise
- Increased rules and regulations in foreign markets and dealing with foreign entities
- Language barriers and understanding of foreign supply market
- Differences in quality and safety standards.

To further enhance our risk assessment process, Downer is currently conducting specified testing for a sample of international procurement activities.

Downer also proactively works with our supply chain to support social and sustainable outcomes, including reducing the risks of modern slavery impacting Downer's supply chain.

External consultation: Relationships and collaboration with our suppliers, business partners and relevant agencies help shape our strategies on modern slavery. We have actively participated in relevant forums to discuss and understand peer, industry and stakeholder views on human rights issues including modern slavery. These forums include:

- Infrastructure Sustainability Council of Australia Modern Slavery Coalition
- Business Council for Sustainable Development Australia
- Procurement and Supply Australasia Connect
- Supply Chain Sustainability School.

We are committed to continually moving forward to ensure the prevention of modern slavery through operational and supplier-driven processes across our value chain. We will continue to collaborate with our internal and external stakeholders to address our own modern slavery risks and continue to improve our processes. Several of our processes will help track our performance and will provide insight into areas for improvement.

Industry memberships and associations

Downer is a member of various peak industry bodies and organisations which influence policies on sustainability across industries. Some of these include:

- Australian Constructors Association (ACA) – including Board representation
- Australian Industry Group
- Business Council for Sustainable Development Australia
- Business Council of Australia
- Civil Contractors Federation
- Clean Energy Council
- Group of 100
- Infrastructure Partnerships Australia
- Infrastructure Sustainability Council of Australia
- Institution of Professional Engineers New Zealand
- Responsible Construction Leadership Group
- Supply Chain Sustainability School
- Sustainable Business Council of New Zealand.

Cybersecurity

Cybersecurity is a major global challenge across industry and government.

Downer maintains an information security risk management program, in accordance with its Group-wide Risk Management Standard, which is aligned to the principles of ISO 31000. Cyber and information security risks are reported to both the Board and the Audit and Risk sub-committee on a quarterly basis.

In addition to the security implications of COVID-19 and remote working, cyber activities against government entities, large private companies, third-party contractors and supply chain organisations have become increasingly sophisticated and targeted. In conjunction, there has been marked increase in frequency, sophistication and scale of ransomware incidents over the past 12 months.

Downer takes its obligations around cybersecurity seriously and has been actively maturing its practices through the delivery of the cybersecurity roadmap and strategy.

However, we are not immune to cyber threat. In FY21, Downer experienced a cyber incident involving a data breach that was notifiable to the Office of Australian Information Commissioner (OAIC). The incident occurred in October 2020 and involved a ransomware incident where an unauthorised third party gained access to our Spotless business' IT network.

In response to this event, Downer enacted its security incident response program, which included the engagement of our forensics specialists, and the initiation of Business Continuity Plans. We notified the Australian Cyber Security Centre and, with support from key strategic providers, were able to contain the threat, restore networks and recover critical business services.

Downer's focus remains firmly on continuously protecting the organisation from harm against evolving cyber risks and threats, demonstrating credibility and trust through secure cyber stewardship and custody, and supporting the maintenance of the organisation's risk appetite through cost-effective measures. Downer has established accelerated cyber risk mitigation programs to support this focus. Over the coming 12 to 18 months, these programs will deliver:

- Revised security strategy and roadmap that reflects the current threat landscape, captures learnings from recent incidents and meets our IT and business needs, risks and priorities
- Matured security capabilities, and the implementation of a new security operating model that includes new roles and processes – this is a key learning from the recent security incidents
- Enhanced operational resilience via implementation of the recommendations and learnings from security incident reviews, including remediation of vulnerabilities in our environment as a result of legacy technology and assets
- ISO 27001 Information Security Management System compliance and drive compliance with the Essential Eight strategies to mitigate cybersecurity incidents.

We also recognise our responsibility within our supply chain, and will continue to work closely with our partners, critical asset owners and customers to maintain confidentiality and integrity.

Sustainability performance related remuneration

Downer's remuneration framework for key senior employees has been successful in creating alignment between senior Executives and shareholders.

Executive remuneration has a fixed component and a component that varies with performance. Performance is assessed annually for performance periods covering one year and three years. Payment for performance assessed over one year is a Short-Term Incentive (STI). Payment for performance over a three-year period is a Long-Term Incentive (LTI).

The STI performance is assessed on Group NPATA, Divisional EBITA, Free Cash Flow, Zero Harm and a measure of employee engagement. An overarching financial gateway applies to entry into the STI scheme to ensure rewards are founded on financial sustainability. Further, there is a minimum performance gateway for the Zero Harm element of the STI, which requires the achievement of zero workplace fatalities and zero serious environmental incidents (Level 5 or 6).

The Zero Harm element includes safety and environmental measures, underscoring Downer's commitment to customers, employees, regulators and the communities in which we operate. The measures for the Zero Harm element of the scorecard are set out below.

Measure	Target
Safety Total Recordable Injury Frequency Rate (TRIFR) Lost Time Injury Frequency Rate (LTIFR)	<ul style="list-style-type: none"> ▪ Achieve TRIFR and LTIFR below the defined threshold for area of responsibility. <ul style="list-style-type: none"> – Lost Time Injury Frequency Rate (LTIFR) <0.9 – Total Recordable Injury Frequency Rate (TRIFR) <3.50 – Spotless: Lost Time Injury Frequency Rate <1.05 and Total Recordable Injury Frequency Rate of <3.5.
Zero Harm leadership (safety and environment)	<ul style="list-style-type: none"> ▪ No actions arising from High Potential incidents overdue >30 days.
Critical Risks (safety and environment)	<ul style="list-style-type: none"> ▪ Business Units to undertake a review of all Critical Controls for two Critical Risk activities, selected from the company's top five activities. Business Units to develop plans to raise the effectiveness for the five least effective Controls from each of these Critical Risk Activities (total of 10 Controls).
Sustainability and GHG emissions reduction	<ul style="list-style-type: none"> ▪ Business Units to undertake a materiality assessment and identify two material Sustainable Development Goals (SDGs). ▪ Develop an Improvement Plan for the top two material SDGs and achieve the first-year goals as determined by the two improvement plans. ▪ Business Units to provide adequate evidence they are on track to achieve the Science-Based Target (decarbonisation), net zero by 2050.



Business resilience

The impacts of COVID-19 have resulted in a sharpened focus on business resilience, or an organisation's ability to withstand a crisis.

Downer's business model has remained resilient throughout the COVID-19 crisis.

Downer's Urban Services strategy seeks to maintain this resilience by focusing on businesses with predictable revenues, cash flows and attractive medium-term and long-term growth opportunities. Downer's divestment from Laundries and sections of our Mining business aligned with our Urban Services strategy to focus on capital-light sectors.

Downer's Business Resilience Plan and Business Continuity Plan guidelines have been refined over the past 18 months. In a specific response to the pandemic, a COVID-19 Standard and Pandemic Playbook were developed and continue to be implemented.

The Downer Board also reviews the Group risk profile twice each year, inclusive of business resilience.

Business resilience is more than just financial resilience – it relates to the resilience of our people, systems and relationships. We are committed to continue building the resilience of both our business and our people. Downer rolled out its Group Health function in 2018, and in FY21 the team has continued its core focus on promoting good mental health across the Group, through the provision of the Mental Health First Aid program and other initiatives (see page 41). Downer has continued its focus on flexible working, where possible, throughout the COVID-19 crisis, and has spent considerable time and investment equipping our systems and employees/contractors with the tools to enable efficient flexible work.

Our future focus

Downer understands that, just as our business and customers are evolving, our governance structure must also evolve. We are committed to continuously improving our governance processes and policies to ensure the highest standards of corporate behaviour. In FY22, Downer will:

- Continue to maintain and strengthen our governance of business integrity
- Undertake a significant redesign of Downer's Risk Appetite Statements that were approved by the Board in 2016. This will require the Business Units to assess opportunities against portfolio-specific risk appetite classifications and, where they sit outside these risk appetite classifications, a formal approval process will be required
- Continue to review our labour practices and supply chain through updates to our existing frameworks, policies and processes to take into consideration modern slavery and release our FY21 Modern Slavery Statement in December 2021.
- Continue to progress The Downer Standard. This will include:
 - Centralising Business Unit-specific process and capability documents within The Downer Standard
 - Commencing implementation of The Downer Standard Mandate, governed by TDS Leadership Team
 - Defining and implementing a standard management review process
 - Launching the Delivery Governance Model app in Australia to automate and simplify adherence to the Delivery Management Methodology, a core process area within The Downer Standard.
- Revise Downer's Privacy Policy to ensure that standards for the collection, use and disclosure of personal information are maintained



- Complete the roll-out of the training module on privacy, which will be made available to General Managers and above, as well as employees from functional areas who handle personal information as part of the responsibilities of their roles
- Continue to review our membership of peak bodies and industry associations.

Emerging issues and market trends

Open, transparent and ethical disclosures

There is increased investor and analyst scrutiny of company disclosures following the Royal Commission into Australia's banking sector. Downer supports the increased investor focus on open, transparent and ethical disclosures of all companies listed on the ASX and NZX. We will continue to proactively communicate with shareholders, media and all other interested stakeholders in an open, honest and transparent manner.

COVID-19 employee support

All our workforce has been affected by COVID-19 in one way or another and we are mindful of the impact that the global pandemic is having on the welfare of our people.

Group Zero Harm continues to empower our people with strategies and activities to support their mental health and wellbeing. Online platforms are used to deliver mental health webinars and training as well as promote support services such as Downer's Employee Assistance Program (EAP).

In addition, Downer established a Hardship Program to provide financial assistance to affected Downer and Spotless employees who experienced severe hardship due to the pandemic. The initial Hardship Program pool consisted mostly of contributions from Senior Executives and Non-executive Directors of Downer.

Organisational culture and sexual harassment

Organisational culture, and in particular sexual harassment in the workplace, has been a highly publicised issue over the past 12 months, following campaigns such as #MeToo and #LetHerSpeak.

Since 2003, the Australian Human Rights Commission has conducted four periodic surveys on the national experience of sexual harassment. The most recent survey was conducted in 2018, with the report published in March 2020.

The report identified that sexual harassment in Australian workplaces is widespread, pervasive and is linked to the culture of an organisation. The report concluded that sexual harassment is not a women's issue, it is a societal issue which every Australian – and every Australian workplace – must contribute to addressing.

One in three people experienced sexual harassment at work in the past five years. Underpinning this aggregate figure is an equally alarming reflection of the gendered and intersectional nature of workplace sexual harassment. Almost two in five women (39 per cent) and just over one in four men (26 per cent) have experienced sexual harassment in the workplace in the past five years. Aboriginal and Torres Strait Islander people were more likely to have experienced workplace sexual harassment than people who are non-Indigenous – 53 per cent and 32 per cent respectively (*Australian Human Rights Commission, March 2020*).

Downer recognises the importance of an organisational culture that fosters a safe and harassment-free work environment for its people. Downer's Anti-Discrimination, Harassment and Bullying Policy and the Standards of Business Conduct set high expectations for how our Directors, employees and contractors, as well as agents of Downer and its subsidiary companies throughout the world, conduct themselves when representing the company. These policies make it unequivocally clear that unlawful discrimination, sexual harassment and bullying is unacceptable and not tolerated in any circumstances.



Health and safety

For our approach to health and safety, visit:
sustainability.downergroup.com/2021/healthandsafety.html

Our performance

Downer committed to achieving the following health and safety targets and objectives in FY21.

The performance information in this section includes Downer Australia and New Zealand operations and for the first time incorporates the Spotless and Hawkins businesses. The performance data also includes Downer contractors and Downer employees involved in unincorporated joint ventures.

Target/objective	Result	Reference
Achieving a target of zero work-related fatalities and <ul style="list-style-type: none"> Lost Time Injury Frequency Rate (LTIFR) <0.9 Total Recordable Injury Frequency Rate (TRIFR) <3.50. 	✗	Downer Group safety performance Page 36
Achieve no actions arising from High Potential Incidents overdue >30 days	✓	Critical Risk management Page 37
Undertake a review of all Critical Controls for at least two of the Group's top five Critical Risk activities and develop a plan to improve the effectiveness of the bottom five Critical Controls for that activity	✓	Critical Risk management Page 37
Develop a unified Zero Harm management system	✓	Progress on The Downer Standard Page 37
Invite customer involvement in safety improvement programs	✓	Industry collaboration and consultation Page 42
Analyse Hawkins' and Spotless' Critical Risks and assign Critical Controls and control monitoring.	✓	Critical Risk management Page 37

To achieve the targets and objectives in the table above, in Downer's FY20 Sustainability Report we outlined the following key focus areas for FY21:

Focus from 2020	Achievements in 2021	Reference
Optimising the Critical Risk program	Downer's primary health and safety risk management tool is the Critical Risk program, which continues to develop over time in light of new information. In FY21, Downer carried out a comprehensive review of its Zero Harm management systems to identify opportunities for greater streamlining and optimisation of its Group-wide processes. A longer-term road map has been developed for embedding data-driven decision making into both frontline and strategic Zero Harm management processes and systems.	Critical Risk consolidation program Page 38
Finalising the harmonisation of best practice and management system integration, as well as the integration of our Critical Risk Optimisation and Centre of Excellence programs into our management system		Critical Risk consolidation program Page 38
Streamlining our analytics and data reporting		Transformative technology Page 43
Progressing outcomes of our Communities of Practice program	Downer has continued to progress the Communities of Practice program with the provision of further Group-wide content, and will seek to embed the outcomes of this program into The Downer Standard.	Communities of Practice Page 38

In FY21, Downer received a total of two Penalty Infringement Notices.

Downer's Utilities Business Unit in Queensland received a Penalty Infringement Notice for \$3,000, due to disruption to the power service of a private residence, which occurred during clean-up activities.

Downer also received a fine for \$27,000 AUD in June 2021, relating to the 2019 fatality at the Otraco depot in Calama, Chile. This fatality was reported in Downer's FY20 Sustainability Report.

In FY21, WorkSafe NZ filed charges against Downer and its joint venture partner in the Christchurch Southern Motorway Stage 2 project, in relation to the fatality of a cyclist (non-employee) in October 2020. The charges relate to an alleged breach of the Primary Duty of Care under section 36(1)(2) of the

Health and Safety at Work Act 2015. At the time of writing this report, proceedings had been adjourned to enable Downer and its JV partner to each pursue an Enforceable Undertaking. Both businesses continue to engage with the victim's family.

In FY21, Downer Group's safety performance data includes Spotless and Hawkins for the first time.

Downer's Total Recordable Injury Frequency Rate (TRIFR) for FY21 was below target at 2.60 which was an improvement on 3.10 in FY20. Downer's Lost Time Injury Frequency Rate (LTIFR) is above target at 0.99, however, this was a decrease on the FY20 result of 1.08. This is still below industry benchmarks published by Safe Work Australia for all industries which Downer operates in, the lowest of which relates to Architectural, Engineering and Technical Services with an LTIFR benchmark of 1.

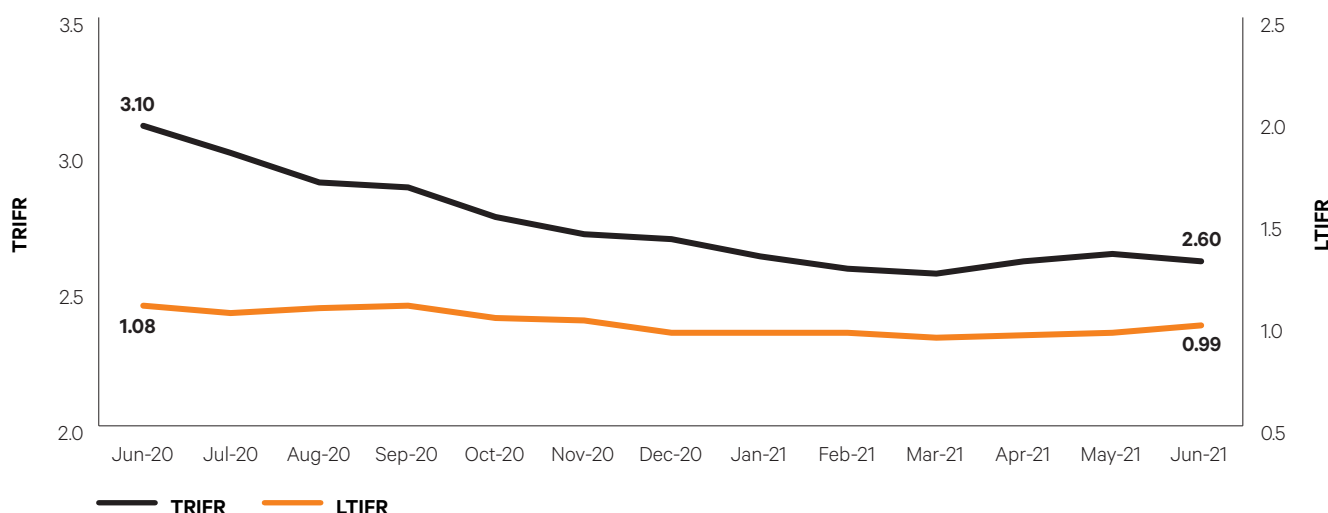
Downer Group safety performance

	FY20	FY21
LTIFR/million hours worked	1.08*	0.99
TRIFR/million hours worked	3.10*	2.60
Fatalities	1	0
Fines	7	2
Prosecutions	0	0

Detailed safety performance FY21

	Gender	Australia	New Zealand
TRIFR	Male	2.91	4.34
	Female	1.00	2.16
Occupational disease rate	Male	0.43	0.45
	Female	0.32	0.20
Severity rate	Male	19.26	33.14
	Female	13.62	11.89

LTIFR and TRIFR (12-month rolling frequency rates)



* FY20 LTIFR and TRIFR figures have been restated to include Hawkins and Spotless performance results to provide comparative data set with FY21 figures.

The additional safety metrics of severity rate (days lost per million hours) and occupational disease rate have been calculated by gender and region for our Australian and New Zealand employees.

The TRIFR and severity rate remains higher for our male employees in New Zealand than in Australia. Downer anticipates the increased focus on the importance of health and safety across our New Zealand business, along with the introduction of The Downer Standard and our Communities of Practice program, will reduce the gap between our Australian and New Zealand businesses.

The TRIFR and severity rate for our female employees is considerably lower than that of their male counterparts in both Australia and New Zealand, consistent with the type of work more typically performed by our female workers.

The occupational disease rate is higher for males in both Australia and New Zealand. This is reflective of the different types of work performed by males in the two countries. The principle causes of occupational diseases that resulted in medical treatment or lost days (total recordable injuries) were sprains and musculoskeletal disorders. This is consistent with trends published for Australian and New Zealand workplaces 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 that are aimed at reducing the incidence and severity of these types of injuries.

Progress on The Downer Standard

A core objective of The Downer Standard program (see page 28) is to unify the way we manage and perform our work.

The core content for The Downer Standard relating to health and safety is now complete. This has allowed Downer to operate under single processes for undertaking risk management, setting and understanding roles and responsibilities, drug and alcohol testing, and providing consultation mechanisms. It also sets a single, unified process for managing specific risks including working at height, management of hazardous chemicals, using cranes and lifting equipment, and others.

The Downer Standard achieved single certification across the Group to ISO 45001.

Establishing this consistent single platform means Downer can deliver consistent best practice information and work processes to our frontline employees, helping them to better manage risk and change in their dynamic workplaces. This single standard has also provided us with greater feedback from our workforce and built stronger employee engagement.

Critical Risk management

A Critical Risk is a potential unwanted event that could result in one or more fatalities, and/or significant environmental harm (where the potential or real impact is a level 5 or 6 consequence on the Downer risk matrix).

The top five Critical Risk activities for FY21 were:

- Working with mobile plant and equipment
- Working at height
- Vehicles and driving
- Working with electricity
- Working with stored hazardous energy.

In FY21 we integrated reporting of High Potential Incidents across our Downer and Spotless businesses, and we achieved no actions arising from High Potential Incidents overdue by greater than 30 days.

The table below includes both frequency rates per million hours worked and numbers of incidents, in brackets, to enable comparison with previous years.

Rates of High Potential Incidents for both Working at height and Working with electricity have increased, reflecting the changes to our Critical Risk profile following the inclusion of Spotless performance results.

Working at height has been a particular focus of improvement activity in FY21.

Critical Risk activity	FY19	FY20	FY21	Change FY19-FY21
Working with mobile plant and equipment	0.48 (35)	0.73 (54)	0.47 (54)	-0.38%
Working at height	0.25 (18)	0.33 (24)	0.40 (46)	65.01%
Vehicles and driving	0.30 (22)	0.37 (27)	0.27 (31)	-9.01%
Working with electricity	0.19 (14)	0.05 (4)	0.21 (24)	106.9%
Working with stored hazardous energy	0.10 (7)	0.04 (3)	0.07 (8)	-26.2%

In FY21, Downer continued to implement our Critical Risk management approach, and embed the program within our business. The focus continued to be on progressing our Critical Risk optimisation program.

We did this by aligning each Business Unit's management processes with The Downer Standard and improving the quality and consistency of Critical Control verification activities and analysis. This initial consolidation and alignment of existing controls, processes and systems provides the basis of our optimisation program.

Critical Risk consolidation program

Downer has carried out a detailed review and opportunity assessment of our Zero Harm risk management systems and data.

The top priority opportunities are to align our Critical Risk activities and controls, which will enable us to use our data more effectively and reduce complexity, duplication and re-invention in our Zero Harm processes.

As a result of this review, we have refined our optimisation program and developed a long-term roadmap for enhancing and innovating our use of data, taking advantage of advancements in technology and analytics. Key outcomes of this roadmap are:

- Driving integrated and data-driven understanding of our Critical Risk exposures
- Streamlining and integrating Zero Harm processes and controls
- Embedding Critical Control implementation and verification into smarter frontline management tools
- Increasing competency and application of Critical Risk reasoning across all levels of the workforce
- Improving company-wide learning from incidents
- Implementing predictive safety analytics for frontline decision-making support.

We have commenced a comprehensive bottom-up program of work to consolidate and align our Critical Controls and safety management systems and processes across the Group. This will help us strengthen the controls that matter and improve the quality and efficiency of our systems, establishing the foundation for pursuing our longer-term objectives.

Downer's strong Zero Harm culture is the key driver of our safety performance. Our commitment to Zero Harm, our patterns of behaviour, and the way we approach our work and solve problems all have a strong influence over the performance of our systems and processes. With this in mind, we are improving our Critical Risk training programs to:

- Clearly outline the importance of Zero Harm performance at Downer
- Establish patterns of behaviour that strengthen our focus on managing Critical Risks
- Build resilient ways of thinking through the work we do and the Critical Controls we need to put in place
- Improve the experience of our frontline employees.

The optimisation delivery model is led by the business and is delivered through our Communities of Practice.

Communities of Practice

In 2020, Downer launched our Communities of Practice to bring together business leaders, subject matter experts and Zero Harm professionals to drive processes, systems, capability and performance improvements in managing specific Critical Risks across the Group.

In 2021, the Communities of Practice have progressed this work, to provide the company with improved Group-wide practices for the safe management of their area of focus. This is formalised and content is provided to the business via The Downer Standard.

Two advanced Communities of Practice are those focusing on scaffolding and cranes.

The Scaffolding Community of Practice, which is led by the Asset Services Business Unit, has leveraged the knowledge and experience of scaffolding experts within the business to develop a suite of documents, including safe work procedures, guides and shift briefings. These documents provide a consistent approach to the installation, use, monitoring, rescue and de-installation of scaffolding, as well as guidance on scaffolding use in more hazardous situations such as working over water.

The Community of Practice for Cranes, led by our Infrastructure Projects Business Unit, sets a benchmark for training and competency requirements across the Group. The knowledge captured by this CoP has also helped improve the capabilities of some supply partners. Additionally, the group has reviewed our existing Standard on the use of cranes, and developed an updated Downer-wide Standard applicable to both Australian Operations and New Zealand Operations.

The focus for our Communities of Practice will now be to complete their Critical Risk optimisation work, which will feed into The Downer Standard and provide consistent, clear information to the frontline. Our Communities of Practice will aim to establish sustainable, systematic and data-driven analysis, learning and continuous improvement methodologies for managing our Critical Risks.

To utilise our Communities of Practice in this way, we have developed a comprehensive structure that allows us to map all of our standards, risks, controls, incidents, training, verifications and assurance to our Communities of Practice. This sets the foundation for the future state vision of our Communities of Practice model as the nerve centre of data-driven continuous improvement, which enables us to prioritise our effort in the short term.

In the spirit of Downer's commitment to innovation, our Communities of Practice are leveraging Artificial Intelligence machine learning technology to efficiently drive consolidation and alignment of our Critical Controls and safety management systems and processes across the Group.

