

**Sustainability Report
2022**



Contents

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.

Whakatauki

Ko te whānau, ko te manaaki,
ko te kairangatira,
ko te ngākau pono ngā tikanga
tuku iho hei
korowai mo tatou.

Ko te Kauri i whakawhiwhi
haumarū, ko te Rimu i
whakawhiwhi taonga,
ko te Tōtara i whakawhiwhi
whanaungatanga,
ko te Kahikatea i whakawhiwhi
whakaaro matakitē.

Ngā pou e whā i aumangea
ai te whakatauki
'Mā te whanaungatanga ka angitū'.
Hui e! Taiki e!

We are held together
by our closely held values
of family and relationships,
care and respect,
excellence and integrity.
The Kauri connects
us to Safety, the Rimu
connects us to Delivery,
the Tōtara connects us
to Relationships and the
Kahikatea connects us
to Thought Leadership.
These are our four Pillars
upon which we build
'Relationships creating success'.
United and ready to move forward!

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A message from the Chairman and CEO



Mark Chellew



Grant Fenn

The 2022 financial year (FY22) saw many challenges, including the ongoing effects of COVID-19, severe weather events, supply chain disruptions and labour shortages.

Downer once again proved its resilience in managing these challenges and taking advantage of opportunities as they have arisen. Our Urban Services strategy and strong Environment, Social and Governance (ESG) focus provides the foundation.

FY22 also saw a pronounced acceleration in the push to decarbonise the economy – and this will create a solid pipeline of opportunities for Downer. Following the 26th United Nations Climate Change Conference of the Parties in late 2021, our customer base has committed to decarbonising its operations. As the world shifts towards a net zero future, Downer is uniquely positioned with its skills, experience and technical capabilities to support society with this transformative change.

In FY22, we continued to decarbonise our own operations. Downer's focus on our Urban Services businesses has seen our Scope 1 and 2 GHG emissions intensity reduce from 41.37 tCO₂-e in FY21 to 31.11 tCO₂-e in FY22. We are committed to implementing solutions that will reduce our operational emissions by 50 per cent by 2032 and net zero by 2050.

Sadly, a long-term Downer employee in New Zealand died in May 2022 following a fall at work. Although the cause of death is not yet known, Downer has treated this as a workplace fatality. Downer operates in sectors that are exposed to high-risk activities and, while we have a history of strong safety performance, we are determined to learn from this loss. The health and safety of our people is Downer's number one priority.

A key element of Downer's Zero Harm strategy is a commitment to support the mental health of our people and communities. Our accredited Mental Health First Aid program continues to arm our people with the knowledge to support their own mental health, and also look out for their friends and families. We also renewed our successful partnership with Beyond Blue

this year, agreeing to again be the Major Partner for its 2022 Tax Appeal; while in New Zealand we established a new partnership with the Mental Health Foundation.

In FY22, Downer continued our Board renewal process, with new Non-Executive Directors – Mark Chellew, Mark Binns, Mark Menhinnitt and Adelle Howse – joining the Board. On 30 September 2021, Mike Harding retired as Chairman following 13 years on the Board, while Non-Executive Director Phil Garling retired on 30 June 2022.

Importantly, Downer took a number of steps to further strengthen our governance processes and tighten our project and contract delivery management systems. Significant work has gone into The Downer Standard, our Integrated Management System which gives the organisation a single governance framework focusing on consistent and repeatable outcomes for our customers.

We also understand that we need an engaged workforce. Downer operates in tight labour markets, making talent attraction and retention a high priority. Over the past 12 months we have implemented a range of initiatives to improve the employee experience and reinforce Downer's reputation as an employer of choice. This includes the launch of Downer's first Group-wide Inclusion and Belonging Strategy, which will help us ensure all our people are valued and respected.