Paving the way towards safer road operations

In 2021, our Road Services business has leveraged the work undertaken by Downer's former Mining Business Unit and progressed our understanding and management of the risks associated with silica. Road Services has conducted respirable silica dust health monitoring across a number of typical operational activities. To date, no issues have been highlighted.

Another safety initiative being trialled by the Road Services business is the Reverse Smart system. The Reverse Smart system can reduce the risk associated with reversing vehicles by detecting when someone is in the path of the reversing vehicle and automatically applying the vehicle's brakes. Following successful trials, the Reverse Smart system is being installed on applicable vehicles, such as water carts, tack coaters and sweepers.

In New Zealand, Downer has made a significant investment in the safety of our people with the purchase of new Secmair Chipsealer trucks, to be used in road maintenance contracts across the country. The combined binder sprayer and chip trucks mean our crews do not need to leave their vehicles during active operation, helping keep them safe on live road networks. This has also led to a more efficient and effective way to complete maintenance sealing – increasing quality control while reducing waste due to the ability to specify precise binder and chip application rates. The new vehicles also contribute to lowering our GHG emissions, with refined processes meaning fewer vehicles are required.

Being alert to fatigue

When working in hazardous industries or workplaces that rely on the operation of vehicles, plant and machinery, fatigue can have fatal consequences.

Downer recognises that fatigue management relies on self-detection of employees, who may be experiencing diminished judgement due to their fatigue, or may be reluctant to speak up or take a fatigue detection rest.

To combat this risk, Downer's Road Services and Utilities businesses have been exploring emerging technologies to better detect and manage fatigue. Our teams have trialled fatigue detection and management technology, with positive initial results. These technologies will continue to be explored in FY22 (see case study, page 40).



CASE STUDY

Crane control

Downer's Hawkins business in New Zealand is delivering a project to redevelop Elizabeth Street, Tauranga, which will revitalise the heart of the harbourside city. The project will leave a lasting legacy – an exciting new community of exceptional living, shopping and dining together in an architecturally designed environment.

This is a significant project, requiring the demolition of existing structures containing asbestos, installation of 5,380 concrete piles, and the construction of 8,000m² of retail on two floors, 23 luxury townhouses and 97 high-end apartments across 10 storeys and two towers.

Two large tower cranes were erected to mitigate construction bottlenecks. However, doing this meant the cranes were operating in a crane boom 'overlap' situation which presented an increased risk of crane clashes.

Management of crane operations to ensure protection of the public, building users and site staff was front of mind, and significant time was spent understanding the technical aspects and operating software of each crane.

Planning software was implemented to allow crane time bookings through an app, Crane Time. The app was easily accessed and utilised by associated contractors and managed by Hawkins to ensure working hours, breaks and fatigue were managed prior to each day's activities.

Every morning crew planning activities were captured in real time using software that allowed reports to be generated and shared with all relevant parties.

The range of controls adopted enabled the project to be undertaken successfully. Site Manager, Blake Pardoe, and his team are now sharing their learnings nationally via a Crane Operation Manual, and their findings are being adapted on many project sites across the business.



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goal: #3 Good health and wellbeing.



CASE STUDY

Fighting fatigue

Downer has acted to reduce the risk of fatigue, particularly for road construction or surfacing activity where people are working around live traffic and large roadworks equipment.

The Road Services team in Tasmania has undertaken a trial for enhancements to fatigue management, which involved a two-part approach: education and active management.

Frontline workers attended a workshop to learn about sleep, its importance in maintaining good physical and mental health, and what gets in the way of getting 'good' sleep. In some cases, underlying health issues were identified during the session, and people were referred for advice and support. Supervisors also attended a workshop where they learned how fatigue affects worker safety and were given tools to protect people and intervene where necessary.

One of the tools used in the trial is an app that quickly identifies whether a person is at increased risk of harm due to fatigue. The app asks workers to answer five questions, and the short survey takes little more than 20 seconds to respond. The result is a score on the fatigue risk index. Where a worker's answers result

in a high risk rating, the app automatically sends an alert to their supervisor, who can contact them directly to further assess their fatigue and intervene where necessary.

The app was initially tested with workers in situations that are likely to increase fatigue risk: working longer hours, working night shift, and changing from night shift to day shift.

While the app provides a great safety net, the real benefit of the trial is increased understanding of fatigue and its causes – helping our people tackle the problem at its source.



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goal: #3 Good health and wellbeing.

Wellness in the workplace

Injury prevention remains a critical part of improving worker wellness. If a worker starts to feel discomfort, Downer supports and encourages them to access healthcare services proactively before a debilitating injury occurs.

Where an injury has already occurred, Downer's team of injury management specialists support the employee to return to work at their own pace.

We support the physical wellness of our workforce through a range of programs and initiatives. These include:

- 24/7 access to Downer's Employee Assistance Program, which provides support for both our people and their immediate families. The service also provides response support following critical incidents
- Fatigue management practices
- Work rotation arrangements for repetitive activities to reduce the risks associated with muscle fatigue and repetitive strain injuries
- Early intervention programs such as drug and alcohol testing, and zero tolerance to the presence of these substances in our workforce
- A dedicated injury management service to assist employees with both work-related and non-work-related injuries and illnesses to enable their return to work
- Information on safe lifting and tools and support equipment to reduce manual handling requirements
- Information to support good health, delivered through the annual Our Safety Focus program. In 2021, this program reinforced the importance of good decision making, provided information on Critical Risk management, and focused on the management of change to support safe decisions
- Ergonomic office spaces, many fitted with sit/stand desks, computer or document stands, and foot pedestals
- Access to end-of-trip or shower facilities in many of our offices to support running/walking or cycling to work, and promotion and entry fee coverage for employees who participate in nominated sporting fundraiser events
- Participation in health promotion events, such as Movember, R U OK? Day and Stress Down Day
- Flexible working, and remote working options to better support the balance between work and home commitments, and to reduce stress
- Regular employee engagement from management
- Corporate Cup support and sponsorship.

In addition to these Group-wide initiatives, our Business Units are also proactive about supporting the wellness of our people.

Downer's Asset Services business recently developed and implemented a pilot Mentally Healthy Workplaces audit tool and guide, as part of its wider Occupational Health and Hygiene Strategy.

The audit tool focuses on improving awareness around mental health and wellbeing in the workplace by addressing stigma, managing risks, developing safe systems of work and encouraging reporting.

As part of the process, Asset Services conducted 11 audits across the business and an online health and wellbeing survey. The findings contributed to the development of two dedicated health and wellbeing calendars for field and office-based employees, to improve mental health outcomes in the workplace.

Sustaining mental health in the workplace

In 2018, Downer sought to change the conversation and reduce the stigma attached to mental health, and to empower our people with strategies to support their wellbeing and that of their workmates.

To do this, we formed a Group Health function within Group Zero Harm to promote the importance of good mental health and to provide strategies and activities to support good mental health. The team supports the whole of the Downer Group, working with our people in Australia and New Zealand.

There is no doubt there has been increased recognition of the importance of mental health in recent years, and this has become even clearer as our people have endured the consequences of extended COVID-19 restrictions and lockdowns.

The team has continued to provide Downer's Gold Standard Accredited* Mental Health First Aid training across the business. In FY21, 318 people were trained in Mental Health First Aid across the company. Mental Health First Aiders are available to assist their colleagues during challenges to their mental health and to identify persons who may need support. They are also able to direct people needing support to the appropriate services.

Last year, the Group Health team developed an online delivery model for the training program after recognising the importance of continuing mental health training despite COVID-19 restrictions preventing face-to-face delivery at times. Mental Health First Aid Australia thoroughly reviewed this online training module and granted approval for Downer to train in this manner when COVID-19 restrictions necessitate it.

The Group Health team provides training on Mental Health Foundations, and shares information on resilience and staying mentally well. Consistent with our focus on mental health, Downer is now a Major Partner of Beyond Blue (see page 85) and we look forward to seeing the benefits this partnership will provide for our people and for those who live in the communities we work in across Australia.

We also deliver our Mental Health First Aid training to joint venture partners and subcontractors, to not only extend the reach of this vital training but also strengthen alliances with our delivery partners.

* While the program itself is accredited, the employees who attend the course are not accredited unless they register directly with Mental Health First Aid Australia. This data is limited to Downer's internal MHFA tracking tool.



The Downer FKG joint venture is delivering the Shoalwater Bay Training Area (SWBTA) Remediation Project, approximately 80 kilometres north of Rockhampton in Central Queensland. SWBTA is the Australian Defence Force's primary training area for the conduct of large-scale, joint-force military training exercises. Considering the project's duration and remote location, the mental health of our people, partners and subcontracted workforce was identified as an important focus area. We rolled out Downer's accredited MHFA course and Foundations of Mental Health course to all JV employees. These initial training sessions were followed by a course delivered by Downer's Group Health team focusing on 'Intergenerational communication', which aimed to support a stronger connection across the team. A second Foundations of Mental Health course was also rolled out to support our long-term subcontractors onsite.

COVID-19 vaccination roll-out

Downer continues to be vigilant around the management of COVID-19 and maintaining the highest levels of controls in line with Government advice.

Downer supports the Australian Government's vaccination initiative. While we are not currently mandating COVID-19 vaccinations for our broader workforce, we strongly encourage our employees to consult with their treating medical professional and, consistent with that advice, to have the vaccination when it is available to them.

Where a government, industry or customer vaccination requirement exists, as with other forms of vaccination, Downer continues to adopt this requirement.

Industry collaboration and consultation

Downer encourages our people to share their knowledge and experience with industry peers and to contribute to improving safe sustainable work for the betterment of the communities in which we work and live.

In FY21, Downer employees contributed to a range of industry groups and committees, including:

- Road Services continued its partnership with the Asphalt Pavement Association and continued to lead the way in collaborating with industry regarding traffic controller safety and management of interactions with live traffic
- Downer's Rail and Transit Systems Business Unit has maintained its participation in industry groups associated with the Office of the National Rail Safety Regulator, and with the Rail Industry Safety and Standard Board
- The Utilita joint venture between Downer and Ventia was named a finalist in the Australian Water Association's Water Industry Safety Excellence Awards for its 'Performance Evolution' submission
- Downer's Water Services North team received three industry awards for their work at the Cedar Grove Environmental Centre as part of the Logan Water Partnership:
 - Australian Water Association (AWA) Queensland's Infrastructure Project Innovation Award
 - Queensland Australian Engineering Excellence Award
 - 'Innovation', 'Sustainability and Environment' categories at the Institute of Public Works Engineering Australasia Queensland (IPWEAQ) Awards
- Rail and Transit Systems Business Unit was a platinum sponsor of the annual AusRAIL conference, which was held as a virtual event in December 2020
- Downer delivered virtual training on AAPA Safely Handle Bituminous Materials to almost 2,000 participants over 10 sessions throughout November 2020.

Our future focus

In FY22, Downer will renew our focus on progressing key strategic health and safety programs and initiatives.

These future areas of focus include:

- Continuing the consolidation of Critical Risk bow tie analysis and verification through our Communities of Practice
- Implementing the improvements and outcomes identified by the Communities of Practice and incorporating them into The Downer Standard
- Building on the progress made on The Downer Standard and extending our consistent approach into deeper layers within the company, improving utilisation by the frontline
- Enriching the quality of our data and utilising emerging technologies in our strategy and planning activities. This includes the continued focus on the deployment of mobile technology and digital forms via mobile applications
- Rolling out Downer's Enterprise Data Warehouse (EDW) to provide a robust foundation for advanced data analytics and reporting, including the introduction of data science techniques such as natural language processing and other forms of machine learning
- Refining our in-house training programs to reflect The Downer Standard, and increasing the risk management competency of our workforce
- Continuing to monitor all COVID-19 risks and controls, and supporting the Government's vaccination roll-out strategy.

Emerging issues and market trends

Transformative technology

Technology is changing the way we work and the work we do.

Downer recognises we must consider the impact of these changes and the opportunities they provide, while also developing strategies on how best to deploy the technology.

Workers in many industries are spending increased time using screens, which results in increased time sitting or in sedentary positions. Downer utilises ergonomic workplace equipment, encourages agile office environments, and provides our workforce with information on the risks associated with sitting for prolonged periods of time. For operational staff, we utilise practices such as task rotation to safeguard against overuse and underuse risks.

The increased use of automation, or robotic equipment, across the industries Downer operates in presents opportunities to reduce our people's exposure to high risk or repetitive activities. We are also increasingly using drone technology to reduce risk to our people.

Advancements in artificial intelligence will also provide opportunities to utilise a greater volume of data and incorporate that into strategic initiatives and planning to improve safety and sustainability outcomes.

Downer will continue to collaborate with technology experts to explore opportunities for new and enhanced technology. We will also continue to investigate and identify suitable technological tools to improve the health and safety of our workforce, as well as our safety and sustainability performance.

Protecting our mental wellness

Since early 2020, the COVID-19 pandemic has had a major impact on people's health and wellbeing.

The World Health Organisation recognises that many people have faced challenges that can cause strong emotional reactions, and reduce our mental health and wellbeing.

In response to these growing concerns, Downer's Group Health function has developed a range of targeted services to increase employee coping strategies. By actively monitoring utilisation data from our Employee Assistance Program the team has been able to identify emerging issues, such as higher experiences of personal anxiety, impacts on personal relationships (partners and children), and the amplified perception of workload pressures and conflicts within the workplace.

Using these identified trends, the Group Health team has developed webinars, training sessions, skill acquisition presentations and information sheets.

Group Health has also developed a new program building on the Mental Health First Aid foundations to support individual resilience.

The 'PROTECT' program is targeted towards leaders and emerging leaders and focuses on individual resilience and empathic leadership skills.

The program has been developed internally, and builds on skills acquired from MHFA and reinforces the neuroscience-based protective factors to maintain our own health and wellbeing.

Elements including stress management, gut health, sleep, empathic leadership and effective communication across teams are incorporated into the program. By increasing these skills, individuals will be able to better manage their own health and wellbeing, as well as being able to coach and support others. PROTECT is due to commence early in FY22, with trials already requested across Australian and New Zealand businesses.



Environment

For our approach to the environment, visit:
sustainability.downergroup.com/2021/environment.html

Our performance

Downer committed to achieving the following environmental targets and objectives in FY21.

The performance information in this section includes Downer, its contractors and joint ventures in the following business lines: Australian Operations, Spotless and New Zealand including Hawkins. Joint ventures have been included for environmental energy and GHG emissions performance data where Downer is deemed to have operational control, as defined by the *National Greenhouse Energy Reporting Act 2007*. Further information on joint ventures is detailed in Downer's 2021 Annual Report.

Target/objective	Result	Reference
Zero environmental prosecutions	✗	Environmental compliance Page 46
Zero serious environmental incidents (Level 5 and 6)	✓	Environmental compliance Page 46
Fewer than three Environmental Penalty Infringement Notices	✓	Environmental compliance Page 46
Achieve Science-Based Aligned Absolute Target performance (528,509 tCO ₂ -e)	✓	Climate risk and Downer's decarbonisation pathway Page 59
Achieve Science-Based Aligned Intensity Target performance – (42.75 tCO ₂ -e/\$AUDm)	✓	Climate risk and Downer's decarbonisation pathway Page 59
Business Units to produce a decarbonisation plan aligned with Downer's Science-Based Target/SDG Improvement Plan	✓	Progress on decarbonisation pathway Page 60

To achieve the targets and objectives in the table above, in Downer's FY20 Sustainability Report we outlined the following key focus areas for FY21:

Focus from 2020	Achievements in 2021	Reference
Deliver Downer's Urban Services strategy by providing services that promote a sustainable future and transition to a low-carbon economy.	Divestment of capital and carbon intensive Laundries and Mining businesses, with the exception of Open Cut East. We are continuing to explore opportunities to divest Open Cut East. In the event Downer is unable to complete the sale, we will fulfill our contractual commitments. Once the terms of these contracts are complete, Downer will have no further participation in Mining services.	Managing our GHG emissions Page 53
Work with our financial partners to assess opportunities for sustainability-linked finance.	Successfully completed a new \$1.4 billion Sustainability Linked Loan (SLL) facility.	Our approach to sustainability Page 6
Implement Downer's consolidated Integrated Management System, and achieve a single certification accreditation to ISO 14001:2015.	Achieved third-party certification to the International Standards, and ISO 14001 (Environment), ISO 9001 (Quality), and ISO 45001 (Safety). This gives us a single system of work for safety, environment, and quality.	The Downer Standard Page 28
Take a whole-of-life approach when considering initiatives and specifying materials.	Downer worked with its customers in New South Wales and South Australia to develop localised lifecycle assessments of its asphalt product, Reconophalt. This will enable an Environmental Product Declaration to be obtained for Reconophalt in New South Wales, like the one obtained in South Australia last year.	Resource management Page 50
Improve sustainability performance and achieve sustainability ratings, such as ISCA Infrastructure Sustainability ratings.	Downer commenced several IS-rated projects in FY21.	Sustainability rating tools Page 47
Protect high value biodiversity found on the sites we own, occupy or operate.	Downer has disclosed its impacts on biodiversity in this year's report.	Emerging issues and market trends Page 63

Focus from 2020

Achievements in 2021

Reference

Educate our staff, supply chain and the broader communities on key environmental sustainability issues and the role Downer has in addressing them.

The implementation and review of environmental Critical Controls was a key component of this year's Group-wide 'Our Safety Focus' program. Other education sessions included: ISCA knowledge shares; Peer-to-peer sessions; Lunch n' Learns; Zero Harm Bulletins; and GEMS environmental awareness training course.

Environmental awareness training
Page 46

Establish waste to landfill reduction and water reduction targets and identify initiatives to assist in achieving these targets

Deferred until FY22.

Waste management
Page 47

Water management
Page 51

Downer's environmental sustainability performance is measured against the key areas of risk management, compliance, minimising environmental impact and maximising resource efficiency opportunities in our own and our customers' businesses.

Environmental compliance

Downer maintained its Group-wide target of zero Level 5¹ or Level 6² environmental incidents and zero Significant Environmental Incidents³. Regrettably, Downer received one prosecution during FY21.

In FY21, Downer incurred one penalty infringement notice for environmental breaches which was an improvement on Downer's performance over the past five years.

Downer New Zealand received a penalty infringement notice for NZ\$750 (\$696 AUD) for an environmental breach of the *Resource Management Act 1991* involving the discharge of diesel into a stormwater drain near a waterway.

Downer New Zealand also pleaded guilty to two charges of the *Resource Management Act 1991* for the burning of waste containing prohibited items at a depot in Hastings, located within Hawkes Bay Regional Council. Downer agreed to attend a Restorative Justice Conference with affected parties in March 2021. A copy of the report from this conference was presented in Court as a mitigating factor. In June, Downer was fined NZ\$15,000 (\$13,921 AUD). Downer also contributed an additional NZ\$7,000 (\$6,497 AUD) towards marketing Hawkes Bay Regional Council's burning rules.

Last year, we disclosed that the Downer Seymour Whyte Joint Venture (DSWJV) was in the process of entering into an Enforceable Undertaking with the NSW Environment Protection Authority (EPA). In August and September 2019, there were three uncontrolled stormwater discharges to a nearby waterway from DSWJV's construction site near Nowra, NSW. These discharges had the potential to cause harm to the environment. The incidents were identified and self-reported to the EPA by DSWJV. In FY20, the Enforceable Undertaking was formalised, committing DSWJV to:

- Improving staff training and increasing the frequency of environmental audits of its worksites
- Investing in environmental restoration of the local environment by supporting Land Care and Shoalhaven City Council.

In addition to the Enforceable Undertaking, DSWJV was required to pay the NSW EPA \$9,500 for associated investigation and legal costs.

The Victorian Government will introduce the *Environmental Protection Act 2017* from 1 July 2021 after its commencement was deferred by 12 months due to COVID-19. There are several changes being introduced, one of which is the General Environmental Duty (GED). This means every Downer employee has a personal obligation to manage risk and harm to human health and the environment. Downer's suite of policies and procedures, aligned to The Downer Standard, have been written to meet these obligations. Another change is the introduction of the 'Duty to Notify' for certain pollution incidents, licence breaches and where there is land or groundwater contamination. This is similar to the laws in other jurisdictions of Australia, therefore Downer does not expect these changes to present any compliance risk. To prepare our Victorian operations for these changes, Downer's Environment and Sustainability team has delivered targeted communications, training webinars and peer-to-peer knowledge sessions.

Environmental awareness training

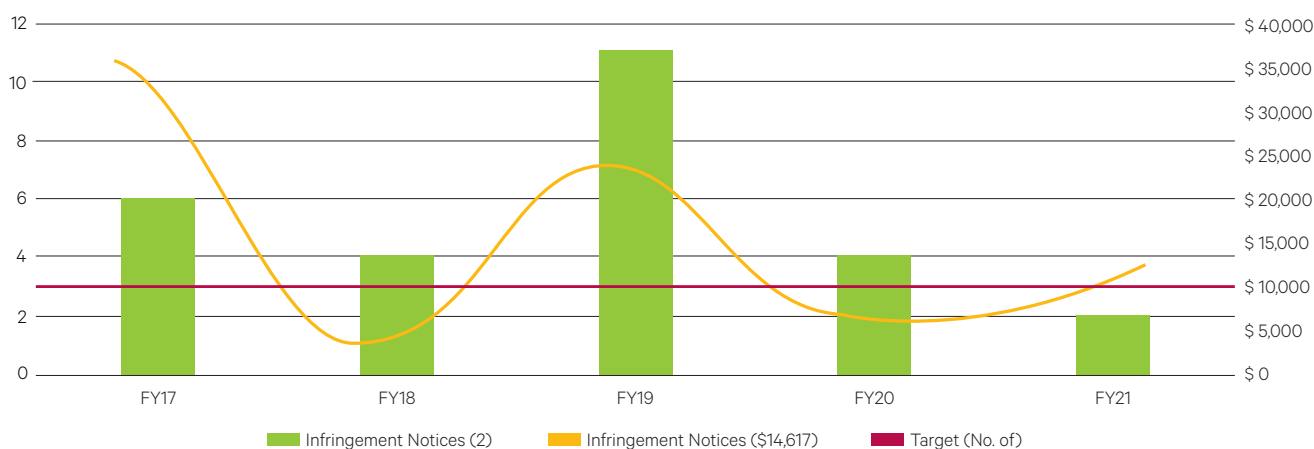
Downer understands the importance of providing its frontline workers with appropriate environmental training and awareness. Downer has a long-standing partnership with GEMS, a registered training organisation that delivers a range of environmental training programs to Downer's workforce. The more common programs delivered include: Advanced Environmental Awareness for Project Managers; Advanced Environmental Awareness for Zero Harm professionals; and Erosion and Sediment Control training. In FY21, a total of 1,096 training hours were delivered by GEMS, compared to 1,544 hours delivered in FY20. The reason for the decrease in FY21 was mainly due to COVID-19 restrictions and the reduction of online training delivery numbers.

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

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

3 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 an incident or spill that results in a significant impact or material harm; or there is long-term community irritation leading to disruptive actions and requiring continual management attention.

Environmental Fines and Prosecutions



Sustainability rating tools

In partnership with our Government customers, Downer continues to deliver sustainability ratings for projects and contracts, which presents us with both challenges and opportunities. The application of sustainability rating tools, such as Infrastructure Sustainability Council of Australia (ISCA), for nominated infrastructure projects allows us to integrate sustainability thinking into the asset's whole-of-life, through the planning, design, delivery and operational phases. ISCA's IS rating tool allows Downer to benchmark and drive sustainability performance within infrastructure projects and assets, delivering more sustainable outcomes for our customers and end users (including motorists and rail commuters). This year, Downer commenced several IS-rated projects, including Warrnambool Line Upgrade in Victoria, Transport Access Program Tranche 3 in New South Wales, and South Australia road maintenance services.

Downer's Infrastructure Projects team in New Zealand has developed a Sustainability Standard for use on smaller projects, where delivering an ISCA rating is not feasible. The Standard provides a structured approach to identify, target and track key sustainability outcomes, tailored to customer objectives and stakeholder requirements.

The Standard is being piloted on two projects – the Tamaki Drive Cycleway in Auckland and the SH58 Safety Improvements project in Wellington. The process has included running collaborative workshops between the customer and project teams to assess the key material sustainability issues for the project, and then developing initiatives that respond to these. Through implementing the Standard, Downer has delivered a GHG emissions saving of 290.15 tonnes of carbon equivalent compared to the baseline. This has been achieved through actively reducing transport requirements, working with the customer to agree alternative specifications, reusing materials and developing less carbon intensive construction methodologies.

On top of this, a number of additional outcomes have been achieved including enhancing local ecology through additional planting, reduced water consumption, Iwi-led cultural inductions and social initiatives that support the local communities.

Waste management

The materiality assessment Downer conducted in 2021 reinforced that waste management is an important issue to Downer.

In FY20, Downer committed to setting waste targets for the FY21 period. However, after the interrogation of various data sources and engagement with Downer's primary waste contractor, Cleanaway, it was deemed that Downer is not yet in a position to set an organisation-wide target. Instead, Downer has worked with Cleanaway to boost engagement on a targeted basis. This includes:

- Working with sites that have a low diversion rate and a high spend (and therefore high waste footprint)
- Conducting waste audits (effectiveness of implemented initiatives)
- Implementing collection optimisation programs.

Downer will use the results of each of these programs to inform meaningful targets across targeted waste streams in FY22.

Metric	FY20* Total	FY21 Total
Waste to landfill (t)	15,590.81	14,177.37
Waste diverted from landfill (t)	4,086.60	3,746.09
Total non-hazardous waste generated (t)	19,677.41	17,923.46
Landfill diversion rate (%)	20.8%	20.9%
Total hazardous waste disposed of (t)	625.74	456.99

* FY20 data has been recategorised into non-hazardous waste to landfill, non-hazardous waste diverted from landfill and hazardous waste disposed of. Liquid waste as a category has been removed.

Breakdown of recycled waste (tonnes) by category

Comingled	994.20	Plastic	64.35
Paper and cardboard	980.35	Waste oil	61.56
Metal	474.68	eWaste	38.66
Clean fill	367.90	Glass	10.38
Timber	315.10	Fluorotubes/globes	3.91
Organics	272.33	Ash	2.00
Construction	160.67		



Breakdown of hazardous waste (tonnes) by category

Clinical/medical	208.12	Contaminated soil	20.78
Prescribed waste	93.59	Asbestos	10.74
General hazardous	61.18	Solvents	5.81
Toxic	29.33	Metal salts	0.71
Contaminated solids	26.49	Oily rags	0.24



In FY21, Downer continued to look for innovative solutions to reduce the amount of waste we generate through resource recovery, avoidance, reuse and recycling.

Downer is delivering the Denny Avenue Level Crossing Removal project as part of Perth's METRONET program, which includes the replacement of the current Denny Avenue level crossing with a rail-over-road underpass at the nearby Davis Road.

Downer set proactive waste diversion targets for the project, including 85 per cent clean/inert excavation spoil diverted from landfill and 70 per cent other inert waste diverted from landfill. The team developed a Construction Resource Efficiency and Waste Management Plan to provide guidance on environmental issues and risks, control measures, contingency measures and monitoring requirements relating to waste management and resource consumption and resource efficiency for the project.

This plan helped Downer exceed its targets, achieving 99.9 per cent clean/inert excavation spoil diverted from landfill and 98.99 per cent other inert waste diverted from landfill. In addition, we also achieved 100 per cent green waste diverted from landfill.

All excavated spoil was classified onsite by the Downer Environment and Sustainability team. Once classified, the project utilised the services of waste specialists, Eclipse Soils,

for processing the classified material for reuse at other locations across Western Australia. In addition to clean/inert excavation spoil, Downer was able to use this process to divert asbestos, Potential Acid Sulphate Soils (PASS) and hydrocarbon contaminated material to be treated and reused.

Construction and Demolition (C&D) waste (bricks, pavers, concrete, steel, timber and asphalt) was segregated and processed for reuse by several C&D recycling specialists across Perth. Reclaimed Asphalt Pavement (RAP) from the project was transferred to Downer's Asphalt facility for reprocessing and reuse in asphalt pavements.

Downer is also committed to helping our customers improve their own waste management. For example, Spotless has assisted the Melbourne Cricket Club to achieve its sustainability goals by implementing a range of initiatives, including phasing out single-use plastics (plastic straws, stirrers, cutlery and plates) at EPICURE food outlets at the Melbourne Cricket Ground (MCG). Spotless also obtained approval from Victoria Police and the Victorian Commission for Gaming and Liquor Regulation to serve alcohol at the MCG in aluminium cans, rather than single-use plastic cups. The MCG previously used over 2.2 million plastic cups per year which ended up in landfill.



CASE STUDY

City Rail Link – leading the way in waste diversion

City Rail Link (CRL) will transform Auckland's public transport network. The 3.45 kilometre twin-tunnel underground rail link, including two new underground stations, will significantly change the way people travel around the city, improving travel options and journey times and doubling the number of Aucklanders who live within 30 minutes travel of the CBD.

Downer is part of the Link Alliance, which is delivering what is NZ's largest-ever transport infrastructure project.

It is a transformative project. But it is also a complex one that presents some challenges.

Over 40 buildings in Auckland's CBD needed to be demolished to make way for the new rail tunnels and stations, which would have generated large volumes of waste. As part of its target of an ISCA Infrastructure Sustainability 'Excellent' rating, Link Alliance has committed to divert more than 90 per cent of all construction and demolition waste from landfill, requiring a new approach to demolition.

Link Alliance surveyed all of the buildings that were to be demolished, preparing an inventory of salvageable materials for TROW Group, a Pasifika-owned business specialising in the sustainable deconstruction and soft strip of buildings. TROW Group recovered over 48 tonnes of reusable materials, including cupboards, desks, insulation, shelving, lights, doors, air conditioning units and toilets, which were then shipped to Tonga to assist with the rebuild following Cyclone Gita. Other materials were provided to local church groups.

Following the soft strip of the buildings, demolition works commenced with a focus on recovering and recycling as much material as possible. Over 13,000 tonnes of concrete recovered from demolition was crushed on-site and reused for haul roads and piling platforms. 500 tonnes of steel was recovered and recycled, and other materials were salvaged for reuse.

In total, Link Alliance salvaged and redistributed 52 tonnes of materials and recovered/recycled 18,000 tonnes of materials, sending a mere 410 tonnes of waste to landfill, amounting to a 98 per cent diversion of waste from landfill. Two historic/iconic buildings were also saved from demolition and moved to new locations, with zero cost to the project and zero waste.

Using crushed concrete on-site reduced the need to source and import over 9,400m³ of virgin aggregate and eliminated the need for disposal of any concrete to waste, reducing the project carbon footprint by 190 tonnes and saving almost \$500,000.

And, in a first for any project in Australia or New Zealand, a 3D BIM model is being used to track the projected carbon footprint of the project. This tool will provide Link Alliance with greater visibility of progress against the project's carbon reduction target and overall carbon footprint.



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals: #9 Industry, innovation and infrastructure; and #12 Responsible consumption and production.

Spotless is also pioneering the use of GaiaRecycle dehydrators to reduce organic waste at many of the sites we operate at, including the MCG and Brisbane City Hall. Brisbane City Hall can produce up to 100 kilograms of food waste daily. We saw an opportunity to reduce organic waste going to landfill and introduced the GaiaRecycle food dehydrator, which turns food waste into compost. The machine breaks down and ferments food waste to reduce food volume by 85-90 per cent. The GaiaRecycle removes the moisture from the food waste, processes it at high temperatures to sterilise, and then cools the dry by-product so it can be used for soil amendment or enhancer for compost, which is then used at the surrounding Yarra Park in Melbourne and Brisbane Botanical Gardens and Roma Street Parklands.

Resource management

Downer is committed to reducing the environmental footprint of the products we provide to our customers. Emissions is one component of this. Natural resource usage is another and Downer is committed to the principles of the circular economy, including understanding products' lifecycles to ensure that their burden on the natural environment is kept to the lowest possible level.

The demand from our customers, communities, industry and government for circular economy thinking to reduce waste continues to be an important issue and growth opportunity.

Downer demonstrates our commitment to the circular economy in the following ways:

- Investment in our Reconomy and Repurpose It businesses
- Waste materials such as hard and soft plastics, glass and printer cartridge toner used in our road asphalt products in Australia and New Zealand, diverting these products from landfill
- Development and marketing of Reconophalt™, a Downer product which incorporates recycled soft plastics and glass into asphalt road construction. Reconophalt is Australia's first asphalt product containing high-recycled content derived from

true waste streams that would otherwise be bound for landfill. Materials are sourced through Downer's exclusive partnership with Close the Loop, Downer's own detritus repurposing facilities, and other suppliers of recycled resources.

Following 18 months of extensive testing under a program designed in conjunction with the New South Wales Environment Protection Authority (NSW EPA), including the potential leaching of BPA and release of microplastics, we have proven Reconophalt™ brings no increased environmental risk compared to standard asphalt, while providing considerable sustainability and performance benefits.



For further information, refer to:
downergroup.com/reconophalt.

In an Australian-first in 2020, Downer's Reconophalt™ was approved for use in road construction by the NSW EPA under a Resource Recovery Order and Exemption.

In FY21, Downer's Reconophalt asphalt received the world's first cradle-to-grave lifecycle assessment for an asphalt product. Downer, with the support of the South Australian Department for Infrastructure and Transport, Green Industries SA and the R2P Alliance, has developed, independently verified and registered the Environmental Product Declaration (EPD) for Reconophalt.

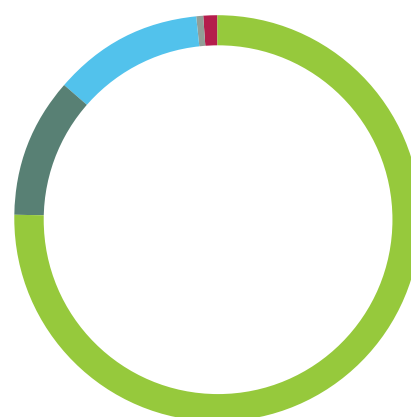
In FY21, 15.7 per cent of total asphalt production in Downer was made up of recycled materials. This increased from 14 per cent in FY20. The consequent GHG emissions reductions are outlined in the chart below*.

This increase in FY21 was due to the nature of work undertaken on major roads, which allowed for an increase in recycled products to be used, specifically Reclaimed Asphalt Product (RAP).

For example, the Bruce Highway Upgrade project in Queensland installed a granulator to process RAP from the existing road and then fed it back into the new asphalt for the upgrade, delivering a complete closed-loop solution.

GHG emissions reductions from the use of recycled materials in asphalt production

Reclaimed Asphalt Product (RAP)	75.4%	10,725 tCO ₂ -e	Modified Toner Polymer (MTP)	0.5%	69 tCO ₂ -e
Glass	0.0%	2 tCO ₂ -e	TonerPlas (MTP with Plastic)	0.9%	124 tCO ₂ -e
Fly ash	11.1%	1,575 tCO ₂ -e	Reconomy and glass sand	0.0%	7 tCO ₂ -e
Slag	12.1%	1,721 tCO ₂ -e	Crumbed rubber	0.0%	6 tCO ₂ -e



* This chart displays the total GHG emissions reductions from the use of recycled products in asphalt production in FY21, with each of the specified recycled products represented as a percentage of total savings.

Water management

Like waste management, water management ranked as an important issue to Downer in the materiality assessment we conducted in 2021.

Downer has collected water data using a similar methodology that was deployed for FY20, however FY20 figures have been restated to include water data from Meandu Mine.

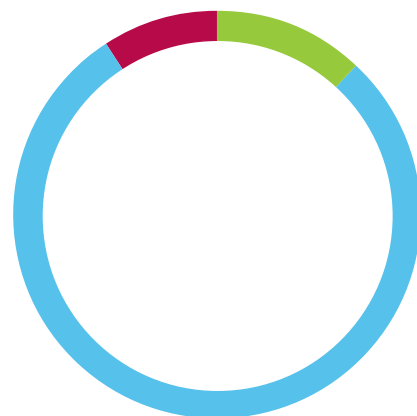
Downer's overall withdrawals and discharges decreased from FY20 predominantly due to the reduction in mining activity at Meandu.

Downer's potable water usage decreased compared to FY20, predominantly due to the divestment of Laundries, which was a considerable water consumer as a portion of the overall Group portfolio.

Water withdrawals (kL) Australia and New Zealand

Water withdrawals (kL) Australia and New Zealand – FY20/FY21 comparison	FY20	FY21	% Change from FY20
Total potable water withdrawn	3,355,513	1,817,490	-46%
Groundwater (from dewatering)	20,639,760	11,737,777	-43%
Water dust suppression	796,223	1,253,651	57%

Total potable water withdrawn	1,817,490 (12%)
Groundwater (from dewatering)	11,737,777 (79%)
Water dust suppression	1,253,651 (9%)



Water discharges (kL) Australia and New Zealand

Water discharges (kL) Australia and New Zealand – FY20/FY21 comparison	FY20	FY21	% Change from FY20
Water discharged (to stormwater, creek, etc)	1,946,388	1,051,768	-46%
Wastewater discharged (non-treated)	806,341	461,398	-43%

Water discharged (to stormwater, creek, etc)	1,051,768 (70%)
Wastewater discharged (non-treated)	461,398 (30%)





CASE STUDY

Turning human waste into energy

Downer has partnered with our customer Logan City Council and delivery partner Pyrocal to create an Australian first by successfully converting a by-product of wastewater treatment into energy and a beneficial product for farmers.

The cutting edge Loganholme Wastewater Treatment Plant (WWTP) treats biosolids with gasification to produce a more environmentally-friendly product, called biochar, and renewable energy while reducing the operating and maintenance costs of treating biosolids.

During 2020, the first full-scale trial was conducted to determine the effectiveness of gasification to reliably and safely process biosolids. The dried feed material is carbonised producing a sterile biochar, while contaminants such as PFAS and micro-plastics are vaporised and combusted, destroying these pollutants while producing substantial renewable heat energy.

This energy is recovered to provide heat for the drying stage pre-gasification.

Gasification of biosolids reduces their volume by 90 per cent, thereby delivering considerable cost and environmental savings in transport and disposal. At Loganholme WWTP, these operating cost savings are forecast to be approximately \$500,000 annually.

The resulting biochar is a non-odorous, easily handled and sustainable product. Plant-available phosphorus concentrations within the biochar make it an ideal soil improver, comparable to commercial fertilisers for the agricultural and forestry sectors. Due to carbon being fixed within the biochar, the gasification process will reduce CO₂ output at Loganholme WWTP by 4,800 tonnes annually and may possibly be categorised as a pathway to carbon sequestration in the future. Logan City Council is exploring opportunities to market its forecast biochar production.

The Australian Renewable Energy Agency (ARENA) awarded Logan City Council a \$6 million grant to develop the Loganholme WWTP demonstration facility. Following the successful trial, a full scale biosolids gasification facility is now under construction.

The trial has received global attention and has the potential to transform municipal sewage treatment in Australia.

“Our partnership with Logan Water and with Pyrocal has enabled this innovative and potentially industry-changing technology to be successfully trialled and now built,” Downer’s General Manager – Water Services North, Chris Yeats, said. “A number of the major authorities and Councils around Australia have been closely watching this initiative.

“We are committed to delivering world-leading insights and solutions, and it has been fantastic to collaborate on this trial with partners who also value innovation and sustainability.”



This initiative demonstrates Downer’s contribution to achieve the following Sustainable Development Goals: #6 Clean water and sanitation; and #7 Affordable and clean energy; and #9 Industry, innovation and infrastructure.

Managing our GHG emissions

Scope 1 and 2 emissions

As an integrated service provider, Downer operates within capital and carbon-intensive industries such as mining services and asphalt manufacturing. A key challenge for us is the effective management of our carbon-related activities and the implementation of strategies to reduce our GHG emissions.

Downer has commenced the journey of proactive engagement with our customers and our supply chain, through the development of our Scope 3 emissions inventory and registration with the CDP supply chain program (see page 93). With regard to our customers, Downer's role is to ensure that we are providing low-carbon products, and managing assets to minimise their carbon intensity – either through maximising their efficiency or recommending replacement where this is economically viable.

In FY21, Downer successfully divested its Laundries business and completed the sale of all its Mining businesses, with the exception of Open Cut East. The complete sale of Laundries and Mining will substantially reduce the Group's Scope 1 and 2 GHG emissions by approximately 35 per cent – or 206,000 tonnes – of carbon dioxide equivalent, based on FY20 data.

Downer has determined its boundary using the definition of 'operational control', prescribed by Australia's National Greenhouse and Energy Reporting (NGER) scheme. For the purposes of energy and GHG data in this Sustainability Report, the boundary determination extends to our non-Australian operations, and any facilities that are subject to transfer certificate arrangements under section 22J of the NGER Act. This means that emissions from the Meandu Mine are now included in Scope 1 and 2 GHG emissions data throughout the report, whereas in Downer's 2020 Sustainability Report this was limited to the Science-Based Target boundary.

Downer has an extensive supply chain and collecting data from subcontractors requires significant effort and remains a challenge. Therefore, we use an estimation methodology when we have been unable to obtain actual data. In FY21, approximately 27 per cent of our Scope 1 emissions came from subcontractors (actual and estimates), which consisted of 15 per cent from our Road Services and Infrastructure Projects businesses, 11 per cent New Zealand and one per cent Utilities. The methodology for estimating data is described below:

- (i) Subcontractors were grouped into categories on the basis that they perform similar types of work when engaged by Downer and therefore are very likely to use similar types and relative volumes of energy consuming resources. The information received from these subcontractors formed the actual resource usage data. The remaining energy reported was based on a ratio between actual energy versus equivalent spend, which was applied across the remaining spend per category.

New Zealand was unable to collect actual subcontractor data this reporting period due to resourcing constraints, therefore the estimation procedure for subcontractor emissions could not be used. Instead, an alternative method was used, with the fuel-consumption-to-subcontractor spend ratios calculated through the standard procedure being replaced by the average ratios from the Australian business for similar subcontractor types (haulage and other contractor types).

Metric	FY20	FY21	% Change from FY20
Scope 1 (ktCO ₂ -e)	476.67	414.37	-13%
Scope 2 (ktCO ₂ -e)	114.43	91.75	-20%
Scope 1+2 (ktCO ₂ -e)	591.10	506.12	-14%
Emissions intensity Scope 1+2 (tCO ₂ -e/\$m AUD)	44.05	41.37	-6%
Scope 3 (ktCO ₂ -e)	4,187.64 ⁴	4,450.43	6%
Energy consumption (TJ)	7,911.92	6,657.00	-16%
Renewable energy consumption (TJ)	5.30	5.63	6%
Energy intensity (TJ/\$m AUD)	0.59	0.54	-8%
Revenue (\$m AUD)	13,418.00	12,234.20	-9%

⁴ The boundary and methodologies used for Scope 3 emissions in the 2020 Sustainability Report are not comparable to those used within the 2021 Sustainability Report. Therefore, Downer has restated the figures presented in FY20. See Scope 3 emissions section for a breakdown.



Overall Scope 1 and 2 emissions decreased by 14 per cent.

Scope 1 emissions decreased by 13 per cent, which was largely due to a decrease in natural gas usage as a result of the divestment of the Laundries business.

Road Services emissions decreased due to a lower portion of emissions arising from subcontractors.

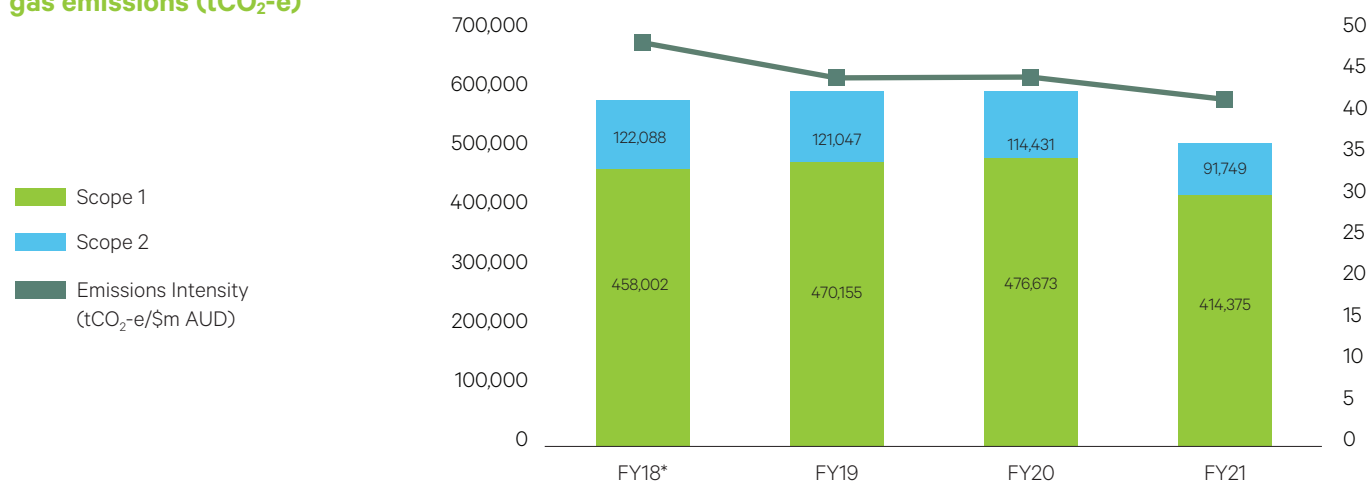
Scope 2 emissions dropped by 20 per cent. Similar to Scope 1 emissions, this was largely as a result of the divestment of the Laundries business.

Rollingstock Services' electricity usage fell seven per cent due to a continued focus on efficiencies and the utilisation of onsite solar.

Downer's other divestments did not have a material impact on Scope 1 and 2 emissions. This is because a large majority of facilities (with the exception of some Downer Blasting Services sites) were not within Downer's operational control boundary.

Downer has retained ownership of the Open Cut East business throughout FY21, including the Commodore Mine (reported here), as well as the Meandu Mine (included as part of Downer's Science-Based Target emissions portfolio). The Commodore Mine represents approximately 40,000 tCO₂-e (or approximately 10 per cent of total Scope 1 and 2 emissions), based on FY21 figures. At the time of writing, Downer was continuing to explore opportunities to divest the Open Cut East business. If Downer is successful in the sale of Open Cut East, there will be a commensurate impact on Downer's Scope 1 and 2 emissions in the FY22 reporting period.

Scope 1 and 2 greenhouse gas emissions (tCO₂-e)



* Split between Scope 1 and 2 emissions for FY18 has been re-stated due to the provision of more accurate data. Total Scope 1 and 2 emissions for FY18 remain unchanged.

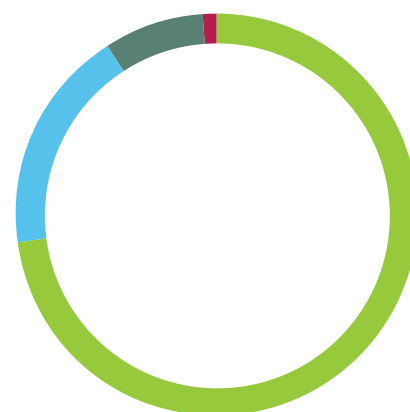
Scope 1 and 2 emissions – adjusted for divestments

Year	FY20	FY21	% Change from FY20
Scope 1 (ktCO₂-e)	439.50	414.37	-6%
Scope 2 (ktCO₂-e)	98.09	91.75	-6%
Scope 1+2 (ktCO₂-e)	537.59	506.12	-6%

The table above shows Downer's Scope 1 and 2 emissions, where FY20 figures have been adjusted for the divestments which took place in FY21. Downer achieved a decrease across most of our portfolio, with Mining and Road Services contributing to the majority of the reductions.

Percentage breakdown of Scope 1 and 2 emissions by source

Liquid fuels	73%	Fugitive emissions from coal mining	1%
Electricity	18%	Emissions from wastewater	0%
Natural gas	8%	Refrigerants and steam	0%



In FY21, 33 per cent of Scope 1 and 2 emissions came from the Road Services business. This is due to the high number of diesel fleet and subcontractor fleet operating, as well as the high carbon intensity of asphalt plants. Downer is investigating the possibility of further improving the efficiency of these asphalt plants through upgrades and alternative fuel sources, as well as reviewing opportunities for fleet optimisation when commercially viable alternative fuel options become available.

Spotless' contribution to Scope 1 and 2 emissions decreased from 14 per cent in FY20 to six per cent in FY21. This was due to the sale of the Laundries business.

Breakdown of Scope 1 and 2 emissions by Business Unit

Road Services	33%	Rollingstock Services	2%
Mining	27%	Asset Services	1%
New Zealand	23%	Group and Services	1%
Spotless	6%	Defence and Mineral Technologies	0%
Utilities	4%		
Infrastructure Projects	3%		



Downer's contribution to renewable energy



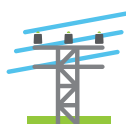
5,635GJ

**Renewable energy
consumed**



25

**Renewable
projects
delivered**



3,121MW

**Capacity of
renewable power
installed**



779,000

**Homes
powered**



3,500ktCO₂-e

Emissions avoided

In FY21, renewable power generation in Australia continued to accelerate. According to the Clean Energy Regulator's latest Quarterly Carbon Market Report (which, at the time of this report's publication, was the March Quarter 2021 report), the Clean Energy Regulator expects approximately 3,400MW of large-scale capacity will be accredited in 2021, taking the total to around 15,000MW generated since 2017.