Pleasingly, Downer reaffirmed our commitment to community support this year by establishing a range of new partnerships with not-for-profit organisations. In March 2022 we launched Downer's first workplace giving program, to support four strategically-selected charities – Australian Cancer Research Foundation, Greening Australia, TLC for Kids and The Salvation Army's Family Violence Stream. Downer will match our employees' donations up to \$250,000 and will also encourage our people to undertake volunteering opportunities to provide additional support to our charity partners. In addition to our long-running partnership with the Australian Numeracy and Literacy Foundation, Downer also established new charitable partnerships with two Indigenous organisations, The Stars Foundation and NRL Cowboys House, to support the education of young Indigenous people.

It's been a challenging but rewarding year for Downer. Thank you to our shareholders, employees, customers, suppliers and communities for your support over the past 12 months.

Mark Chellew
Downer Chairman

Grant Fenn
Downer Group CEO

Sustainability snapshot

Financial

\$12.0b

Total revenue

FY21: \$12.2b

\$399.2m

Underlying earnings before interest, tax and amortisation (EBITA)

FY21: \$467.3m

\$358.0m

Statutory earnings before interest, tax and amortisation (EBITA)

\$225.3m

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

FY21: \$261.2m

\$176.4m

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

\$36.1b

Work-in-hand

FY21: \$35.4b

Governance

5 Male 3 Female

Board of Directors – gender diversity

FY21: 4 Male 2 Female

245

Senior managers who completed Downer's Financial and Corporate Governance Self-Assessment surveys in FY22 (100 per cent completion rate)

165

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

Health and safety

0.82

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

FY21: 0.99

2.35

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

FY21: 2.60

1

Fatality

FY21: 0

0

Prosecutions, 2 Fines

FY21: 0 Prosecutions, 2 Fines

Environment

0

Significant environmental incidents

FY21: Zero

0

Prosecution, 2 Fines

FY21: 1 Prosecution, 1 Fine

31.11

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

FY21: 41.37

0.43

Energy intensity (TJ/AUD\$m)

FY21: 0.54

People

69% Male 31% Female

Employees – gender diversity

FY21: Male 66% Female 34%

23%

Females in Executive roles

FY21: 25%

\$78.3m

Overall Indigenous supplier spend within Downer's Australian operations

FY21: \$56.3m

Employees by region

Australia 71.80%
New Zealand 28.04%
International 0.16%

FY21: 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.



Ranked as a 'Leader' with a AA rating, placing Downer in the top 14 per cent of companies analysed globally.



Achieved Level 1 (the highest) for Environment and Governance, and Level 2 for Social.



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



Ranked 23rd of 107 in the Industrial conglomerates category (22nd percentile) globally.



Achieved a grading of B for Climate Change, B- for Water Security and a B for Supplier Engagement. All scores exceeded the global average of C.

*Downer's performance for ESG ratings is based on information provided in the FY21 period.

Downer's sustainability targets and scorecard

Downer commits to the following primary targets and objectives, which encompass its material issues, as described in the Materiality and stakeholder engagement section on pages 20-25.

The material sections of this report provide greater detail on progress against additional short-term targets and focus areas that were outlined in Downer's 2021 Sustainability Report.

Targets and objectives	Result	Reference
Governance and ethical conduct		
Board structure – maintain a balance of skill, experience, expertise and diversity represented on our Board	✓	Board structure Page 28
Financial and corporate governance self-assessment – achieve 100 per cent completion rate among senior management	✓	Financial and corporate governance self-assessment Page 29
Zero breaches of disclosures relating to market-sensitive information	✓	Timely, honest and transparent disclosures Page 29
Zero breaches of anti-bribery and corruption policy	✓	Anti-bribery and corruption Page 29
Zero breaches of securities trading policy	✓	Insider trading Page 29
Zero instances of anti-competitive behaviour	✓	Anti-competitive behaviour Page 29
Improve supply chain management processes	✓	Supply chain management Page 105
Publish Downer's FY21 Modern Slavery Statement	✓	Human rights and modern slavery Page 32
Health and safety		
Achieve a target of zero work-related fatalities	✗	Downer Group safety performance Page 40
Achieve a Lost Time Injury Frequency Rate (LTIFR) <0.9	✓	Downer Group safety performance Page 40
Achieve a Total Recordable Injury Frequency Rate (TRIFR) <3.50	✓	Downer Group safety performance Page 40
Achieve no actions arising from High Potential Incidents overdue >30 days	✓	Critical Risk management Page 41
Exceed a target of 312 participants completing Mental Health First Aid training	✓	Mental health and wellbeing Page 46
Maintain an active program of critical control verifications including critical risk observations, inspections and audits	✓	Critical Risk management Page 41