Downer remains one of the most experienced providers of design, build and maintenance services to Australia's renewable energy market. To date, Downer has delivered 18 wind farms and seven solar farms, which generate 3,121MW of renewable energy. Wind and solar projects delivered by Downer are estimated to have produced enough electricity to power approximately 779,000 homes and avoided over 3,500 ktCO₂-e in emissions⁵. In FY21, Downer completed the Bango Wind Farm, Dundonell Wind Farm and Chichester Solar Farm.

In February 2020, Downer announced we would withdraw from the construction of large-scale solar-to-grid projects, as there are too many inherent risks due to large power loss factors, grid stability problems, connection risks, and equipment performance issues.

Downer decreased renewable energy consumption from 5,706GJ in FY20 to 5,635GJ in FY21 in its own operations, primarily due to the removal of Laundries from Downer's emissions portfolio.

Scope 3 emissions

In FY21, Downer performed a full assessment of its Scope 3 emissions portfolio in accordance with the *Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Standard*.

Overall, it has been determined that emissions from purchased goods and services are Downer's most material emissions source. Other significant sources include lifecycle emissions from asphalt production, downstream emissions from the transport of goods produced, and supplier emissions.

A significant exclusion is that of the Scope 3 emissions from coal extraction. Downer's involvement in coal mining is limited to the extraction of coal, and the operation of coal mines on behalf of our customers. Downer accounts for coal extraction as part of its Scope 1 and 2 emissions portfolio – accounting for the emissions incurred in extracting coal from the ground, including direct fuel usage and fugitive emissions.

The two categories deemed to be potentially applicable are Category 9 (Downstream transport and distribution) and Category 11 (Use of sold products).

Downer has not recorded any emissions against Category 9. For both significant mines within Downer's operational portfolio (Commodore and Meandu), the ultimate sole customer is a power station which is directly adjacent to the mine site boundary. Therefore, any downstream emissions are likely already accounted for within Scope 1 and 2 emissions, and any residual emissions in transporting coal over the site boundary are likely to be immaterial.

Further, Downer has not accounted for any emissions in Category 11, as Downer is not involved in the commercial transaction for the sale of the coal. The rights and rewards for the extracted coal lie with our customers, Stanwell Corporation (Meandu) and InterGen (Commodore). Therefore, any Scope 3 emissions should be recorded by these organisations.

⁵ The disclosure of how many homes powered by solar and wind projects Downer has delivered has been calculated by dividing the total electricity generated for FY21 by the average household electricity use in Australia. Electricity generation figures have been obtained from AEMO's 'Actual Generation and Load' reporting. Average household electricity consumption has been sourced from the Australian Energy Regulator's Annual Report on Compliance and Performance of the Retail Energy Market 2017-18. Avoided emissions has been calculated using the total electricity generated figures sourced from AEMO for each generation asset, multiplied by emissions factor for the National Electricity Market (NEM), sourced from Table 6 of the *National Greenhouse Account (NGA) Factors 2020*.



Breakdown of Scope 3 emissions

Category name	FY20 emissions (tCO ₂ -e)	FY21 emissions (tCO ₂ -e)	Description
1. Purchased goods and services	3,343,704	3,666,404	<p>Preliminary figure provided by Quantis Scope 3 Evaluator⁶, based on spend and sector chosen (construction).</p> <p>Downer has signed up to the Carbon Disclosure Project supply chain program to measure emissions from this category more accurately.</p>
2. Capital goods	159,535	145,208	Calculated using the Scope 3 Evaluator, using the dollar value of PPE additions in FY21. It was assumed that these all fall within the 'Other' category.
3. Fuel and energy related activities	20,538	18,918	Calculated using Scope 3 emission factors for upstream distribution for Downer's key fuel uses – transport and stationary fuels.
4. Upstream transportation and distribution	34,958	25,390	Calculated using Scope 3 emission factors for transmission losses and distribution for Downer's key fuel uses – electricity and natural gas.
5. Waste generated in operations	20,267	18,430	Utilised the 'Waste type specific' method to calculate emissions for specific waste types and waste treatment methods. All emissions accounted for here are from landfill.
6. Business travel	31,558	12,847	Calculated using the distance-based method, which involves determining the distance and mode of business trips, then applying the appropriate emission factor for the mode used.
7. Employee commuting	38,606	36,444	Calculated using the average-data method, which involves estimating emissions from employee commuting based on national average data on commuting patterns. For FY21, it was assumed that 70 per cent of people that would have ordinarily taken public transport to and from work switched to working from home.

Category name	FY20 emissions (tCO ₂ -e)	FY21 emissions (tCO ₂ -e)	Description
8. Upstream leased assets	N/A	N/A	Downer has deemed this to be 'likely immaterial'. This is because the operational control boundary is applied to Downer's Scope 1 and 2 emissions, which accounts for all applicable leases.
9. Downstream transportation and distribution	50,952	46,377	<p>This section relates to Downer's downstream transport emissions from its Mineral Technologies business. The GHG Protocol's Transport tool v2.6 was utilised to calculate emissions for this category, based on actual freight tonnages and distances travelled.</p> <p>Downer's distribution of asphalt, concrete and bitumen are calculated in Category 11 'Use of sold products' using a lifecycle emissions factor (cradle to grave).</p> <p>Downer's distribution of coal was considered in this category, however all coal from Downer's two thermal coal mines (Meandu and Commodore) are transferred to their ultimate sole customer, being a coal-fired power station located adjacent to each mine. The emissions associated with the transportation of these are captured within Downer's Scope 1 emissions portfolio.</p>
10. Processing of sold products	0	0	All products sold by Downer are 'final' and hence this is not applicable.
11. Use of sold products	140,318	112,249	<p>Lifecycle analysis emissions from Downer's asphalt, bitumen and concrete production are considered here.</p> <p>Asphalt LCA factors were obtained from <i>Review of Emissions Reduction Opportunities – Department of Planning, Transport and Infrastructure – page 28</i>.</p> <p>Bitumen LCA factors were obtained from <i>Sustainable Asset Management (Subtopic: Carbon emissions modelling of road pavement treatment strategies)</i>, page 5.</p> <p>Concrete LCA factors were obtained from the Centre for Earth Systems Engineering and Management (Life Cycle Assessment of Pre-Cast Concrete vs cast-in-place concrete).</p>
11a. Downstream emissions from fossil fuels distributed but not sold by the company	N/A	N/A	Downer provides mining services for Stanwell Corporation at Meandu Mine and Interger at Commodore Mine – both of these are thermal coal mines that supply coal to domestic power generation sites. Downer receives revenue from these services, but is not directly involved with the sale, transmission or distribution of the coal extracted at either mine. Downer's activities at these mines form part of Downer's Scope 1 and 2 emissions.
12. End-of-life treatment of sold products	N/A	N/A	End-of-life treatment, where applicable, is considered within Category 11, to the extent that it is considered in the LCA factors used.
13. Downstream leased assets	N/A	N/A	This category is not applicable to Downer. Downer does not lease assets to third parties.
14. Franchises	N/A	N/A	This category is not applicable to Downer. Downer does not operate a franchise model.
15. Investments	347,205	368,160	This relates to Downer's Scope 3 emissions from its joint ventures and partners, which fall outside of Downer's operational control boundary. Emissions have been estimated based on revenue from joint ventures and partners, utilising the Quantis Scope 3 Evaluator tool.

Climate risk and Downer's decarbonisation pathway

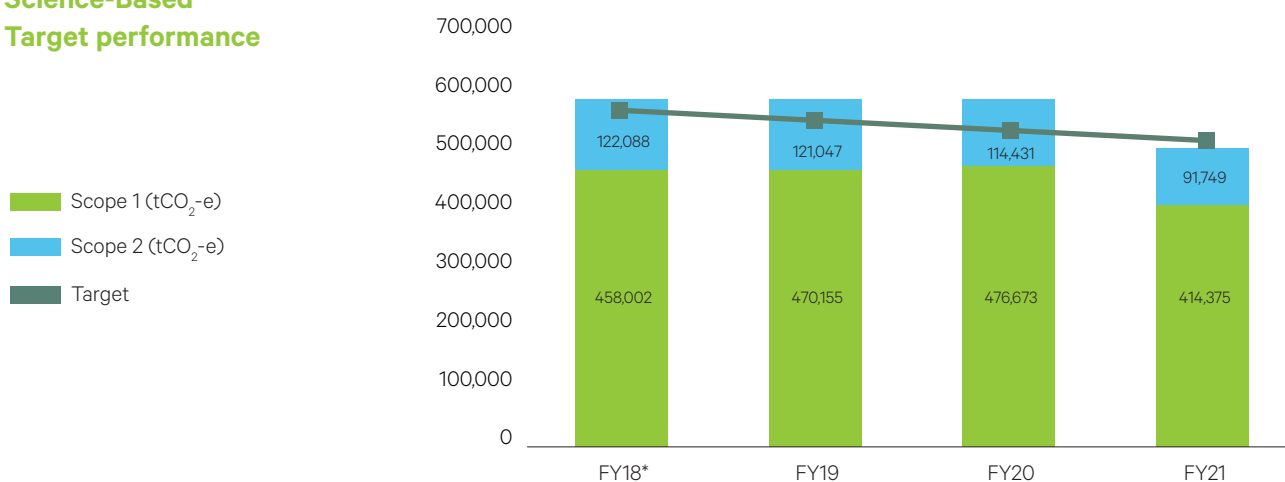
Downer acknowledges that climate change mitigation is a shared responsibility. To support the transition to a low-carbon economy in an equitable manner, Downer recognises the need to develop emissions reduction targets that align with the 2015 Paris Agreement goals to pursue efforts to limit the temperature increase to 1.5°C by the end of this century.

In 2019, we leveraged the Science-Based Target Initiative's framework and guidance to set an ambitious long-term GHG emissions reduction target (aligned to a 1.5°C pathway). We committed to the decarbonisation of our

absolute Scope 1 and 2 GHG emissions by 45-50 per cent by 2035 from a FY18 base year, and to being net zero in the second half of this century. In FY21, we tightened this commitment by pledging to be net zero by 2050.

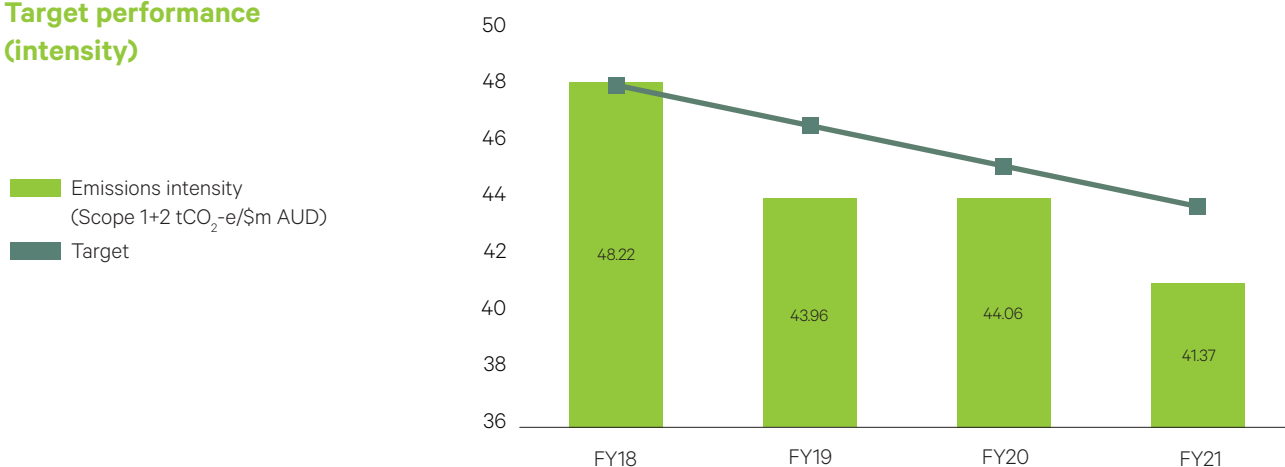
Downer will track our progress towards these emissions reduction targets and review our emissions reduction approach in line with Intergovernmental Panel on Climate Change (IPCC)'s updated scientific reports, while also considering other developments in low-emissions technology to ensure a practical and affordable transition towards this commitment.

Science-Based Target performance



* Split between Scope 1 and 2 emissions for FY18 has been re-stated due to the provision of more accurate data. Total Scope 1 and 2 emissions for FY18 remains unchanged.

Science-Based Target performance (intensity)



As Downer continues to focus on its Urban Services businesses, the expected economies of scale in being a larger player in a smaller number of sectors should continue to provide benefits from an emissions intensity perspective.

Downer has a clear pathway to being net zero by 2050, which aligns to our Urban Services strategy. Downer's decarbonisation pathway, key tenets and progress are outlined below:

Progress on decarbonisation pathway

Strategy	Timeframe	Progress
1. Divesting high capital, carbon intense businesses and focusing on lower carbon activities.	(2020>)	In FY21, Downer successfully divested its Laundries business and completed the sale of its Mining business with the exception of Open Cut East. We are continuing to explore opportunities to divest Open Cut East. In the event Downer is unable to complete the sale, we will fulfill our contractual commitments. Once the terms of these contracts are complete, Downer will have no further participation in Mining services. The exit of these businesses will substantially reduce the Group's capital expenditure and reduce our Scope 1 and 2 GHG emissions by approximately 35 per cent.
2. Continue to focus on energy efficiency and GHG emissions reductions.	(2010>)	In FY21, Downer performed a reset of its Short Term Incentive (STI) program, which governs Executive remuneration. Business Units which had a significant contribution to Downer's emissions portfolio were incentivised to create three-year plans of initiatives to achieve a level of decarbonisation that is in line with Downer Group's Science-Based Aligned target. Further, all businesses were incentivised through the 'Stretch' component of the STI to develop a long-term decarbonisation plan, inclusive of key milestones and initiatives, to help Downer achieve its goal of being net zero by 2050.
3. Decarbonise our fixed assets with new technology and fuel switching.	(2025>)	In FY21, Downer opened its Brendale Sustainable Road Resource Centre, which will assist Downer's decarbonisation goals and aid our contribution to the circular economy through its ability to accept a high proportion of Reclaimed Asphalt Product (RAP) within its mixes.
4. Decarbonise Downer's fleet through Electric Vehicles (EV) and Alternate Fuel Vehicles.	(2025>)	In FY21, Downer has continued to pilot EVs throughout the organisation. One example is in the Hamilton Infrastructure Alliance project in New Zealand, which has procured 10 MG ZS EVs for its fleet. Given New Zealand's electricity grid has a relatively low emissions intensity compared to other markets, including Australia, these vehicles will provide significant decarbonisation benefits compared to a gasoline or diesel fueled alternative.
5. Increase uptake of renewables both on- and off-grid.	(2010>)	In FY21, Downer finalised works on the Chichester Solar Farm, and Bango Wind Farm. These renewable projects will commence generating energy in FY22.
6. Reducing Scope 3 emissions through the use of low-carbon materials, and working with suppliers to lower their emissions.	(2018>)	In FY21, Downer refreshed its Scope 3 inventory in accordance with the Greenhouse Gas Protocol's <i>Corporate Value Chain (Scope 3) Standard</i> . The results of this inventory are shown on pages 57-58. Downer intends to commit to a Scope 3 target in FY22, upon registration of our broader GHG emissions targets with the SBTi. Downer notes that a large portion of its Scope 3 emissions is derived from its purchased goods and services. To facilitate engagement with suppliers, and to enable the more accurate collection of data, Downer has signed up to CDP's supply chain program. Downer will report data collected from the supply chain program's data module in our FY22 Scope 3 emissions portfolio.

In addition to these strategies, in September 2020 Downer New Zealand signed the Energy Transition Accelerator (ETA) partnership with the Energy Efficiency and Conservation Agency, which secures funding for developing decarbonisation roadmaps and recruiting an Energy and Carbon Graduate. Led by Downer New Zealand's Sustainability Governance Group, the program has so far focused on our asphalt and bitumen plants, which are carbon intensive by nature and represent approximately 20 per cent of our carbon footprint. After running workshops with the operational teams of these assets, we have finalised the first drafts of the roadmaps, which outline the steps and investments that need to be taken to achieve our decarbonisation goals without impacting operational performance.

Downer recognises the uncertainties, challenges and opportunities that climate change presents and, despite the impacts of COVID-19, Downer remains committed to partnering with our customers and supply chain to achieve our long-term GHG emissions reduction target.



Refer to our website for further disclosures on Downer's response to climate change and how we have specifically addressed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Environmental performance data

GHG emissions	Unit	FY19	FY20	FY21	% Change from FY20
Scope 1	kilotonnes CO ₂ -e	470.2	476.7	414.4	-13%
Scope 2	kilotonnes CO ₂ -e	121.0	114.4	91.7	-20%
Scope 3 ⁷	kilotonnes CO ₂ -e	4,172.8 ⁸	4,187.6 ⁸	4,450.4	6%
Total (Scope 1+2+3)	kilotonnes CO₂-e	4,764.0	4,778.7	4,956.6	4%
Total (Scope 1+2)	kilotonnes CO₂-e	591.2	591.1	506.1	-14%
Intensity (Scope 1+2)	tonnes CO₂-e/AUD \$m	44.0	44.1	41.4	-6%
Revenue	AUD \$m	13,448	13,418	12,234	-9%

GHG emissions (Scope 1 and 2) by sources	Unit	FY19	FY20	FY21	% Change from FY20
Electricity used by facilities	kilotonnes CO ₂ -e	119.7	113.3	91.7	-19%
Liquid fuels	kilotonnes CO ₂ -e	394.4	400.6	368.8	-8%
Natural gas	kilotonnes CO ₂ -e	70.4	69.8	39.2	-44%
Fugitive emissions from coal mining	kilotonnes CO ₂ -e	5.2	5.1	5.2	2%
Steam	kilotonnes CO ₂ -e	1.4	1.2	–	-100%
Refrigerants	kilotonnes CO ₂ -e	0.1	0.2	0.2	0%
Emissions from wastewater	kilotonnes CO ₂ -e	–	0.9	1.0	11%
Total Scope 1 and 2	kilotonnes CO₂-e	591.2	591.1	506.1	-14%

Energy Consumption	Unit	FY19	FY20	FY21	% Change from FY20
Liquid fuels	terajoules	5,823.0	5,949.9	5,426.2	-9%
Natural gas	terajoules	1,356.3	1,345.4	755.8	-44%
Electricity	terajoules	587.8	580.9	469.3	-19%
Steam	terajoules	29.8	30.4	–	-100%
Other substances	terajoules	–	–	–	No change
Renewables	terajoules	2.1	5.3	5.6	6%
Total consumption	terajoules	7,799.1	7,911.9	6,657.0	-16%
Energy intensity	terajoules/AUD \$m	0.58	0.59	0.54	-8%
Revenue	AUD \$m	13,448	13,418	12,234	-9%

⁷ See Scope 3 table above for detailed breakdown.

⁸ The boundary and methodologies used for Scope 3 emissions in the 2020 Sustainability Report are not comparable to those used within the 2021 Sustainability Report. Therefore, Downer has restated the figures presented in FY20. See Scope 3 emissions section for a breakdown.

Energy production	Unit	FY19	FY20	FY21	% Change from FY20
Solar PV	terajoules	2.1	5.3	5.6	6%
Thermal generation	terajoules	–	2.0	1.3	-35%
Saleable coal	terajoules	216,988.40	242,090.94	236,359.1	-2%
Total production	terajoules	216,990.5	242,098.2	236,366.1	-2%

Science-Based Target emissions performance	Unit	FY19	FY20	FY21	FY21 Target
Absolute	kilotonnes CO ₂ -e	591.20	591.10	506.12	528.50
Intensity (Scope 1+2)	tonnes CO ₂ -e/AUD \$m	43.96	44.10	41.37	42.75

Our future focus

Downer will continue to focus on driving improvements in our environmental and sustainability performance and risk management while further embedding sustainability within our business.

To achieve this goal, and the Environment targets set out on pages 14-15, in FY22 Downer will:

- Continue to focus on our Urban Services strategy by providing services that promote a sustainable future and transition to a low-carbon economy, including renewable energy, facilities management, water treatment, telecommunications, sustainable transport, biosolids gasification and resource recovery
- Achieve our Science-Based Aligned Targets of 511 ktCO₂-e, and 41.48 tCO₂-e/AUD\$m revenue
- Aim to validate our Science-Based Aligned Targets with the Science-Based Target Initiative. As part of this, Downer will add a commitment in relation to its Scope 3 emissions portfolio, subject to validation and confirmation from the SBTi
- Refresh our climate-related financial risks and opportunities, in line with changes in the company since our 2018 assessment. This will present an updated picture of risks and opportunities that stem from Downer's Urban Services strategy
- Undertake a climate-related financial impact assessment of Downer's fleet (light and heavy), fixed assets, asphalt plants and physical climate impacts
- Increase our ESG ratings scores, namely CDP – B+ and S&P CSA (DJSI) – Gold Class
- Increase percentage of recycled content in asphalt (from 15.7 per cent to 17 per cent)
- Roll out initiatives that will help increase the percentage of electricity derived from renewable sources to 10 per cent by FY25 for sites within Downer's operational control
- Continue to pilot EVs and commit to at least three more pilot trials of EVs
- Establish waste-to-landfill reduction and water reduction targets and identify initiatives to assist in achieving these targets
- Continue to take a whole-of-life approach when considering initiatives and specifying materials. Apply lifecycle assessment to our road pavement products (i.e. the development of an Environmental Product Declaration for Downer's recycled asphalt products)
- Increase our supplier engagement around decarbonisation by FY23, through an increased response rate to our CDP supply chain survey, which forms an important part of our Scope 3 emissions portfolio.



The MG ZS electric vehicle is the recent addition to the New Zealand fleet.

Emerging issues and market trends

Energy transition

One of the key actions in Downer's journey towards decarbonisation is monitoring and preparing the business for a changing energy landscape.

In 2020, the Australian Government released its first Low Emissions Technology Statement which is underpinned by a Technology Investment Roadmap. The Technology Investment Roadmap categorises four types of technologies. The highest priority is 'Priority low-emission technologies'. The other three priorities are: 'Emerging and enabling technologies', 'Watching brief technologies' and 'Mature technologies'.

Priority low-emission technologies are defined as potentially transformative economic and abatement impacts. They have high potential to reduce emissions both domestically and internationally across multiple sectors and applications. They are aligned with Australia's comparative advantages. These technologies will be the focus of new public investment and the Government has indicated that it will strive to remove barriers to the development of these technologies. Downer is a key contributor to two of these technologies, being Carbon Capture Use and Storage, as well as Hydrogen.

Carbon Capture Use and Storage: The Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) have concluded the Paris Agreement goals of net zero by 2050 cannot be achieved without carbon sequestration deployed at scale as a key technology. One of these technologies is Carbon Capture Use and Storage (CCUS) which has been identified as a 'Priority low-emission technology' that is essential to decarbonising Australia's Industrial and Power Generation sector. The technology involves installing equipment to capture CO₂ from process plants, and then either utilising that CO₂ in other processes, or storing it permanently by injecting it deep underground.

Downer's customers, Chevron and Santos, are making significant investments in developing CCUS technology for storing carbon in depleted underground gas reservoirs. One example is Santos' proposed Moomba CCS project, which is expected to initially store 1.7 million tonnes of CO₂ annually.

Downer is contributing to the development of these projects through our specialist capabilities in mechanical, electrical, high voltage and in-field engineering services across Gorgon in Western Australia, the Surat Basin in Queensland and the Cooper Basin in South Australia.

Hydrogen: Downer is closely monitoring the market for alternative fuel sources, as this forms a key part of our overall decarbonisation strategy. Downer's involvement in this space is not only designed to lower our direct emissions, but also support our customers in their decarbonisation efforts. Our Asset Services business has been investing in developing decarbonisation solutions for our customers, and this has only accelerated in recent times. Hydrogen is seen as a significant enabler to a clean energy future, switching from a source which is predominantly used as a feedstock for the natural gas and coal industry to a clean energy source.

Electric vehicles

In 2019, Downer's Asset Services team introduced four Hyundai IONIQ Electric Vehicles (EVs) into its fleet to use as part of a carpool system for offices in Perth and New South Wales.

In 2021, Downer New Zealand also purchased 10 new MG ZS Electric Vehicles for its Hamilton Infrastructure Alliance project.

Downer currently has 132 EVs, Plug-in Hybrid EVs (PHEVs), and Hybrid vehicles within its Group-managed fleet and continues to seek opportunities to expand this number through scaling up pilot programs throughout the business. EVs and Hybrids represent 2 per cent of Downer's overall Light Vehicle fleet (excluding non-managed Spotless and Mining vehicles).

Downer is also pioneering the use of electric vehicles in the contracts we are delivering. In May 2021, Transport for NSW (TfNSW) awarded the Keolis Downer joint venture a \$900 million contract to operate and maintain bus services in Sydney's Northern Beaches and Lower North Shore for eight years. Under the contract, Keolis Downer will work closely with TfNSW to introduce and deliver 125 electric buses over the next eight years, delivering more sustainable transport options for the local community from two newly electrified depots in Brookvale and Mona Vale.



CASE STUDY

Leading the way in Hydrogen innovation

The future of energy is low-emission, high-tech and could be closer than you think, thanks to Downer's investment in Hydrogen projects and technology.

Hydrogen is gaining traction as a low-emissions future energy solution across the world. It can be produced wholly from renewable energy technologies, enables large-scale and long-term energy storage and has multiple applications across industry.

There have been a number of successful hydrogen fuel cell projects in recent years in the transport and energy sectors, and Downer is poised to take advantage of the new energy economy. From the technology required for green hydrogen production through to storage, transport, fuelling and end user solutions, our operations sit across the whole value chain.

Downer is actively supporting domestic hydrogen projects and investing in capability across our Urban Services portfolio – particularly in the power generation, rail, gas, water and industrial sectors.

In February 2021, Downer joined the Australian Hydrogen Council as an executive member, to connect with stakeholders across the industry and contribute to the development of hydrogen regulation and policy across the country.

"From cars and homes to trains and trucks, the possibilities for hydrogen power are almost limitless. And with increased Government investment in hydrogen, we can expect to see even more projects coming online over the next five to 10 years," said Pat Burke, Executive General Manager for Downer's Facilities and Asset Services business.

"With operations spanning the whole value chain, and extensive experience in transport and renewables, Downer is well placed to help our customers take advantage of the opportunities hydrogen provides."



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals: #7 Affordable and clean energy; #11 Sustainable cities and communities; and #13 Climate action.

Biodiversity

Biodiversity is the variety of all life on earth and includes the different plants, animals and microorganisms, the genes they contain and the ecosystems they are part of. Biodiversity can provide us with services and products such as food, pharmaceutical goods, building materials, fuel, purification of air and water and decomposition of wastes. Threats to biodiversity include the loss of habitat, spread of invasive species and unsustainable use of natural resources.

Biodiversity is an emerging global issue and, while it is not a material issue for Downer, it is still important to our company and stakeholders. It is an issue that we manage on behalf of our customers on several of our projects.

Downer's position on biodiversity, conservation and land use management is to carry out our activities in a legally compliant and responsible manner that protects biodiversity and ecosystems.

Downer considers biodiversity at a project level where activities being performed have the potential to impact an area with high biodiversity value. The prevailing legislation includes the *Environment Protection Biodiversity Conservation Act (EPBC) 1999* in Australia or the *Resource Management Act 1991* in New Zealand. These cross reference to the International Union for Conservation of Nature's (IUCN) Red List, the world's most comprehensive information source on the global extinction risk status of animal, fungus and plant species.

In these circumstances, Downer or our customer negotiates impact mitigation strategies and approvals with the relevant regulatory authority. Regardless of who receives the approvals, Downer's management response and controls are the same. Downer has well established flora and fauna management and biosecurity procedures and standards, which address the risks related to biodiversity. At a site level, a threatened species management plan and a conservation plan is created for each site when an approval is triggered. These plans include preventative and mitigatory controls to protect biodiversity in affected areas.

Downer's Marshlands Bridge project is one of the most ecologically sensitive projects in Christchurch, New Zealand, with lizards (skinks), a NZ native climbing nettle, and the endangered lamprey fish all within the project area. Before works could start, our onsite ecologist captured and relocated the skinks, and also relocated the climbing nettle. The riverbank and nearby drain are known breeding habitats of the lamprey, a unique freshwater fish species that has survived for over 450 million years. The lamprey migrates into rivers to spawn, and the juvenile lamprey spend four years in rivers and streams before migrating out to sea. The lamprey is a taonga (a treasured possession in Māori culture), but is threatened with extinction. Our team ensured that excavation work only took place once the site was cleared by the ecologist, who used electro fishing and sifted through silt deposited in a half skip to make sure as many juvenile lamprey as possible were saved.

In Australia, the goal of the EPBC Act is to provide a 'net benefit' – and therefore in some cases, offsets are required where our operations are unable to achieve the desired 'net benefit' to local species.

As an example, Downer's High Capacity Metro Train (HCMT) site, which has been constructed to facilitate the maintenance of Melbourne's new urban fleet, impacted a total of 2.18 hectares of Growling Grass Frog habitat and 1.02 hectares of Southern Brown Bandicoot habitat.

Along with enhancing the remaining vegetation through additional plantings and weed control, the EPBC approval required that prior to the commencement of the action, the approval holder (Evolution Rail) must secure an offset containing 5.66 hectares of habitat at Fernbank to protect the Growling Grass Frog. An Offset Management Plan was developed and outlines a 10-year management commitment including fencing, woody weeds, herbaceous weeds, pest animals and annual monitoring and reporting.

We're also conscious of the wildlife that can be transported to our worksites – and the impact that could have on local ecosystems. Downer's Infrastructure Projects team working on the Warrnambool Line Upgrade noticed a couple of stowaway frogs in a delivery of equipment. The team contacted their Environmental Advisor, who determined the frogs to be the common Southern Brown Tree Frogs (*Litoria ewingii*). A disease called Chytrid fungus has the ability to wipe out frog populations, so if these frogs were carrying such a disease, they could potentially harm the local population of frogs. The frogs were taken to Melbourne Zoo for swabbing. The frogs were cleared of Chytrid fungus and have been transported to the education program at the Amphibian Research Centre, which is supported by another Downer customer, Melbourne Water.

We also contribute positively to biodiversity through the services that we deliver. Our land management services within the Defence business is one example. The services we deliver ensure that protections are in place if Defence operations overlap with protected areas, or areas of high biodiversity value.



Refer to the Downer website to read Downer's Biodiversity of National Significance Register.



People

For our approach to our people, visit:
sustainability.downergroup.com/2021/people.html

Our performance

Downer committed to the following people targets and objectives in FY21.

The performance information in this section includes Downer, its contractors and employees involved in unincorporated joint ventures in the following business lines: Australian Operations, Spotless and New Zealand including Hawkins.

Targets and objectives	Result	Reference
Strengthening our talent retention and attraction strategies, including broadening Downer's flexible working arrangements	✓	Talent retention and attraction of skilled employees Page 69
Increasing engagement and progress scores in Downer's annual Employee Engagement Survey	✗	Employee Engagement Survey Page 73
Improving gender diversity balance by increasing female participation in the workforce	✗	Gender diversity Page 74
Enhancing our cultural development programs, increasing our Indigenous spend and continuing to action our Reconciliation Action Plan (RAP)	✓	Cultural diversity Page 78
Continuing to increase our pipeline of talent through diversity initiatives by embedding Downer's Graduate program across the Group	✓	Generational diversity Page 77
Launching a dedicated Group-wide women's empowerment and capability building program	✓	Gender diversity Page 74

To achieve the targets and objectives in the table above, in Downer's FY20 Sustainability Report we outlined the following key focus areas for FY21:

Focus area from FY20	Achievements in FY21	Reference
Leveraging our status as an Endorsed Employer with Work180 to utilise its job board for Downer targeted positions	Downer utilised Work180's job board, and leveraged other benefits of the partnership including attendance at a virtual careers fair for women in engineering.	Gender diversity Page 74
Delivering on Downer's WGEA pay equity ambassador commitments	Ongoing activities aligned to our commitments. However, a planned WGEA event could not be held due to COVID-19 restrictions.	Diversity and inclusion Page 74
Launching the MentorLoop online Downer mentoring program pilot	Program was put on hold. However, Downer's new female development program, THRIVE, incorporates aspects of the MentorLoop program. WILD program in New Zealand ongoing.	Gender diversity Page 74
Continuing to make progress on the commitments outlined in Downer's Innovate RAP	Closed out actions and reported on Downer's Innovate RAP. Commenced consultation with Reconciliation Australia on Downer Group 'Innovate' RAP.	Aboriginal and Torres Strait Islander cultural diversity Page 78
Developing five new partnerships with Indigenous businesses and/or communities	Worked with Indigenous NGO networks to further develop opportunities for Aboriginal and Torres Strait Islander employees, apprentices and trainees.	Aboriginal and Torres Strait Islander cultural diversity Page 78
Continuing to provide employment opportunities to migrant workers and further building manager capability by providing cultural awareness training	Established strategic partnerships with human resource organisations to enable attraction of diverse, disadvantaged and/or minority groups.	Case study Page 75
Reviewing and modifying Downer's Mandatory Induction program to ensure our commitment to a diverse and inclusive workforce and working environment is highlighted	The Welcome to Downer module was refreshed and delivered in FY21.	Diversity and inclusion Page 74

Focus area from FY20

Achievements in FY21

Reference

Sharing the learnings and case studies from the COVID-19 flexible work arrangements

Continues to evolve throughout Business Units.

Emerging issues and market trends
Page 81

Developing capability in our leaders to effectively manage a diverse workforce

Launched a series of manager toolkit guides, including inclusive language, strategies for managing a culturally diverse workforce, and everyday sexism in the workplace.

Diversity and inclusion
Page 74

Launching the newly-designed Manager Toolkit for supporting primary carers on parental leave before, during and as part of their return to work

Toolkit was launched in June 2021.

Parental leave
Page 73

Launching and promoting a Group-wide policy for the Downer Apprentice and Trainee program across the business

Embedded The Downer Standard for Apprentice and Trainee programs across the company.

Apprentices
Page 77

Exploring an onboarding program to help manage the transition of ex-Defence personnel into Downer and Spotless employment opportunities.

Downer continued to leverage its status as a Founding Member of the Australian Veterans Employers Coalition (AVEC), which connects transitioning service members, job-seeking veterans and their partners with Australia's largest community of employers.

N/A

During FY21, Downer focused on recognising and celebrating the diversity of our workforce and continuing to build our people capability through targeted leadership, management and workforce development.

Downer's workforce across Australia and New Zealand is 43,938, with fewer than 1,000 people across other international markets. Of our workforce, 51 per cent are covered by collective agreements across the Australian and New Zealand markets. Our people have the right to freedom of association and collective bargaining. Over the past 12 months we have maintained our constructive relationships with multiple unions that participate in the sectors we operate in.

By employment contract, 51 per cent of our workforce are permanent, with 49 per cent contingent workers. Refer to pages 70-71 for a full breakdown of Downer's workforce.

Despite the ongoing impacts of COVID-19, Downer still delivered several key objectives in 2021. These include:

- Standing up Diversity and Inclusion (D&I) Steering Committees within each Business Unit to focus on programs and initiatives that will support the achievement of D&I targets
- Launching a pilot of THRIVE – Downer's female empowerment and capability building program designed to develop capability and provide ongoing support and opportunity for women into leadership positions at all levels
- Closing out Downer's Innovate RAP and commencing work with Reconciliation Australia to develop and launch a Downer Group Innovate RAP that will incorporate both Downer and Spotless

- Holding a company-wide International Women's Day (IWD) event via live webcast, consisting of a panel of employees who shared their experiences and views on this year's theme #ChooseToChallenge.
- Supporting the Habitat for Humanity – Homes for Hope program, also as part of IWD, by having three teams undertake refurbishment works on women's shelters
- Continuing to support R U OK? Day alongside other Group-wide events of significance, which aligns with our Diversity strategy to provide an inclusive workplace that focuses on the health and wellbeing and safety of our people. Other events celebrated include International Women's Day, NAIDOC Week, National Reconciliation Week, Matariki and Te Wiki o te Reo Māori (Māori Language Week)
- Embedding The Downer Standard for Apprentice and Trainee programs across the company. This provides the governance structure and framework that supports the employee lifecycle and the managers and supervisors of apprentices and trainees.
- Embedding Downer's Graduate Program across the company. The program has a comprehensive governance structure and framework and continues to attract the best talent and provide a robust development program. Downer's Graduate Program received external recognition in FY21: being named in the Top 100 Graduate Employers by the *Australian Financial Review*; ranked #61 by GradConnection; ranked #74 by GradAustralia and ranked in Prosple's Top 100.

Indigenous procurement supplier agreements increased from 103 in 2020 to 156 in 2021 and improved overall spend within Downer's Australian Operations by 12 per cent, as detailed below:

Year	2018	2019	2020	2021
Spend \$	17,406,211	24,565,300	47,313,233	53,001,598
Increase %	Not available	41.12	92.6	12

Talent retention and attraction of skilled employees

Downer recognises the challenges in retaining and attracting the right people with the right skills. The continued Federal and State Government infrastructure roll-out agenda and labour market shortages, compounded by border closures and travel restrictions caused by COVID-19, increase this challenge.

Our integrated talent management framework supports the workforce planning and development requirements across Downer. This strategic approach to maintaining and developing the best talent starts with supporting, developing and retaining our existing leadership, management and workforce talent.

We regularly monitor the labour and industry markets in which we work to:

- Understand national and State-based skills shortages
- Develop retention strategies for high risk casual workforces
- Retain and transition specialist and skilled workers across projects within Downer Group
- Involve our operational and HR/IR teams at the bid and tender stage of the project lifecycle
- Analyse tertiary education and school leavers' choices and pathways (i.e. upcoming talent pipeline)

- Benchmark and adjust employment packages to remain competitive
- Embed our integrated talent management framework to provide company-wide strategy and governance
- Understand our workforce planning requirements across the entire company to ensure we have the right skills in the right places for successful delivery
- Direct our workforce development strategy and plans.

At a Group level, our talent attraction strategy focused across generations, gender, Indigenous and other targeted areas of diversity in FY21. In addition, the Business Units tailor programs that support their specific needs and provide further opportunity for targeted groups, such as ex-Defence personnel, pathway and semi-skilled programs for minority and culturally diverse groups, youth and ageing workforce groups, and programs that improve recidivism rates.

Building a diverse and inclusive workplace is key to achieving our workforce strategy and relies on a robust and functional integrated talent management framework. We recognise that the right culture provides a significant competitive advantage in not only attracting and retaining talent but supporting our people to reach their potential and to feel valued.

Downer workforce by age group

Age category	Male %	Female %	Percentage of workforce
Under 30 years old	26.08	38.36	30.23
30-50 years old	46.51	38.91	43.91
Over 50 years old	27.41	22.73	25.86

Employee Headcount

Region	FY20	FY21	% Change
Australia	39,720	33,704	-15%
New Zealand	11,828	10,234	-13%
Other	516	423	-18%

Note: The significant decrease in employee headcount from FY20 is due predominantly to the sale of the Laundries and Mining businesses, as well as administrative efforts to remove 'inactive casuals' from Downer's Payroll systems. Downer acknowledges there is still more work to be done to clearly define active employees for the purpose of reporting headcount. This will be defined in FY22.

Employees by contract type and gender

Contract Type	FY20 Female	FY20 Male	FY20 Total	FY21 Female	FY21 Male	FY21 Total	Change % Female	Change % Male	Change % Total
Permanent									
Full-time	5,577	19,197	24,774	3,969	16,214	20,183	-29%	-16%	-19%
Part-time	2,010	820	2,830	1,562	652	2,214	-22%	-20%	-22%
Temporary									
Full-time	1,209	2,184	3,393	1,201	2,185	3,386	-1%	0%	0%
Part-time	838	609	1,447	876	609	1,485	5%	0%	3%
Casual	8,615	11,005	19,620	7,282	9,811	17,093	-15%	-11%	-13%
Total	18,249	33,815	52,064	14,890	29,471	44,361	-18%	-13%	-15%

Percentage of total employees covered by collective bargaining agreements

Region	FY20 Number	FY20 Rate (% total headcount of region)	FY21 Number	FY21 Rate (% total headcount of region)
Australia	20,463	52%	18,322	54%
New Zealand	7,331	62%	4,171	41%
Other	–	0%	–	0%
Total	27,794	53%	22,493	51%

Employee new hires by gender

	FY20 Number	FY20 Rate (% of total employees)	FY21 Number	FY21 Rate (% of total employees)
Female	6,617	13%	5,350	12%
Male	10,422	20%	8,464	19%
Total	17,039	33%	13,814	31%

Employee new hires by age

	FY20 Number	FY20 Rate (% of total employees)	FY21 Number	FY21 Rate (% of total employees)
Under 30 years old	7,673	15%	6,331	14%
30-50 years old	6,824	13%	5,411	12%
Over 50 years old	2,542	5%	2,072	5%
Total	17,039	33%	13,814	31%

Employee new hires by region

	FY20 Number	FY20 Rate (% of total employees)	FY21 Number	FY21 Rate (% of total employees)
Australia	13,029	25%	10,447	24%
New Zealand	3,962	8%	3,310	7%
Other	48	0%	57	0%
Total	17,039	33%	13,814	31%

Employee turnover by gender

	FY20 Number	FY20 Rate (% of employee category)	FY21 Number	FY21 Rate (% of employee category)
Female	5,788	32%	3,451	23%
Male	8,935	26%	7,083	24%
Total	14,723	28%	10,534	24%

Employee turnover by age

	FY20 Number	FY20 Rate (% of employee category)	FY21 Number	FY21 Rate (% of employee category)
Under 30 years old	5,240	32%	2,694	20%
30-50 years old	6,401	28%	5,200	27%
Over 50 years old	3,082	24%	2,640	23%
Total	14,723	28%	10,534	24%

Employee turnover by region

	FY20 Number	FY20 Rate (% of employee category)	FY21 Number	FY21 Rate (% of employee category)
Australia	11,140	28%	8,346	25%
New Zealand	3,583	30%	2,188	21%
Other	–	0%	–	0%
Total	14,723	28%	10,534	24%



Talent Management and Succession Planning (TMSP) framework

We are progressing our approach to set up consistent talent practices related to hiring, development and succession planning for the senior layers within the business, down to CEO-3, with plans to review down to CEO-4 in FY22.

Our workforce is encouraged to participate in employee Performance Development Plans (PDP) throughout their careers to identify career goals and develop structured career pathways. The PDP is actioned and reviewed with the employee as often or as little as the employee wishes during the year and is formally assessed with a performance rating once annually.

People who receive development opportunities are more likely to be engaged and motivated. Our training priorities are to build strong leadership that welcomes diversity of thought and critical project capability delivery skills. COVID-19 necessitated the need to move our programs to online delivery to maintain our workforce development.

In FY21, internal courses were delivered either by Downer or through Downer-approved facilitators and covered a range of subjects including company compliance, technical skill development, soft skill development, cultural development, project compliance and trade certificates. In FY21, Downer delivered over 226,000 hours of internal courses. Based on our workforce profile of 34 per cent female and 66 per cent male, Downer estimates there were 77,108 training hours delivered to female employees and 149,681 hours to male employees. This equates to 4.87 training hours per female and 4.96 hours per male.

These total hours of training exclude external training, such as courses delivered by TAFE or another Registered Training Organisation, university or other forms of mandatory or licensing training.

Our approach to training is a mix of compliance and capability programs that meet contractual and employment development obligations and requirements.

We believe that the changing nature of the industries we operate in presents significant opportunity for Downer. Our approach is to invest in new skills, so our people are ready for the jobs of the future. Over the past five years, we have invested in developing leadership capability, as these qualities are critical to guiding our people and navigating changes to the industry.

Training hours

	FY20 Female	FY20 Male	FY20 Total	FY21 Female	FY21 Male	FY21 Total
Total training hours	35,659	109,603	145,262	77,108	149,681	226,789
Average hours per employee by category	1.95	3.24	2.79	4.87	4.96	4.93

Remuneration and reward

Downer implements a remuneration and reward strategy which focuses on market competitive remuneration packages to attract and retain industry-leading talent. This strategy draws on the collective remuneration experience of our team and includes a focus on industry competitiveness and further incentives.

Downer operates across several sectors in which female equality has traditionally lagged behind other major industries. We are committed to overcoming the challenges this presents by focusing on practical ways to attract, develop and retain female talent.

Downer believes that gender should not be a factor when we make decisions on rewarding our team members, and is committed to equitable remuneration practices across the Group. We will continue to drive this expectation commencing from the point of recruitment, at each promotion and annually via our Professional Development Plan program.

Employee benefits

We understand that Downer employees are regular consumers. By leveraging our organisation's size, we are able to access a range of benefits with large discounts to help our workers and their families.

All full-time and part-time employees at Downer's major Australian and New Zealand sites receive access to benefits including:

- Professional development: study assistance, training, mentoring and secondments across the business
- Financial and other benefits: salary sacrifice superannuation, novated leasing, leave entitlements, banking discounts and offers, and employee recognition
- Health and wellbeing: flexible work arrangements, discounted health insurance and health check-ups
- Lifestyle benefits: discounted vehicle rentals and leasing deals, discounted technology products and a wide range of shopping offers.

Parental leave benefits

Parental leave is available to eligible employees. In FY21, a total of 226 employees took parental leave, a decrease of 12 per cent compared to FY20. In both reporting periods, the vast majority of employees who took parental leave were female.

Parental leave figures reflect leave taken by the primary carer only. There are a number of employees who have taken secondary carer's leave, who are not captured within this report.

Downer tracked the return to work rate and retention rate for employees who took parental leave for the first time in FY20. This has allowed us to provide comparatives for the first time in FY21.

In June 2021, Downer launched a Manager Toolkit for supporting primary carers on parental leave before, during and as part of their return to work.

Parental Leave

	FY20 Female	FY20 Male	FY20 Total	FY21 Female	FY21 Male	FY21 Total
Employees who took parental leave during the year	257	1	258	219	7	226
Employees returning to work in the reporting period after parental leave ended	305	–	305	221	5	226
Parental leave return to work rate (%)	90%	–	90%	87%	100%	87%
Employees who returned to work after parental leave, and were still employed 12 months after return	104	–	104	223	1	224
Parental leave retention rate 12 months after return (%)	88%	–	88%	86%	100%	86%

Employee Engagement Survey

Downer undertook a shortened 'pulse-check' version of the annual Employee Engagement Survey (EES) in November 2020 to check in on employees following a difficult year dominated by the COVID-19 pandemic. We conducted a full EES in May-June 2021.

The annual survey provides our people with the opportunity to give feedback about current work practices at Downer and measure the outcomes of passion (employee engagement) and organisation progress. Research shows that more positive results on these outcome measures are associated with tangible outcomes in turnover, absenteeism, safety incidents and performance.

The survey is an important opportunity for people at all levels of our workforce to provide honest feedback on how Downer performs across a range of key areas including leadership, career development, recruitment and selection, rewards and recognition, Zero Harm, cross-unit collaboration and technology.

This year, Downer's overall engagement score (which measures the positive attitudes and emotions that contribute to employee retention and productivity) is 70 per cent. While this score is down two percentage points on our last full survey in 2019, Downer still considers this a positive result considering the upheaval of the past 18 months.

There have been a number of improvements on Downer's 2019 results. The largest improvements are in the areas of Risk Reporting (up eight percentage points) and Cross-Unit Cooperation (up six percentage points). There is also notable improvement in awareness of senior management's vision for the future (up six percentage points) and the belief in Downer's overall purpose (up five percentage points).

The results of this survey have also highlighted that Career Planning and Career Opportunities is an area of importance to our workforce and one that Downer will focus on over the next 12 months.

To address the valuable feedback from this survey, Business Unit leaders will consult with their teams to create and implement action plans.

Diversity and Inclusion

To Downer, diversity includes all the differences between people in how they identify. This includes their social identity (including age, caring responsibilities, cultural background, disability status, gender, religious affiliation, sexual orientation, gender identity, intersex status, and socio-economic background) and professional identity (including their profession, education, work experiences, organisational level, functional area, division/department, and location). These aspects intersect in a unique way for each individual and shape the way they view and perceive their world and workplace – as well as how others view and treat them.

Downer's approach is to develop and maintain an inclusive culture that reflects our customers and community, drives innovation, engages our people, increases productivity and ultimately improves our customer delivery. All these factors contribute to driving and improving a strong culture.

We continue to develop programs and embed Downer's Pillars to enable our people to bring their true selves to work and to celebrate and respect differences across the business and the community. In this way, each person has an equal opportunity to reach their potential and demonstrate behaviours that support one another and their teams.

In FY21, Downer launched a series of manager toolkit guides to develop capability in our leaders to manage a diverse workforce. These included inclusive language, strategies for managing a culturally diverse workforce, and everyday sexism in the workplace.

We continue to employ, develop and promote people based on merit, applying The Downer Standard that covers our practices, processes and systems to ensure equitable and fair treatment for all people. Through our onboarding and refresher induction programs we continue to develop awareness and capability whereby we do not tolerate any form of unlawful discrimination, harassment or bullying or any other type of unethical behaviours that are not in keeping with Downer's values.

In FY21, Downer reviewed and modified our Mandatory Induction program to highlight our commitment to a diverse and inclusive workforce and working environment.

Our projects have mandatory targets and obligations from all levels of government, requiring us to have robust practices, systems and reporting frameworks that support diversity and inclusive outcomes for all our people.

At Downer, we believe in equal pay for work of equal value and continue to focus on contributing to closing the gender pay gap. We report annually to Workplace Gender Equality Agency (WGEA) and use the report and industry comparisons to look for improvements in policies and practices to address any gender pay disparities within Australia.

Gender diversity

Downer's total workforce profile is 34 per cent female and 66 per cent male. As at 30 June 2021, our female employee metrics, including Spotless, were:

- 25% Executive
- 17% Management
- 34% Workforce

In this period, the Downer business has:

- Increased women in executive roles by three per cent.
- Decreased women in management by six per cent and the workforce by one per cent. The sale of our Laundries business is a key contributor to the decrease in both categories.

Our gender focus enabled Downer to realise several objectives around increasing female participation and engagement. In FY21, Downer:

- Launched a pilot of THRIVE women's empowerment and capability building program in Australia, with 250 candidates registering to complete the program over the next 12 months
- Continued to run our New Zealand team's successful Women in Leadership Downer (WILD) program in Auckland to help develop authentic women leaders while recognising the challenges of working in a male-dominated organisation. We will continue to roll out this program each year
- Utilised Work180's job board for Downer target positions, and leveraged other benefits of the Work180 partnership, including attendance at a virtual careers fair for women in engineering.

CASE STUDY

A dream come true

When Valy Sarvari arrived in Australia as an 18-year-old refugee in 2008, he did not speak English and did not know anyone outside of his family. All he brought with him were a few possessions, and a dream.

"I always had this dream to become an Engineer," Valy says. "But a lot of people told me to get another job – that engineering is not my thing because I was born in a different country and I didn't know the language here."

His Mum was having none of that talk, though.

"Mum was always a supporter," he continues. "She would say, 'You have everything you need here. Don't give up – always try your best'. She always pushed me and my brother and sisters to study."

It hasn't always been easy, but Valy has proved the doubters wrong and achieved his dream.

In 2021, Valy secured a place in Downer's Graduate Program, having completed two internships while achieving his Bachelor of Civil Engineering degree at University of Western Sydney.

Valy's story is one of pain and persistence. When he was nine, his family was forced to flee war-torn Afghanistan. They sought refuge in Iran for nine years, but when they faced the threat of having to return to an unsafe and uncertain future in Afghanistan, they wrote a letter to the United Nations pleading for asylum in a new country. It was a period of trauma that few could comprehend.

"I try my best not to think about the past. I get emotional," Valy says.

Valy and his family – his mother, younger brother and two younger sisters – were granted asylum in Australia in 2008. It was a turning point in their life. But there were still many challenges to overcome.

"When we came to Australia, I studied English for a year, then I did Year 11 and 12 at school," he says. "It's hard when you come to a new country – you feel safe but at the same time you don't know the language and don't know anybody."

"It was challenging but slowly, life got better. I never gave up."

"After school, I got a diploma in Civil Construction from TAFE, then went to Western Sydney University."

While he was at university, a friend suggested he speak to CareerSeekers, a non-profit organisation helping refugees enter professional careers. Through CareerSeekers, he landed an internship at Downer, working on the Berry to Bomaderry



Princes Highway upgrade project. After two internships on that project, he secured a place in Downer's Graduate Program at the start of 2021, and is now working as a Site Engineer on the Parramatta Light Rail (Stage 1) project.

"That was my dream – I can't believe it has happened," he says.

"I want to keep learning. I am learning a lot about light rail now, and I want learn about other projects."

"I want to make a difference in this world. Engineering is a job where you can make life a better place, and leave lasting legacies in communities with what you build."

When he is not at work, Valy is living a typical Australian life. He goes to the gym to keep fit, and when he has annual leave, he and his brother go road tripping up and down the eastern seaboard.

"I had two weeks off recently and my brother and I booked a caravan and drove up to Fraser Island in Queensland," he smiles. "We always do these things – we did the Great Ocean Road on motorbikes a few years ago."

His mother's strong encouragement to study – and never give up – has reaped rewards. Not just for Valy but his brothers and sisters as well.

"My brother just graduated as a mechanical engineer from Western Sydney University, and my two sisters are both studying psychology," he says.

"Mum is very proud of us. I am happy that we've been able to fulfill her dreams."



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals: #8 Decent work and economic growth; and #10 Reduced inequalities.



CASE STUDY

The future is bright in Maryborough

Downer's 151-year-old rail factory in Maryborough, Queensland, is steeped in history. And, thanks to an industry-leading apprenticeship and trainee program, the site's future is in good hands.

The program provides job and career opportunities for young people in the region and ensures the substantial skills and expertise onsite are passed on to the next generation.

In January 2021, Downer welcomed 12 new full-time apprentices, two warehouse trainees and five school-based apprentices, who joined over 250 permanent employees at the Fraser Coast factory.

The recruits include apprentice electricians, fitters and turners, spray painters and coppersmiths, who are developing their skills delivering rollingstock manufacturing, overhaul, repair and refurbishment services for Queensland.

Lucy Williams is one of the new apprentices to grow the ranks in Maryborough, with the new intake bringing the total number of apprentices and trainees onsite to 42.

The apprentice spray painter leads a busy life as a first-time mum to baby Isabella, and fiancée to Fly-In-Fly-Out worker, Matt. While balancing work, study and family life can be a challenge, Lucy is excited to be working at Downer and learning new skills.

For Lucy, working at Downer is more than just a job, it's an opportunity to provide for her family and build a career.

"I am so grateful to Downer for giving me a chance," she said. "To continue my apprenticeship has been a goal of mine for the past two years and now I am finally able to do that."

A key focus of the apprentice and trainee program is to attract more females into the traditionally male-dominated rail industry.

The Maryborough team holds an International Women's Day event every year for female school students in Years 10-12, giving them an opportunity to tour the facility and speak to some of our people about career pathways. Our team also actively engages local schools around work experience opportunities. These two initiatives have seen a large increase in the number of young women applying for our apprenticeship program.

Lucy is one of eight women joining the Maryborough team as apprentices or trainees in 2021.

"For the young women out there, come on in," Lucy said. "There are many women in trade industries these days – join us."

"Don't worry about feeling out of place or anything like that. Especially at Downer, we are one big family. Everyone is a Dad, Mum, sister and brother to each other around here. You'll be well looked after and supported."



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goal: #5 Gender equality.

While our MentorLoop mentoring program was developed in FY20, the program's release was delayed due to COVID-19 restrictions and has subsequently been put on hold. However, elements of this program have been adapted into the THRIVE women's empowerment and capability building program, which incorporates a mentoring component during and following the program's delivery.

In addition to these Group-wide programs, our Business Units also rolled out initiatives to increase female representation across our workforce. For example, Downer's Technology and Communications Services (T&CS) business established a Women's Leadership Forum, bringing together women from across T&CS to develop initiatives that support the progression of women into leadership roles. A key deliverable of the forum was the development of 'Courageously You', a nine-month program which commenced in March 2021. The program focuses on empowering women to develop their confidence and business leadership skills through monthly sessions facilitated by internal and external speakers. The pilot program also includes mentoring opportunities, structured training plans and career pathways to facilitate progression.

Two of the six Non-Executive Directors on the Downer Board are women as at 30 June 2021.

Generational diversity

Graduates

Downer's Graduate program has been the cornerstone of our generational diversity focus since its inception in 2017. It is a two-year program in which graduates undertake between two and four rotations within their Business Unit and gain experience across the Downer Group. It is now embedded in our strategic talent and capability development strategy and has matured in both framework and organisational capability.

In FY21, the program continued to be delivered in a way that supported the graduates' ongoing development. Throughout the year, online development sessions were delivered by a combination of senior leaders from Downer and external facilitators to build capability of our graduates. In November 2020, we undertook a two-day virtual conference which provided an opportunity for engagement, connections and workshops. It was also a chance to hear from Downer Executives about the importance of the program and about their own personal and professional lived experiences.

The aim of our Graduate program is to attract high-calibre talent and build a rich and diverse pipeline of future leaders. The coordinated attraction, recruitment, selection and development leverages the scale of the organisation to promote a compelling graduate value proposition.

The intake for the FY21 cohort was smaller given the challenge for some Business Units to forecast their needs based on their work pipeline due to the disruption caused by the pandemic.

A thorough graduate induction and welcome process still occurred in February for our 2021 intake and we were able to host graduates at our site locations across Australia and connect digitally. This provided graduates the opportunity to meet Downer leaders and their fellow graduates and participate in activities and learning despite COVID-19 travel restrictions.

We will continue to undertake annual networking conferences and structured development workshops to provide our graduates with an opportunity to develop project management, leadership and health and wellbeing skills and broaden their network across Downer.

This program is guided by Downer's Graduate Development framework, which includes graduates working side-by-side on current projects and contracts with skilled and experienced leaders and mentors.

Key statistics from the graduate program over the past two years include:

- The 2021 recruitment campaign for the 2022 Engineer Graduate intake attracted 970 applications, 16 per cent of whom were female
- The 2021 recruitment campaign for the 2022 Corporate Graduate intake attracted 239 applications, 33 per cent of whom were female
- Of the current cohort of 70 graduates in the program (including first year 2021 and second year 2020), 19 per cent are female
- Of the 23 alumni of the program, 20 have been placed into ongoing employment, 25 per cent of whom are female
- In 2021, the intake of Downer New Zealand's Engineering Graduate program was 41 per cent female.

A key element of Downer's Thought Leadership Pillar is to seek diversity of thought. Downer's partnership with CareerSeekers, a non-profit organisation supporting Australia's humanitarian entrants into professional careers, has resulted in refugees and asylum seekers entering our Graduate program (see case study, page 75).

Apprentices

Our Apprentice program is critical to securing and developing the necessary skills and capabilities required to deliver our projects and contracts.

We recognise that the apprentices of today become our supervisors and managers of the future. We work with our Apprentice Support Network Providers, State-based regulators, and TAFEs and Registered Training Organisations (RTOs) to provide opportunities for additional support for apprentices such as resilience training, mentoring support and funding programs.

Downer currently manages 411 apprentices and trainees across a broad spectrum of trades needed for the sectors we operate in, including electrical, civil construction, mechanical fitters, air-conditioning and refrigeration, plumbing, carpentry, hospitality and mobile plant technology. In addition to these traditional trades, our Trainee program extends to cleaning

operations, warehouse operations, business, hospitality, customer engagement, water treatment, project management, civil construction, and leadership and management.

We have embedded The Downer Standard for Management of Apprentices and Trainees across the Group, which extends to supervisors, managers, recruiters and human resource business partners. This provides a certified and audited governance framework and standard and achieves consistent policies, procedures and outcomes.

We work with RTOs to develop a training program that delivers the necessary work experience and exposure, and contextualised learning aligned to current and future business needs, as well as supporting life skills. Apprentices and Trainees are offered the same employee benefits as all our employees, including mentoring support and access to Downer's Employee Assistance Program.

Our businesses also develop bespoke programs within the local areas where they are delivering projects and contracts, which not only support our generational diversity goals but also support the local communities. Downer's VEC Civil Engineering business set up a cadet program in Tasmania that provides on-the-job training for young people but requires that they stay connected to their formal education. It's a pathway to an apprenticeship, based on the young person completing Year 10 with sound academic outcomes, and also delivering good performance in the workplace. While still completing their formal education, this gives young people a structured workplace learning opportunity that positions them well to permanently enter the workforce.

Aboriginal and Torres Strait Islander cultural diversity

Downer's vision for reconciliation is one where all Aboriginal and Torres Strait Islander peoples are treated equally in all relationships and their cultures and histories are celebrated and respected.

Aboriginal and Torres Strait Islander peoples and communities are key to establishing positive outcomes and legacies where we deliver work.

In FY21, Aboriginal and Torres Strait Islander peoples made up 1.64 per cent of Downer's Australian workforce. While this is below Downer's long-term target of three per cent, we remain focused on identifying opportunities for Aboriginal and Torres Strait Islander employment in order to reach our target.

We are committed to continue increasing Downer's cultural competency and capability, and to being an organisation that demonstrates leadership and respects Indigenous communities right across Australia.

Engagement occurs via Downer's experienced and qualified Indigenous specialist team, which informs and supports the Business Units to help them understand Indigenous cultural protocols. This team also works with community leaders and Recognised Aboriginal Businesses to develop plans that effectively deliver work across homelands which respect their ongoing traditional custodianship and provide lasting employment and subcontractor scope of work opportunities.

In 2019, Downer launched our Innovate Reconciliation Action Plan (RAP) for 2019-2021, which reaffirmed our commitment to the reconciliation process. We closed out our Innovate RAP in FY21 and our RAP Working Group started consultation with Reconciliation Australia on a consolidated Downer Group Innovate RAP. This will be our first RAP covering both Downer and Spotless, enabling the lessons learned from both organisations to be shared and aligning our commitments, programs, initiatives and outcomes.

Promoting Indigenous culture and building the cultural awareness of our workforce is critical to building relationships based on trust and respect. This includes:

- Continuing to provide Indigenous Cultural Awareness training as a key enabler to an inclusive and safe workplace
- Participating in National Reconciliation Week and NAIDOC Week celebrations across the organisation
- Holding smoking ceremonies conducted by local Traditional Owners at the commencement of projects
- Providing support systems to the business to increase procurement with Aboriginal and Torres Strait Islander businesses
- Supporting Indigenous trainee and apprenticeship programs
- Including a supported prequalification process for inclusion of Indigenous businesses into our supply chains
- Working with several Indigenous joint venture partners to enable growth and expanded employment opportunities for their people
- Embedding best practice cultural heritage monitoring within large-scale on-country project deliveries.

	FY20		FY21	
	Female	Male	Female	Male
Aboriginal and Torres Strait Islander peoples	249	394	237	317

CASE STUDY

Helping Indigenous athletes' dreams become a reality

For many athletes from remote communities, the barrier to chasing their sporting dreams goes beyond talent.

To achieve their dreams, they need to leave home and relocate to the city. But often the lifestyle change is too daunting, the pull of home is too strong, and the dream remains just that – never fulfilled.

That's why Utilita, a Downer and Ventia joint venture delivering electrical, mechanical and civil maintenance services for Urban Utilities in South East Queensland, has developed a program to help ease the transition.

In 2020, Utilita joined forces with Keiron Lander, coach of Queensland Cup rugby league club Ipswich Jets, to provide employment opportunities for Indigenous players recruited to the club from regional and remote communities.

The original collaboration has grown into a formal partnership, and in 2021 Utilita signed a head coach sponsorship agreement with Keiron. Utilita has also expanded its relationship with the Jets to include sponsorship of the Jets netball team.

The program has successfully helped young athletes from remote communities navigate the life-changing move to the city.

Dominic Macumboy is one of the people to benefit from the program. Dominic made the big decision to leave his home town, Lockhart River – the northernmost town in eastern Australia – and travel 2,500 kilometres to Ipswich to chase his rugby league dream with the Jets. He signed with the Jets for the 2021 season and is now developing new skills on and off the field. His role as a Civil Worker with Utilita is diverse, completing a range of maintenance activities on Urban Utilities' assets.

"The move to Ipswich was a big deal for me," he said. "Life in the city is so different – it's busy and there are so many people. With all the changes, Keiron and Utilita have been a good support for me and I'm glad that I made the move down here."

Keiron's policy is that the players he recruits to the club must be working or studying to train and play.

"The collaborative relationship with Utilita has meant we've all worked together to support these young men by providing more than just employment," Keiron says.

The partnership with the Jets netball club is something Utilita is equally excited about.

"Utilita is proud to be supporting females in sport and sees this partnership as an opportunity to raise awareness of the water industry to a new audience and promote non-traditional careers



in technical and trade streams to females," Downer HR Manager, Rebecca Byrnes, said. "The long-term objective is to increase female participation in the Utilita workforce as well."



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals: #8 Decent work and economic growth; and #10 Reduced inequalities.

Māori cultural diversity

Māori comprise 24 per cent of our 10,000 strong workforce in New Zealand. Our Māori culture and development programs are highly visible demonstrations of Downer's genuine commitment to supporting cultural diversity.

Downer's New Zealand business has implemented a key strategic initiative to embrace our Aotearoa heritage and culture and to integrate aspects of Te Reo (Māori language) and Tikanga (Māori customs and traditions) into our daily interactions with our people, customers and business partners.

This cultural competence initiative has specific goals to:

- Support greater diversity and inclusion through embracing diverse cultures
- Recognise that our large government customer base has requirements to work in partnership with Māori, and increasing our capability will enhance our ability to work alongside them
- Enhance our established relationships with Iwi (Māori tribe) developed through existing employment and development programs.

Downer's Māori Leadership Development program, Te Ara Whanake, has been a key initiative to help attract and retain Māori in a tight labour market. The program has proven highly successful among our people, with approximately 200 employees completing it to date. Through Te Ara Whanake, participants have strengthened their Māori identity and been empowered to role model this, both inside the organisation and in their communities. The success of this multiple award-winning program has provided the catalyst for broader culturally focused programs within New Zealand. For example, we now use Mihi (Māori greeting) to open meetings, Te Reo is becoming more widely used, and Māori blessings and other cultural practices are becoming part of Downer New Zealand's DNA.

Non-Māori leaders continue to participate in Te Ara Whanake, which gives them a deeper understanding of Māori history, culture and Tikanga. These participants have become active proponents of celebrating cultural diversity within Downer. The demand from non-Māori leaders to take part in this program has resulted in the creation of a new program, Te Ara Māramatanga.

Our future focus

Women in executive and management positions remains a strategic focus area when developing future initiatives.

Downer's measurable objectives for FY22 have been endorsed by the Board and reinforce the company's Diversity and Inclusion strategy.

The proposed FY21-23 targets and the FY22 measurable objectives and initiatives bring together the efforts and resources of the Group to support Downer's D&I strategy and the attainment of targets.

The revised targets consider Downer's ongoing performance and recognise the Group-wide commitment to increasing the representation of women in the workforce and management positions, and to increasing representation of Aboriginal and Torres Strait Islander employees.

- 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
- 3% Aboriginal and Torres Strait Islander employees.

To achieve these targets, and the People targets outlined on page 15, we aim to implement a wide range of initiatives in FY22. These include:

- Embedding and leveraging the Diversity and Inclusion Steering Committees within each Business Unit to focus on programs and initiatives that will support the achievement of targets
- 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
- Launching Downer's Workplace Giving program
- Analysing the WGEA reporting data and using the learnings as key inputs to develop ongoing strategies, programs and initiatives
- Establishing a Group-level Community of Practice that provides strategic advice and governance for the Business Unit D&I Steering Committees
- Delivering Downer's THRIVE women's empowerment and capability building program to the business
- Working with Reconciliation Australia to develop and launch a Downer Group Innovate RAP that will incorporate both Downer and Spotless
- Creating an Indigenous Champions network across Downer Group

- Embedding best practice cultural heritage monitoring within large-scale on-country project deliveries
- Continuing to deliver Downer's Māori Leadership Development program, Te Ara Whanake
- Continuing to deliver the Te Ara Māramatanga program to non-Māori leaders
- Realigning our leadership programs to include further diversity and inclusion content and learning
- Developing and releasing an unconscious bias training program that will develop further capability to support an inclusive workplace culture
- Delivering a series of Diversity and Inclusion 'Lunch 'n' Learn' sessions for all employees across the Group, covering a range of topics including Indigenous, gender, disability, sexual orientation and generational diversity
- Engaging with not-for-profit and community organisations to provide pathways and opportunities for culturally and linguistically diverse groups and people
- Continuing to leverage our relationships that manage the transition of ex-Defence personnel into employment
- Continuing to build a talent pipeline by investing in entry level programs that align with our generational diversity focus and priority areas, including:
 - The Downer Graduate development program
 - Cadets and further Under-graduate programs
 - Apprentices and trainees.

Emerging issues and market trends

Talent strain

A major focus of State and Federal Governments' economic response to COVID-19 is to stimulate the economy and job creation through transport and infrastructure spending.

This creates a number of opportunities for Downer. But it will also stretch a limited labour pool that is already being affected by border closures and travel restrictions.

This will only escalate the so-called 'war for talent'. This issue is further compounded by the fact school and tertiary education sectors continue to see limited interest in STEM subjects.

Downer recognises we need to keep addressing this trend through supporting schools and tertiary education providers to ensure potential talent see these sectors as legitimate and attractive career choices. Our workforce development and recruitment teams continue to attend careers fairs and expos to promote the opportunities Downer can provide in these sectors.

Downer relies heavily on technical skills-based tradespeople and all disciplines of engineering, project management, commercial and risk management.

With COVID-19 restrictions continuing to restrict access to labour across borders and internationally, we need to look internally to upskill and reskill our workforce to meet this constant need. We also need to be actively recruiting to seek interest from the right people with the required skills in anticipation of the mobilisation of projects and contracts. This will require an increase in collaboration between Recruitment teams and our Bid and Operational teams to forecast need and develop plans to build a capable workforce using external and internal channels.

The ongoing impacts of COVID-19

While COVID-19 vaccination plans are well underway, the virus remains a real threat. We need to continue to be agile in how we respond to this threat.

Downer will continue to develop work practices that support flexible working arrangements to help meet not only COVID-19 restrictions, but also employee expectations.

The nature of the services Downer delivers does not always make this possible or feasible. However, we continue to look for opportunities to support flexible working arrangements while continuing to deliver our services and maintain productivity levels.

Downer has made significant investment in technology, equipment and systems over the past 18 months to help support a more flexible and agile workforce. This includes streamlining meeting platforms, improving remote access to Downer's internal networks and files, and bolstering our cybersecurity processes (see page 30). We have also provided training to our workforce on how to maximise these systems for effective communication and meetings.



Relationships

For our approach to building and maintaining relationships with our communities, customers and supply chains, please refer to sustainability.downergroup.com/2021/relationships.html

Our performance

The materiality assessment Downer undertook in 2021 confirms that the relationships we have with our communities, customers and supply chain are essential to the sustainable success of our organisation.

Extensive work has been done in FY21 across our Australian and New Zealand operations to create, nurture and maintain the relationships we have built with our stakeholder groups.

Community relationships

Downer actively supports the communities in which we operate, through good times and bad.

We recognise the significant and lasting socio-economic benefits our presence in the community can bring.

We seek to engage with local suppliers and contractors and actively participate in regional business groups and chambers of commerce. In addition to providing local employment opportunities, Downer is focused on making a difference through partnerships, sponsorships and donations. We implement a range of strategies focusing on social responsibility, cultural heritage management and stakeholder engagement.

Community support

We understand that relationships are forged and trust is built during times of stress, and we are committed to supporting our communities when they need it most.

In recent years, we have seen an increase in the frequency and severity of adverse weather events across Australia and New Zealand.

Downer recognises we have the equipment, resources and capability to help communities get back on their feet following a natural disaster.

While 2020 saw unprecedented weather events in both countries, these significant events continued during FY21 as well.

In February 2021, three earthquakes, all above 7.0 magnitude, struck off the East Coast of New Zealand's North Island. The earthquakes prompted Civil Defence warnings of potential tsunamis and the subsequent evacuation of towns in parts of the North Island. As news of the earthquakes broke, our local management teams quickly mobilised to assess risks in their area, and provide emergency response support to local communities. Through a combination of innovative technology and traditional methods, our teams were able to rapidly alert their workforces and ensure that any risks or potential impacts on our people, networks, customers and surrounding communities were quickly mitigated.

Less than one month later in Australia, most of New South Wales and parts of Queensland were flooded by the heaviest rainfall to hit the region in nearly a century. As these communities started picking up the pieces from another natural disaster, Downer teams were on the ground assisting with the clean-up and recovery. As soon as the rain subsided, our DM Roads crews were out helping repair damage caused to the road network across New South Wales, opening up traffic to towns and communities that were cut off by the flood damage.

Downer donated \$100,000 to the Business Council of Australia's Community Rebuilding Initiative in April to assist with flood recovery. This was on top of the \$500,000 Downer donated to the Community Rebuilding Initiative in 2020 in response to Australia's bushfire crisis. The Community Rebuilding Initiative was established to build a permanent capability to mobilise and coordinate the business community's response in times of tragedy and to act as an interface with Federal and State authorities and established recovery agencies.

The funds donated by Downer and other businesses will support individuals, businesses and communities in affected areas.

In addition to this donation, Downer also has a number of key strategic partnerships with community, not-for-profit and sporting organisations. In FY21, Downer's community investment equaled 0.7 per cent of total profit. The following is an overview of Downer's major charitable and sporting partnerships in FY21.

Corporate Social Responsibility

Wall of Hands

Downer has been a proud supporter of the Australian Literacy and Numeracy Foundation's (ALNF) Wall of Hands Appeal since 2013. The ALNF works with Indigenous communities and schools around Australia with the aim that five out of five kids will learn to read – the vital first step to a satisfying and successful life. The ALNF is the first national charity dedicated to raising language, literacy and numeracy standards in Australia. Closing the Indigenous literacy gap is a serious, long-term issue and Downer is a proud supporter of this very worthy cause.

Beyond Blue

In May 2021, Downer joined national mental health organisation Beyond Blue as its Major Partner. Downer also matched donations from the public for Beyond Blue's 2021 national fundraising campaign, up to a total of \$250,000 (read more on page 85).

Australian Veterans Employers Coalition

Downer is proud to be a Founding Member of Australian Veterans Employers Coalition (AVEC), which connects transitioning service members, job-seeking veterans and their partners with Australia's largest community of employers.

AVEC was founded in 2017 by six leading Australian organisations, who recognised their collective strength in offering a wide variety of opportunities, across numerous skill levels in almost all sectors and industries.

Downer employs hundreds of veterans – in the Downer Defence business and across the Downer Group. As a Steering Committee member, we actively drive the ongoing development of AVEC to promote awareness for sustainable engagement and improved employment outcomes for veterans.

Workplace Giving Australia

Downer is currently working with Workplace Giving Australia on the introduction of a workplace giving program for Downer employees. It is anticipated there will be a soft launch of the program in October 2021 with a whole-of-business launch in February 2022, progressively maturing the program over FY22 to FY24.

Major sporting sponsorships

Sunshine Coast Lightning

Downer has been the Principal Partner of Sunshine Coast Lightning Super Netball club since the team's inception in 2017. In October 2020, Downer re-committed its support for the Lightning for a further two years, taking our partnership into its fifth and sixth seasons.

"The alignment between Downer and Lightning centres around both organisations recognising that people and relationships are the cornerstone of enduring success," Lightning CEO, Danielle Smith, said. "Securing Downer as a Principal Partner long term plays a pivotal role in ensuring Lightning's future viability and it is a partnership that we are excited to maximise in years to come."

New Zealand Rugby Union

Downer is the first organisation to partner with the Māori All Blacks as well as the Black Ferns and Black Ferns Sevens women's teams.

Our partnership with NZRU is founded on a core set of values held by both organisations, including: the celebration of diversity; inclusion of all cultures, people and genders; investment in high performance; and investment in the mental and physical wellbeing of our people.

The partnership is a cornerstone of Downer's diversity and inclusion initiatives in New Zealand and also includes sponsorship of the referees in New Zealand's Mitre 10 Cup provincial competition.

We strengthened our relationship with NZRU in FY21 by hosting a workshop on sustainability initiatives and goals for the women's Rugby World Cup, which will be played in New Zealand in 2022. It was an opportunity for Downer to share our sustainability knowledge and expertise, focusing on the United Nations' 17 Sustainable Development Goals.

New Zealand Masters Games

Downer was proud to again be naming rights sponsor of the New Zealand Masters Games in 2021. The Downer New Zealand Masters Games is held every second year in Whanganui, and is a key event for the local community. Our people are also active participants in the games. Downer had over 100 employees participate in the 10-day event, after we paid the entry fees for Downer, Hawkins and Spotless employees.

In addition to Downer's Group-wide partnerships, we also encourage our teams to form strong relationships in their local communities.

An example of the community spirit we strive for is the Downer FKG joint venture, which is delivering the Shoalwater Bay Training Area (SWBTA) Remediation Project for the Australian Defence Force in Central Queensland.

In FY21, the team proudly donated over \$28,000 to charities and sporting groups in the local Rockhampton and Yeppoon communities. The funds have been raised from the proceeds of sales at the Raspberry Creek Camp museum canteen and recycling via the container refund scheme. In addition to these donations, the team also partnered with veteran support charity, Legacy, assisting with local fundraising activities and taking part in backyard assist mornings for widows and families who have lost veterans.

Community stakeholder engagement

The services Downer delivers for our customers enable the lives of millions of people across Australia and New Zealand. However, we understand that these services cannot always be delivered without some short-term disruptions to the local community (such as temporary road closures, changed travel conditions, or construction noise).

We execute programs that focus on minimising these disruptions to our communities, and employ qualified and experienced stakeholder and community relations professionals, who act as the conduit between the communities and the project teams.

Our Community Engagement Managers actively engage local community groups and stakeholders (including local residents, property and business owners, and transport users) to provide timely and adequate notification of planned onsite activities, key dates for the commencement and conclusion of onsite activities, associated impacts on stakeholders and the community, and our strategy for minimising those impacts.



CASE STUDY

Supporting the mental health of our people and communities

Downer understands how important it is to support the mental health of our people.

We have implemented a range of initiatives in recent years to change the conversation around mental health and to empower our people with strategies to not only support their own mental health and wellbeing, but to also support their friends, families and colleagues.

In May 2021, we took our commitment to mental health a step further, to help support our communities as well by becoming Beyond Blue's Major Partner.

"This partnership will help Downer deepen its support for our people and also the community which has, during the COVID-19 pandemic, seen people reach out to Beyond Blue in record numbers," Downer Group CEO, Grant Fenn, said.

"This initiative is an important part of Downer's philanthropic approach to supporting the communities in which we operate, and to our Zero Harm philosophy."

In 2021 Downer also matched donations from the public for Beyond Blue's national fundraising campaign, up to a total of \$250,000.

"This support will ensure that over 14,500 people will get access to support as they navigate pivotable times in their mental health," Grant said.

Beyond Blue CEO, Georgie Harman, said she was thrilled to be partnering with Downer to help achieve its vision of everyone in Australia achieving their best possible mental health.

"Beyond Blue has been serving the community in Australia for 21 years. Over this time, Beyond Blue has given a voice to those experiencing anxiety and depression, opened up conversations about topics that were once seen as off-limits and been a vital support to people in their time of need," Georgie said.

"The events of the last 15 months and ongoing ripple effects of the Coronavirus pandemic have seen people reach out to Beyond Blue for support in record numbers. During 2020 there was a 43 per cent increase in calls to the Beyond Blue Support Services compared to the same time in 2019. We expect that there will be more demand for mental health support as the health, social and economic consequences of COVID-19 continue to play out.

"With the vital support of partners like Downer, Beyond Blue can be there to answer every call, now and in the future.

"We are thrilled to be partnering with Downer to help achieve our vision of everyone in Australia achieving their best possible mental health."



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goal: #17 Partnerships for the goals.

This includes coordinating and facilitating meetings and forums, taking part in education presentations and community engagement events, and distributing information and materials that ensure our communities are fully informed about the impact of our activities, and our projects' objectives, benefits and expected outcomes.

They also proactively look for opportunities to improve local communities and leave a positive legacy.

Our people are the thought leaders of their industries, so one of the most valuable commodities we can give our communities is our knowledge and experience.

An effective way that our people are engaging with our communities is by donating their time, skillsets and knowledge.

The Downer Seymour Whyte Joint Venture (DSWJV) is delivering major civil and road works for the Berry to Bomaderry Princes Highway Upgrade in the Shoalhaven Shire in southern New South Wales.

The team has lent significant knowledge and expertise to a local community group that is attempting to transform a decommissioned sports field into a new 24/7 off-leash dog park in Bomaderry.

DSWJV was one of the first corporate sponsors of the community-led project. Our people have donated over \$40,000 of in-kind consulting to support the planning, design and project management of the dog park project, which was approved by Shoalhaven Council in 2021.

"Without the support of Downer Seymour Whyte, this dog park project would not have been possible. They've been a true project management partner helping us navigate the complexity of the park infrastructure planning while also upskilling our team," said Kylie Knight, Founder and President of Bomaderry Community Inc.

In Victoria, Downer's team delivering the Warrnambool Line Upgrade has partnered with Deakin University to offer mentoring to women completing STEM courses.

In FY21, our qualified engineers have filled guest lecturer spots at the university, taken part in 'Ladies in Engineering' events to connect students with professionals in the fields they are studying, and participated in work placement and internship webinars to engage with people wanting to explore engineering careers.

In addition, the team also ran a STEM competition for local female high school students.

Also in Victoria, our team working on the O'Herns Road Upgrade project visited Year Nine students from the local Epping Secondary College to teach them how to build a freeway interchange. Engineers from Downer's VEC business, as well as Major Road Projects Victoria, provided an interactive learning experience that demonstrated how to construct a diamond interchange, like the one being built as part of the upgrade.

Using videography, time-lapse vision and artist impressions, the engineers explained the method being used to construct the new interchange to not only highlight the benefits the project will deliver to the community, but also raise the students' awareness around engineering and construction careers on large-scale infrastructure projects.

These programs not only engage the local communities on the importance of the projects we are delivering, they also leave lasting benefits and skills for the local people.

Cultural engagement

In Australia, Downer operates across approximately 300 sites, covering all corners of the country. Our operations are deeply embedded in local communities, and we are committed to developing genuine long-term relationships and working closely with Traditional Owners to ensure we respect their traditional lands that we work on.

Downer's experienced Indigenous Engagement team not only brokers relationships with Indigenous partners, but also works with operational and bid/tender mobilisation teams to develop and implement Indigenous engagement and participation plans to meet customer requirements and Downer's objectives and targets.

This team works closely with community to deliver social procurement and employment opportunities to build capability in the communities we operate in.

In a collaboration aimed at creating employment for the local Aboriginal community, the Western Australia State Government provided \$1 million for a pilot program between Downer and Wiluna's Martu-ku Yiwarra Training Centre. The joint initiative with Main Roads WA focused on providing employment opportunities for Aboriginal people through road construction and maintenance projects.

The project to seal five kilometres of the Goldfields Highway is a crucial starting point to connecting the remote Outback communities of Wiluna and Meekatharra.

Downer met with the Martu-ku Yiwarra Training Centre and the Martu people, including the local Elders, to develop a meaningful relationship with the community. The Martu people are the Traditional Owners of a large part of the western deserts of Western Australia, and continue to practise their traditional lore, language and culture.

Building a close and trusted relationship with the community Elders and fostering a collaborative approach has been key in the success of the project. The Martu people are invested in working on their own land in ways that contribute to the ongoing success of their community, for both current and future generations.

The program included training that equipped the Martu students with the necessary skills in plant operation and traffic management. The program was specifically tailored to balance the commitments the Martu students have to family and traditional lore as well as their desire to join the labour force.



Employment across the project has made a substantial positive change within the community which is currently affected by drugs, alcohol and lack of employment opportunities. Martu employees (pictured above) have now developed a transferrable skillset to seek employment opportunities in the surrounding regions of the Jigalong, Parnngurr, Punmu and Kunawarritji communities.

The successful pilot program has created significant interest in additional roles within the community, and Downer is working closely with Main Roads WA to continue using this model and the Martu-ku Yiwarra Training Centre to deliver other packages of work in the region.

Downer has also built long-standing commercial partnerships with Indigenous organisations, including:

- **Bama Services** – Downer has partnered with this multi award-winning Indigenous business on a range of initiatives since 2014. In 2020, we solidified this partnership by forming the Bama Downer Joint Venture. The partnership has already delivered more than \$20 million worth of major road and associated civil infrastructure on the Peninsula Developmental Road in Cape York, Far North Queensland. The Downer-Bama partnership is improving the accessibility, safety and reliability of transport infrastructure for the local communities of Cape York, which positively contributes toward local Indigenous employment, training and economic development outcomes. But the partnership goes beyond that. It is also about Downer developing the skills, capabilities and experience of the local Aboriginal and Torres Strait Islander workforce, leading to a greater sense of empowerment and broader employment and training opportunities. Downer's support of Bama Services has been instrumental in Bama achieving a Department of Transport & Main Roads R2:B2 rating. Bama is the only wholly Indigenous-owned business to hold this prequalification level. The partnership with Downer has also supported Bama to attain an ISO-accredited Health, Safety, Environment and Quality Management System, as well as a Federal Safety Commission certification.

- **Waanyi Downer Joint Venture (WDJV)** – A 50:50 partnership between Waanyi Enterprises, representing local Traditional Owners and Downer. It is the first equitable 50:50 mining services joint venture formed between a corporation and a local Aboriginal community-based organisation. The WDJV has provided care and maintenance and rehabilitation services at the Century Mine near Mt Isa in Queensland since July 2016.

In New Zealand, Downer's approach to cultural engagement is industry-leading.

Our Te Ara Whanake Māori Leadership Program (see page 80) has been particularly effective in ingraining Māori culture within the business. It gives our people a deeper understanding of Māori history, and helps us develop meaningful cultural engagement plans.

An example of Downer's approach to cultural engagement in New Zealand comes from the Wynyard Edge Alliance (WEA), which turned Auckland's Wynyard Quarter waterfront into a set of bases and other infrastructure that enabled the city to successfully host the 36th America's Cup on Auckland Harbour in March 2021.

Working to a tight timeframe, WEA successfully delivered world-class infrastructure, meeting its mission to 'create a stage for the America's Cup and a waterfront destination that Kiwis love'.

Key to the project's success was the enduring partnerships formed with local stakeholders, and with Mana Whenua (Māori who have historic and territorial rights over the land).

The sensitive coastal nature of the project made it essential to form a positive working relationship with Mana Whenua. The project established the America's Cup Kaitiaki Engagement Forum, where Mana Whenua could express their Tikanga and fulfill their role as kaitiaki (guardian for the sky, sea and land) while working together with the WEA on their journey to deliver the infrastructure. This inclusive approach built a trusted relationship where issues were quickly resolved in a constructive way.

Management plans incorporated feedback from Mana Whenua, which focused on areas of cultural value and interest. This included initiatives to improve water quality and to reduce and manage underwater noise to protect marine animals.

The partnership allowed opportunities for Mana Whenua to express their values and tell their stories through structural representations and incorporation of cultural artwork – leaving culturally significant legacies that will endure long into the future.

Maintaining strong and effective collaborative relationships with Mana Whenua ensured they were a close part of the team. This resulted in a number of important activities during the project, which included:

- A marine biologist appointed to monitor the impacts of piling work on marine mammals
- Innovations to re-use contaminated fill
- Completion of dawn blessings at identified milestones
- Bilingual signage and naming of places
- Cultural induction completed by Mana Whenua for all WEA staff onsite
- Cultural elements and cultural markers across the project, and engagement of Iwi artists to design and deliver cultural elements
- Sustainable practices introduced by Mana Whenua embedded in WEA construction and methodology
- Consistently high Mana Whenua engagement
- Mana Whenua-led initiatives to improve water quality and protect marine mammals.

Customer relationships

Customer engagement was highlighted as a key issue in the materiality assessment Downer conducted in FY21, rising from our eighth-highest material issue in 2019, to our fourth-highest in 2021.

At Downer, customers are at the heart of everything we do.

Our Purpose is to create and sustain the modern environment by building trusted relationships with our customers. Our Promise is to work closely with our customers to help them succeed, using world-leading insights and solutions.

To achieve our Purpose and Promise, we:

- Investigate the markets in which we operate and identify the key customers in these markets that we want to work with, now and into the future
- Foster a customer-centric culture across the business where we value our customers and support their strategic and operational objectives
- Engage with our customers and key stakeholders to understand their business drivers, challenges, opportunities and priorities

- Bring expertise and innovative thinking from across our business, and the broader industry, to help solve customer issues and position Downer as a thought leader
- Constantly seek to understand our customers' expectations, communicate these to our employees and contractors, and strive to exceed them
- Actively seek feedback from our customers on our performance against their expectations. We respond positively to this feedback, actioning areas for improvement and communicating strategies and outcomes with our customers
- Establish Account Plans for our key customers to map and manage our relationship
- Work collaboratively across the organisation, sharing knowledge on our mutual customers and coordinating our engagement to provide a consistent customer experience that represents the best of Downer.

When The Downer Standard was established in 2018, a key driver was to support the end-to-end Delivery Lifecycle and provide a more consistent and collaborative approach to servicing our customers. In FY21, significant work has been done on the adoption of The Downer Standard (see page 28) to embed Group-wide policies, standards and procedures that support our Delivery Management Methodology and customer management processes. One of the key initiatives currently underway is the roll-out of a Delivery Governance Management app which facilitates adherence to The Downer Standard for Delivery Management. This simplifies the process, requires key planning activities to be completed and improves governance to enable successful delivery.

In FY21, some teams invited customers to work through the requirements of Delivery Governance Management to ensure expectations are aligned and a strong foundation is established from the outset of each project.

Customer feedback and insights

Downer maintains two integrated Customer Relationship Management (CRM) systems, which are crucial to understanding our markets and customers and capturing feedback. In FY21, we continued to review, update and improve both systems.

Seeking and capturing customer feedback helps Downer adapt and evolve with our customers' changing needs, and maintain our reputation as a thought leader in our industry.

In FY21, we monitored customer satisfaction with Downer's performance through a range of survey and feedback approaches, including:

- Project/contract-specific customer surveys and reviews
- Strategic customer reviews
- Multi-customer survey programs
- Tender debrief sessions (won or lost)
- Informal feedback
- Materiality assessment.



Project/contract-specific surveys and reviews: We use this process to assess how well Downer understands and delivers on the customer's service expectations. Through this, what is important to the customer is validated and we learn where Downer is doing well and where improvements are required. This information helps to identify improvement strategies and opportunities to create more value for the customer and position Downer for ongoing work with the customer, which can be retention of an existing service contract, extension of scope or future project and service contract opportunities.

Strategic customer reviews: This involves a more detailed assessment of Downer's relationship with a key customer, going deeper than assessing their satisfaction with Downer's performance on any individual project. We do this to validate what is important to them at an organisational level, and how they perceive Downer as a service provider. These reviews typically involve several surveys, with the aim of sourcing feedback at operational, management and executive levels. This information helps us identify opportunities to bring new services and create more value for Downer's customers.

Multi-customer surveys: Surveys of customer groups (for example all customers within a specific market or service offering), which we use to gauge Downer's strengths, weaknesses and market positioning, as perceived by key customer personnel.

Tender review sessions (won or lost): At the completion of a tender process, Downer will typically seek a tender review or debrief session with the customer for both successful and unsuccessful bids. These sessions offer additional insight into our customer's drivers and provide valuable information about how successfully Downer articulated its value proposition, to influence our current and future customers to work with us.

Informal feedback: We seek informal feedback regularly throughout the year on our projects and contracts, for example through a general customer conversation or meeting. These are often a source of valuable feedback, capturing insights into potential issues with performance, as well as areas that Downer is performing strongly in and should leverage further.

Materiality assessment: Downer conducts a materiality assessment every two years to identify the issues that matter most to our stakeholders, which can therefore most influence their assessments and decisions. In FY21, we revisited our materiality assessment, using an independent research company to engage selected internal and external stakeholders (including a representation of our customer base) to identify and understand our material economic, social, environmental and governance risks and opportunities.

These customer engagement streams provide Downer with a deep understanding of our customers and markets. This understanding drives innovation and enables us to tailor our services to deliver added value for our customers and shape future offerings to address what Downer's customers value.

In May 2021, Transport for NSW (TfNSW) awarded the Keolis Downer joint venture a \$900 million contract to operate and maintain bus services in Sydney's Northern Beaches and the lower North Shore for eight years.

The contract is an example of how we leverage our knowledge of customer and market requirements to include value-added initiatives in our contracts.

Under the contract, Keolis Downer will work closely with TfNSW to deliver a range of innovations that will further enhance passenger experience, while delivering more sustainable transport solutions.

The contract will see the introduction of 125 electric buses over the next eight years, delivering more sustainable transport options for the local community from two newly electrified depots in Brookvale and Mona Vale.

Keolis Downer will also introduce innovative headway technology to further increase the reliability and quality of the successful B-Line bus service. The technology will enable staff to actively manage routes and monitor bus running times, improving the frequency of bus services.

The popular On Demand transport service, known as Keoride, will also become a permanent part of the network. We have operated the innovative On Demand service in the area since 2017, allowing passengers to book a service for when and where they want to travel, with buses or smaller vehicles meeting this demand in place of fixed transport services.

In FY21, Keolis Downer also secured a new eight-year contract to operate Adelaide's rail network for the South Australian Government. This provided an opportunity to integrate other Downer service offerings into the contract to deliver greater value for the customer – and its customers.

Keolis Downer engaged Spotless to undertake a facility maintenance contract as well as a cleaning service delivery contract, which includes the cleaning of all 89 stations throughout the network, trains and four depots, consisting of various workshops and offices throughout the State. Keolis Downer and Spotless worked together on innovative solutions through technology and equipment to deliver on their promise to the customer to improve the cleaning standard across the network efficiently and safely.

In FY21, Downer also adapted our services in response to customer feedback. In June, we made organisational structure changes to allow us to better engage with our customers in the Defence industry.

Australian Government spending on Defence acquisition and sustainment has grown significantly over recent years in response to increasing uncertainty in our region.

Downer has a long and distinguished history supporting the Australian Defence Forces (ADF) dating back more than 80 years. However, a strategic review of our opportunities in Australia's Defence sector in FY21 revealed Downer could benefit from improved name recognition and a better understanding of our core services and capabilities among key Defence decision makers.

In response to this feedback, Downer created a new Business Unit, Downer Defence, through the merger of Downer's Defence Systems and Spotless' Base and Estate Management businesses. This new Business Unit combines all our Defence services under one roof, and better coordinates our capabilities. In addition, we commenced development of a customer engagement strategy which better engages with the customer and communicates our strengths with clarity and consistency.

Following customer feedback, we also changed the name of our consulting and managed solutions business from Downer Defence Systems to Downer Professional Services. This better describes to customers the nature of our offering and better positions our brand in the market.

These changes demonstrate Downer's understanding of our customers and market, and position us to take advantage of the significant pipeline of Defence opportunities.

In New Zealand, our customer-focused mindset guides our activities across all levels of the business.

From industry level involvement to stakeholder management and community engagement, we work hard to ensure that our work has a positive impact on the people of New Zealand. We are proud to be paving the way in this space, with passionate advocates leading by example to achieve positive outcomes for all.

Two examples of the New Zealand team's customer-centric approach from FY21 are the America's Cup 36 project, delivered by the Wynyard Edge Alliance, and the Hamilton Infrastructure Alliance.

America's Cup 36 (AC36): Local and central government knew they needed an exceptional customer engagement approach to deliver the AC36 yacht race on time.

The first phase was to nominate owner participant champions (Owner Interface Managers) who were skilled operators, able to crystallise public expectation, policy, and event operational issues into questions that constructors and designers could understand and solve. Owner Interface Managers deliver structured engagement making for confident customers.

The second phase was to involve Emirates Team New Zealand into both the specification and early optioneering processes – this allowed them to understand the cost of trade-offs being proposed. This effort filtered back through owner participants and event organisers, stabilising the decision-making discourses.

The third step was to start and sustain an operating rhythm of engagement with Mana Whenua, which is outlined in further detail on page 87. This engagement enabled the Wynyard Edge Alliance to anticipate the kind of engagement process and outcomes that Mana Whenua would need to ensure their narration was wrought into final design and build outcomes. Taking the time to evolve this kind of customer into a true partner pushed our design further than anticipated – it made it deeply human.

Finally, co-location with designers, constructors, workers and officials facilitated greater collaboration and turned risk resolution into a world without emails and minimised design re-drafting, which was all invaluable to the customer. One typical example was sustained debate, then agreement, about replacing all concrete 3.5m diameter pipes with HDPE, and forming all breakwaters out of HDPE encased piles, thus achieving 100-year asset renewals.

Hamilton Infrastructure Alliance: Hamilton City Council (HCC) has formed the Hamilton Infrastructure Alliance (HIA) in partnership with Downer to maintain Hamilton's roads. Formed in October 2013, this is a 10-year contract and involves staff from Downer working in co-location with Hamilton City Council staff. The HIA is designed to deliver shared goals on integrated planning, customer service and delivery, efficiencies and value for money.

The ongoing success of the HIA requires a collaborative approach between Downer and Council, with the customer at the heart of every decision.

We know that a customer-centric approach is essential. People will accept change, but they want timely and accurate information so they can plan and make informed choices.

Underlining the collaborative integration that exists in the partnership, the HIA team works directly with HCC's social media team to make announcements of upcoming works on its Facebook and Twitter pages. This complements more traditional communication means, such as letterbox drops and VMS boards. As a sign of trust and depth of the relationship between Downer and Council staff, Downer's Stakeholder Coordinator has access to HCC's Facebook page. These notifications enable customers to plan their journeys with an awareness of planned/unplanned works.

Our customer services staff receive over 7,000 service requests each year. To reduce the number of customer enquiries, we introduced a KPI for the number of issues reported by all staff in the HIA team, including office-based staff. The whole team was asked to take ownership and not walk past an issue without reporting it by email, including a photo. We actively seek feedback and have a 98 per cent success close-out rate. This improved team culture has ensured that we can address issues before the public reports them. This also delivered significant improvements to customer-related KPIs in a short period.

In order to maintain strong relationships with our customers, we rely on successful relationships with our suppliers and subcontractors.

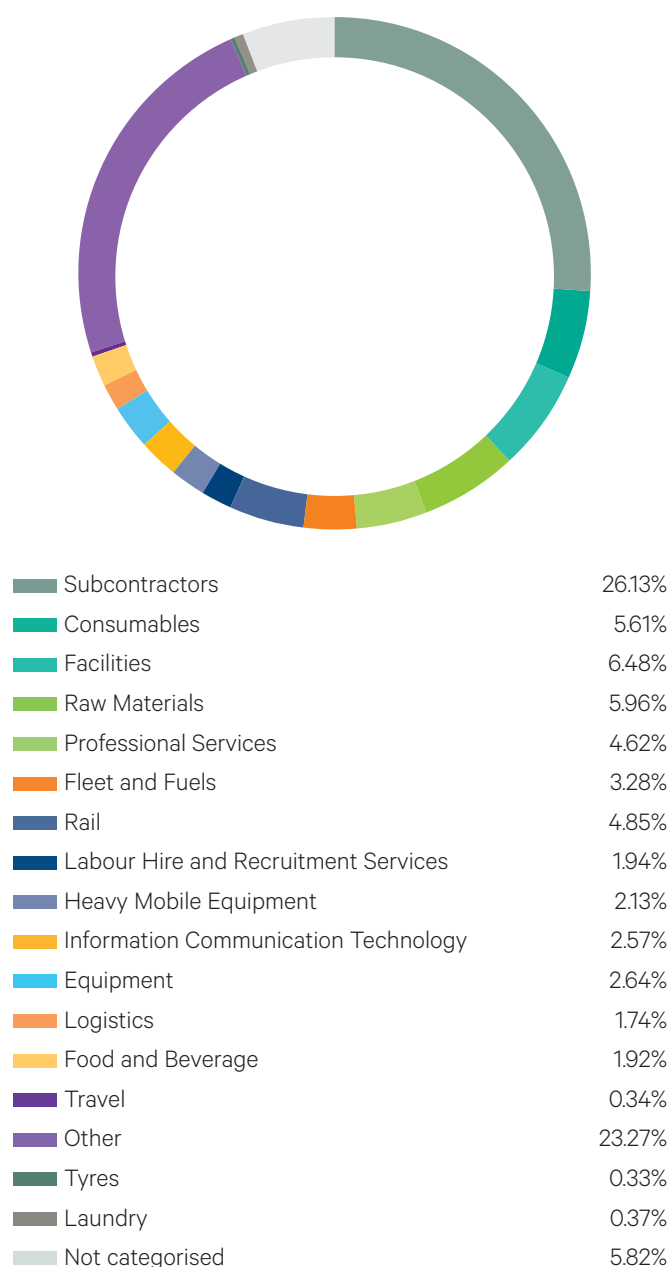
We recognise that our relationships with our supply chain are critical in the initial planning or development phase of a contract or project. If materials, parts or services cannot be supplied to meet the scope requirements, deadlines or expected cost, Downer will not be able to adhere to cost and time considerations required to deliver on the promises we make to our customers.

Supply chain relationships

Contractor management is Downer's fifth-highest ranked material issue in our FY21 materiality assessment.

Last year, Downer spent over \$10 billion with more than 33,000 suppliers and subcontractors.

Percentage of spend by supplier category



It is important to Downer that our suppliers and contractors share our values and reflect our expectations when doing business with and for us. Downer undertakes a comprehensive prequalification process to ensure our suppliers and subcontractors meet our high standards of business conduct. This includes background checks on financial health, health and safety standards and policies, environmental policies, and adherence to Downer's terms and conditions.

Downer's standardised Procurement framework, which is supported by a range of best practice platforms, ensures we are engaging with the right suppliers and subcontractors to achieve our business, ethical, Zero Harm and social objectives.

Downer's Procurement team's key objectives align with Downer's Pillars and are to:

- Ensure value for money is delivered across all Downer procurement activities
- Meet governance and probity requirements
- Streamline procurement processes
- Deliver on our social and sustainable procurement goals.

An example of Downer's approach to social and sustainable procurement comes from DM Roads' Western Area Metropolitan Road Assets Maintenance Contract (MRAMS), which covers the road maintenance activities for 1,000 kilometres of roads in Melbourne's north west, including all the major freeways and arterial roads.

Our customer, Department of Transport (DoT), outlined an initial requirement in the contract to engage Social Traders, an organisation that creates jobs for disadvantaged Australians by linking businesses and government buyers with social enterprises. While the contract outlined a requirement to contact the organisation, it did not set any specific social procurement targets.

But, with a footprint this large, we identified a clear opportunity to set an ambitious social procurement target of two-to-three per cent of costs spent through social enterprises in FY21.

The team identified social enterprises within the DM Roads supply chain and also engaged Social Traders, as well as Supply Nation, Australia's leading directory of verified Indigenous businesses, to identify further opportunities and organisations.

This has resulted in MRAMS creating opportunities in various sectors, including food, sanitary products, stationery, cleaning, labour and operational expenses, which will allow the team to achieve its social enterprise spend target. The largest opportunities provided include:

Latrobe Valley Enterprises (LVE): A sign manufacturer that has previously supplied a minor number of signs due to limited production capacity. Through the relationship with DM Roads, they have been able to invest in a world-class printing machine and will become the main supplier of signs for the MRAMS contract.

Knoxbrooke: A nursery and assembly service in Mount Evelyn which employs 150 people with disabilities. MRAMS partnered with Knoxbrooke to explore opportunities for the supply of miscellaneous items.

Good Cycles: An organisation that helps disadvantaged youth by providing a pathway back into the workforce. MRAMS identified that deploying a utility vehicle on shared paths to complete SUP hazard inspections and rectification was not practical. We engaged Good Cycles to complete the same inspections using their specifically designed rickshaw bike. The added benefit of this partnership is that it also improves safety by removing large utility vehicles from shared paths and provides an environmental benefit using bikes in place of vehicles.

Goal Indigenous Service: An agency that assists in the recruitment of Indigenous employees and the supply of labour hire.

IPA Labour Hire: DM Roads has established a new supply agreement with IPA for labour hire. The agreement will ensure all non-Indigenous labour hire is now engaged through a social enterprise. Labour hire represents a large percentage of expenditure within the MRAMS contract.

The social value created by procuring goods and services through social enterprises has also resulted in improved team engagement, giving a strong sense of purpose for team members, who are seeing how their project is giving back to the community in which they live and work.

The team has also shared its learnings with the wider Downer Group, with recommendations on how to leverage the Group's collective buying power to generate greater social value and change.

Supplier diversity is a key strategy in New Zealand to create an equitable and prosperous Aotearoa.

We understand that Māori and Pasifika businesses are under-represented, under-valued, under-served and often not considered for mainstream business opportunities – and we are developing programs to reverse this trend.

Last year, Downer NZ joined 'Amotai – Supplier Diversity Aotearoa' with the aim of growing our network of Māori and Pasifika owned businesses across the country. With business operations right across New Zealand, Downer is in a strong position to support the sustainable diversification of supply chains.

By working closely with the Amotai team, we continue to build and develop relationships with Māori and Pasifika owned businesses nationwide, helping us to provide more opportunities through our projects across New Zealand.

Downer NZ has generated over \$14.34 million in spend through Māori and Pasifika businesses within our supply chain. One example comes from the Turitea Wind Farm, which is New Zealand's largest wind farm project in a decade. Downer is completing the balance of plant works for Vestas as head contractor, which provided an opportunity to engage Loaded Steel, a 100 per cent Māori-owned business which specialises in steel foundations for wind turbines. Loaded Steel delivered a high-quality set of foundations for Downer at Turitea on time, to a high quality, and on budget, helping to grow our network of Māori and Pasifika owned businesses.

Supply chain management

In FY21, Downer has continued to embed FY20 initiatives and platforms to help meet our supply chain management objectives, including:

- The online sourcing tool that helps Downer employees ensure they are adhering to governance and probity requirements as well as social and sustainability goals
- An online performance evaluation tool, which helps to ensure Downer does not re-engage poor-performing suppliers and subcontractors and complies with requirements for International Organisation for Standardisation (ISO) certification.

In FY21, Downer also rolled out our online Procurement Induction and Training module to guide employees through Downer's Procurement framework and keep them informed of important changes in legislation, such as modern slavery.

In addition to embedding these initiatives, we have developed and launched our Procurement Certification training program for team members who perform complex procurement functions. The program ensures the necessary employees are fully trained on key procurement aspects, and is aligned to The Downer Standard. The training includes demonstrations on Downer's available tools and resources, and insights on procurement best practice, including how to incorporate key requirements like social procurement into planning and implementation. Participants are also given an overview of Downer's project procurement process, and our standardised Procurement framework, including key documents for project procurement.

Supply chain engagement

In FY21, Downer signed up to both Sedex and the Carbon Disclosure Project (CDP) supply chain program.

CDP is a not-for-profit organisation focused on enhancing worldwide disclosure on carbon emissions and climate risk. CDP surveys over 9,600 companies worldwide each year to compile one of the most comprehensive datasets on global emissions and initiatives to tackle climate change. The supply chain program expands on CDP's survey process by allowing companies to directly connect with their suppliers and understand their broader carbon footprints.

Joining this program not only provides Downer with meaningful insights into our Scope 3 greenhouse gas emissions arising from our supply chain, it is also an opportunity to meaningfully engage with our key suppliers, strengthen our relationships, and make more informed supplier decisions based on their relative emissions profiles. The program will also form the backbone of Downer's submission to the Science Based Target Initiative, relating to our Scope 3 emissions in FY21.

Sedex is a not-for-profit organisation that aims to improve ethical and responsible business practices in global supply chains. It provides an online platform, tools and services to help organisations like Downer operate responsibly and sustainably, protect workers and source ethically.

Almost 60,000 member organisations from 180 countries use the Sedex online platform to exchange data, manage business risk, meet compliance and drive positive impact on people.

Joining the Sedex program provides Downer a forum to connect with like-minded companies, creating opportunities to do ethical business and approach shared topics of interest. It also offers a streamlined and consistent process to ensure that Downer is only dealing with suppliers that meet our minimum standards for fair and safe working conditions, anti-corruption practices, anti-discrimination policies, and environmental compliance.

Outside of our Group-wide initiatives like CDP and Sedex, Downer teams are also proactive in developing programs to engage with their supply chains.

In New Zealand, our Hawkins business has developed a work matching and mentoring program, Ako Whakaruru, which is focused on removing the barriers to employment for Māori and Pasifika youth.

In Auckland, 16 Hawkins mentors support 33 Māori and Pasifika apprentices across our supply chain network. This is building lasting relationships and powerful bonds across our supply chain by ensuring trainees and apprentices are supported at work, at home, and in their personal and learning journeys. It also gives our Māori, Pasifika and experienced employees an opportunity to give back to their communities.

The program is growing and we are actively recruiting more mentors and trainees.

Our future focus

Relationships will always underpin Downer's success.

We are committed to nurturing and strengthening our existing relationships, and seeking to build new ones with both internal and external stakeholders.

- We will continue to focus on building trusted relationships with our customers by delivering on our promises with excellence. Launching Downer's Delivery Governance Model app in Australia to automate and simplify adherence to the Delivery Management Methodology, a core process area within The Downer Standard, will significantly help our teams to consistently deliver outstanding results for our customers
- We will aim to increase engagement with our supply chain, through the CDP supply chain survey. Our goal is to achieve an increased response rate to the survey in FY22, which will not only form an important part of our Scope 3 emissions portfolio but will also provide an important opportunity to engage with our suppliers and assist them on their own decarbonisation journeys
- We will seek to actively build relationships in the communities we are part of. An important focus of FY22 will be to identify a non-profit Indigenous organisation to support, both financially as well as via the capabilities and expertise of our people
- We are committed to introducing a workplace giving program for Downer employees during FY22
- We will continue to review our sponsorships and partnerships to ensure all initiatives are aligned to our Purpose, Promise and Pillars and deliver value for the communities in which we operate.



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 2021, we are not aware of any material misstatements in the Selected Sustainability Information in the Sustainability Report, which have been prepared in accordance with Downer's policies and procedures, and the GRI Core Standards.

Information subject to assurance

The Selected Sustainability Information, as presented in the Downer EDI Ltd (Downer) Sustainability Report 2021 and available on Downer's website, comprised the following:

Selected Sustainability Information	Value assured FY21
GHG Emissions	
Scope 1 Emissions (t CO ₂ e)	414,375
Scope 2 Emissions (t CO ₂ e)	91,749
Energy consumed (terajoules)	6,657,004
Energy produced (terajoules)	236,366,077
Number of significant environmental incidents	0
Number of environmental fines and prosecutions	2
Value of environmental fines or prosecutions (\$)	14,617
Zero Harm	
Number of safety fines and prosecutions	2
Value of safety fines or prosecutions (\$)	30,000
Downer Group	
Lost Time Injury Frequency Rate (LTIFR)	0.99
Total Recordable Injury Frequency Rate (TRIFR)	2.6
SLL	
Science Based Target (SBT) Scope 1 & 2 Greenhouse Gas Emissions Intensity (t CO ₂ e/AU\$m)	41.37
Indigenous Cultural Awareness Training, Te Ara Whanake & Te Ara Maramatanga Training (hours delivered)	5,713
Mental Health First Aid Training (employees trained annually)	318

Criteria used as the basis of reporting



The criteria used in relation to the Sustainability Report are the Global Reporting Initiative (GRI) Core Standards 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 Core Standards;
- 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 over the Selected Sustainability Information;
- site visits to LWIA, Commodore Mine, Meandu Mine, Archerfield and remote site review of Hawkins;
- walkthroughs of the Selected Sustainability Information to source documentation; and
- review of the Downer Sustainability Report 2021 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.

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 Standards; 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 2021, 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.

A handwritten signature of 'KPMG' in black ink.

KPMG

Sydney

11 August 2021

A handwritten signature of 'Adrian King' in black ink.

Adrian King

KPMG

Sydney

11 August

GRI Standards Content Index

Indicator	Description	Location of information	Notes
GRI 102: General disclosures			
1. Organisational profile			
102-1	Name of the organisation	About this report – pages 4-7	
102-2	Activities, brands, products and services	About Downer – pages 8-15	
102-3	Location of headquarters	Annual Report Registered office and principal administration office – page 141	
102-4	Location of operations (number of countries where organisation operates and names of countries with significant operations)	About Downer – pages 8-15 Annual Report F2. Controlled entities – pages 112-114	
102-5	Nature of ownership and legal form	Annual Report F. Group structure – pages 109-119 Information for investors – pages 146-148	
102-6	Markets served (including geographic breakdown, sectors served and types of customers/ beneficiaries)	About Downer – pages 8-15 Annual Report Review of operations – page 6 B1. Segment information – pages 67-70	
102-7	Scale of the organisation (number of employees, operations, net sales, total capitalisation, quantity of products/ services)	About Downer – pages 8-15 Annual Report Review of operations – page 6 Consolidated Statements and B1. Segment information – pages 60-70	Quantity of products and services not identified.
102-8	Information on employees and other workers (total workforce by employment contract, type, gender and region)	People – pages 69-71	
102-9	Supply chain (description as it relates to activities, brands, products and services)	About Downer – pages 8-15 Value Creation Model – page 7 Relationships – pages 82-93	
102-10	Significant changes to the organisation and its supply chain (organisation's size, structure, ownership or its supply chain)	Annual Report E. Capital structure and financing – pages 100-106 F. Group structure – pages 109-119	
102-11	Is the precautionary approach or principle addressed and, if so, how?	About Downer: Our Promise – page 9 Governance and ethical conduct – pages 24-33 Annual Report Business strategies – pages 15-17 Principle 7: Recognise and manage risk – page 114	The precautionary principle is an intrinsic component of our operational risk management approach.

Indicator	Description	Location of information	Notes
102-12	External initiatives (externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses)	<p>About this report – pages 4-7</p> <p>Health and safety – pages 34-43</p> <p>Environment – pages 44-65</p> <p>Governance and ethical conduct – pages 24-33</p> <p>Annual Report:</p> <p>Governance and risk management – page 133</p> <p>TCFD – Downer website</p> <p>ASX Principles – pages 136-145</p>	
102-13	Memberships of associations	Governance and ethical conduct – pages 24-33	

2. Strategy

102-14	Statement from the most senior decision maker	A word from our Chairman and CEO – page 1	
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3. Ethics and integrity

102-16	Values, principles, standards and norms of behaviour	<p>About Downer – pages 8-15</p> <p>Governance and ethical conduct – pages 24-33</p> <p>Annual Report</p> <p>Principle 3: Promote ethical and responsible decision-making – pages 142-143</p>	<p>Standards of Business Conduct: https://www.downergroup.com/Content/cms/Documents/Board_Policies/Standards-of-Business-Conduct.pdf.</p>
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4. Governance

102-18	<p>Governance structure</p> <p>(including committees responsible for decision making on economic, environmental and social impacts)</p>	<p>Health and safety – pages 34-43</p> <p>Environment – pages 44-65</p> <p>Governance and ethical conduct – pages 24-33</p> <p>Annual Report:</p> <p>ASX Principles – pages 136-145</p>	<p>Board and Committee Structure: https://www.downergroup.com/board-and-committees.</p> <p>Accountability for good governance and sustainability performance are embedded in short-term incentive plans for senior managers.</p> <p>Board Zero Harm Committee Charter: https://www.downergroup.com/Content/cms/pdf/Zero-Harm-Committee-Charter.pdf.</p>
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Indicator	Description	Location of information	Notes
5. Stakeholder engagement			
102-40	List of stakeholder groups	About Downer – pages 8-15	
102-41	Collective bargaining agreements	People – pages 66-81	
102-42	Identifying and selecting stakeholders	Materiality and stakeholder engagement – pages 16-23	
102-43	Approach to stakeholder engagement	Materiality and stakeholder engagement – pages 16-23	
102-44	Key topics and concerns raised	Materiality and stakeholder engagement – pages 16-23	
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	About this report – pages 4-7 Annual Report: F2. Controlled entities – pages 112-114	
102-46	Defining report content and topic boundaries	About this report – pages 4-7 About Downer – pages 8-15	
102-47	List of all material topics	Materiality and stakeholder engagement – pages 16-23	
102-48	Restatements of information	Environment – pages 44-65	Restatements were made to FY18 and FY19 Scope 1 emissions and energy consumption, in response to an adjustment to the subcontractor estimation methodology.
102-49	Changes in reporting	About this report – pages 4-7	
102-50	Reporting period	About this report – pages 4-7	Reporting period is for financial year 2020-21.
102-51	Date of most recent report	N/A	2020 Sustainability Report and 2020 Annual Report.
102-52	Reporting cycle	About this report – pages 4-7	Annual.
102-53	Contact point for questions regarding the report	Back cover	
102-54	Claims of reporting in accordance with the GRI Standards	About this report – pages 4-7	
102-55	GRI Content Index	GRI Content Index – pages 97-104	
102-56	External assurance	About this report – pages 4-7 KPMG assurance statement – pages 94-96	Independent Limited Assurance Statement included in this report.

Indicator	Description	Location of information	Notes
Specific standard disclosures			
200 Economic topics			
GRI 201: Economic performance			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23	
103-2	The management approach and its components	Annual Report: Directors' Report – pages 4-51	
103-3	Evaluation of the management approach		
201-1	Direct economic value generated and distributed	Sustainability snapshot – pages 2-3 About Downer – page 6	
Specific standard disclosures			
300 Environmental topics			
GRI 301: Materials			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23	
103-2	The management approach and its components	Environment – pages 44-65	
103-3	Evaluation of the management approach		
301-2	Percentage of materials that are used that are recycled input materials	Environment – pages 44-65	Data not currently collected at Group level. Downer provides products and services with increased efficiency of resource use and greater use of recycled or re-purposed materials which reduces costs for customers.
GRI 302: Energy			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23	
103-2	The management approach and its components	Environment – pages 44-65 Annual Report:	
103-3	Evaluation of the management approach	TCFD – page 135	
302-1	Energy consumption within the organisation	Environment – pages 44-65 Performance data – page 61	
302-3	Energy intensity	Environment – pages 44-65 Performance data – page 61	
302-4	Reduction of energy consumption	Environment – pages 44-65 Performance data – page 61	

Indicator	Description	Location of information	Notes
GRI 303: Water			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 Environment – pages 44-65	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
303-1	Water withdrawal by source	Environment – pages 44-65	
GRI 304: Biodiversity			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 Environment – pages 44-65	Newly disclosed in FY21.
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
304-1	Significant direct and indirect positive and negative impacts with reference to the following: i. Species affected; ii. Extent of areas impacted; iii. Duration of impacts; iv. Reversibility or irreversibility of the impacts.	Environment – pages 44-65	Newly disclosed in FY21.
GRI 305: Emissions			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 Environment – pages 44-65	
103-2	The management approach and its components	Annual Report:	
103-3	Evaluation of the management approach	TCFD – page 135	
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment – pages 44-65 Performance data – page 61	
305-2	Energy indirect GHG emissions (Scope 2)	Environment – pages 44-65 Performance data – page 61	
305-3	Other indirect GHG emissions (Scope 3)	Environment – pages 44-65 Performance data – page 61	
305-4	GHG emissions intensity	Environment – pages 44-65 Performance data – page 61	
305-5	Reduction of GHG emissions	Environment – pages 44-65 GHG emissions reduction target – page 59 Performance data – page 61	Downer commits to the decarbonisation of its absolute Scope 1 and 2 GHG emissions by 45-50 per cent by 2035 from a FY18 base year and being net zero by 2050.

Indicator	Description	Location of information	Notes
GRI 306: Effluents and waste			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 Environment – pages 44-65	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
306-1	Water discharge by quality and destination	Environment – pages 44-65	
306-2	Waste by type and disposal method	Environment – pages 44-65	
306-3	Significant spills	Environment – pages 44-65 Performance data – page 61	
GRI 307: Environmental compliance			
103-1	Explanation of the material topic and its boundary	Environment – pages 44-65 Governance and ethical conduct – pages 24-33	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environment – pages 44-65 Performance data – page 61	
Specific standard disclosures			
400 Social topics			
GRI 401: Employment			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 People – pages 66-81	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
401-1	New employee hires and employee turnover	People – pages 66-81 Performance data – pages 69-71	
401-3	Parental Leave	People – pages 66-81 Performance data – page 73	

Indicator	Description	Location of information	Notes
GRI 403: Occupational health and safety			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 Health and safety – pages 34-43	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
403-2	Type of injury and rates of injury, occupational disease, lost days, and absenteeism, and total number of work-related fatalities	Health and safety – pages 34-43 Performance data – page 36	Report does not include absenteeism rate.
GRI 404: Training and education			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 People – pages 66-81	
103-2	The management approach and its components	Relationships – pages 82-93	
103-3	Evaluation of the management approach		
404-1	Average hours of training per year per employee	People – pages 66-81 Relationships – pages 82-93	
GRI 405: Diversity and equal opportunity			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 People – pages 66-81	
103-2	The management approach and its components	Relationships – pages 82-93	
103-3	Evaluation of the management approach		
405-1	Diversity of governance bodies and employees	People – pages 66-81 Relationships – pages 82-93 Annual Report: Board of Directors – pages 4-5 ASX Principles 1&2 – pages 136-142	

Indicator	Description	Location of information	Notes
GRI 413: Local communities			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 Relationships – pages 82-93	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
413-2	Operations with significant actual and potential negative impacts on local communities	Relationships – pages 82-93	Downer considers that all of its operations may have a potential impact on local communities and discloses its community engagement strategy.
GRI 419: Socioeconomic compliance			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder engagement – pages 16-23 Governance and ethical conduct – pages 24-33	
103-2	The management approach and its components	Health and safety – pages 34-43	
103-3	Evaluation of the management approach		
419-1	Non-compliance with laws and regulations in the social and economic area	Health and safety – pages 34-43 Performance data – page 36	



Sovereign A2 Silk is proudly made FSC® certified by Hansol who also carry the ISO 14001 EMS accreditation. Manufactured with elemental chlorine free pulps.