Targets and objectives	Result	Reference
Environment		
Zero environmental prosecutions	✓	Environmental compliance Page 52
Zero serious environmental incidents (Level 5 and 6)	✓	Environmental compliance Page 52
Fewer than three Environmental Penalty Infringement Notices	✓	Environmental compliance Page 52
Achieve Science-Based Aligned Absolute Target performance (511,315 t CO ₂ -e)	✓	Environmental performance data Page 69
Achieve Science-Based Aligned Intensity Target performance (31.4 tCO ₂ -e/\$AUDm)	✓	Environmental performance data Page 69
People		
Strengthen our talent retention and attraction strategies, including broadening Downer's flexible working arrangements	✓	Inclusion and belonging Page 77
Increase engagement and progress scores in Downer's annual Employee Engagement Survey	✗	Employee Engagement Survey Page 89
Improve gender diversity balance by increasing female participation in the workforce	✗	Gender diversity Page 79
Enhance our cultural development programs and continue to action our Reconciliation Action Plan	✓	Indigenous cultural diversity Page 82
Continue to increase our pipeline of talent through diversity initiatives by embedding Downer's Graduate program across the Group	✓	Generational diversity Page 86
Launch a dedicated Group-wide women's empowerment and capability building program	✓	THRIVE program Page 80
Relationships		
Roll out the Carbon Disclosure Project Supply Chain program and increase supplier engagement	✓	Supply chain engagement Page 106
Identify a not-for-profit Indigenous organisation to form new partnership with	✓	Corporate partnerships Page 96
Launch Downer's first-ever workplace giving program	✓	Corporate partnerships Page 96

About this report



This Sustainability Report discloses Downer's sustainability-related performance for the financial year ended 30 June 2022 (FY22).

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

Joint ventures have been included for 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 2022 Annual 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 is to be read in conjunction with Downer's 2022 Annual Report for information pertaining to the company's financial sustainability. As such, cross-references to Downer's Annual Report appear throughout this document.

In FY23, Downer will produce its first Climate Change Report. Cross references to this report also appear throughout the Sustainability Report.

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 2022 Sustainability Report has also been produced as an interactive online document, which can be found on the Downer website at: www.downergroup.com/2022sustainabilityreport

In some instances, you can find additional information online, including Downer's approach to each material section.



When you see this icon, refer to our website to read more.

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 Rate and Total Recordable Injury Frequency Rate
- 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 paid or 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. Numbers presented throughout this report may be rounded up or down to the nearest decimal place. Therefore presented totals may appear misaligned against the sum of their parts, due to the impacts of rounding.

Downer discloses all environmental and safety fines received and paid during FY22 as well as those received post 30 June 2022, but prior to publication of the Sustainability Report, that relate to events that occurred in FY22. In addition, if a fine is received, but not paid, after 30 June 2022 but prior to the publication of the Sustainability Report, that relates to an event that occurred in FY22, Downer will disclose the particulars of the event as well as an estimated fine value, but this will not be included in the FY22 metric.

All prosecutions known before the publication of the 2022 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, urbanisation and decarbonisation. 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. These businesses have demonstrated strength and resilience,

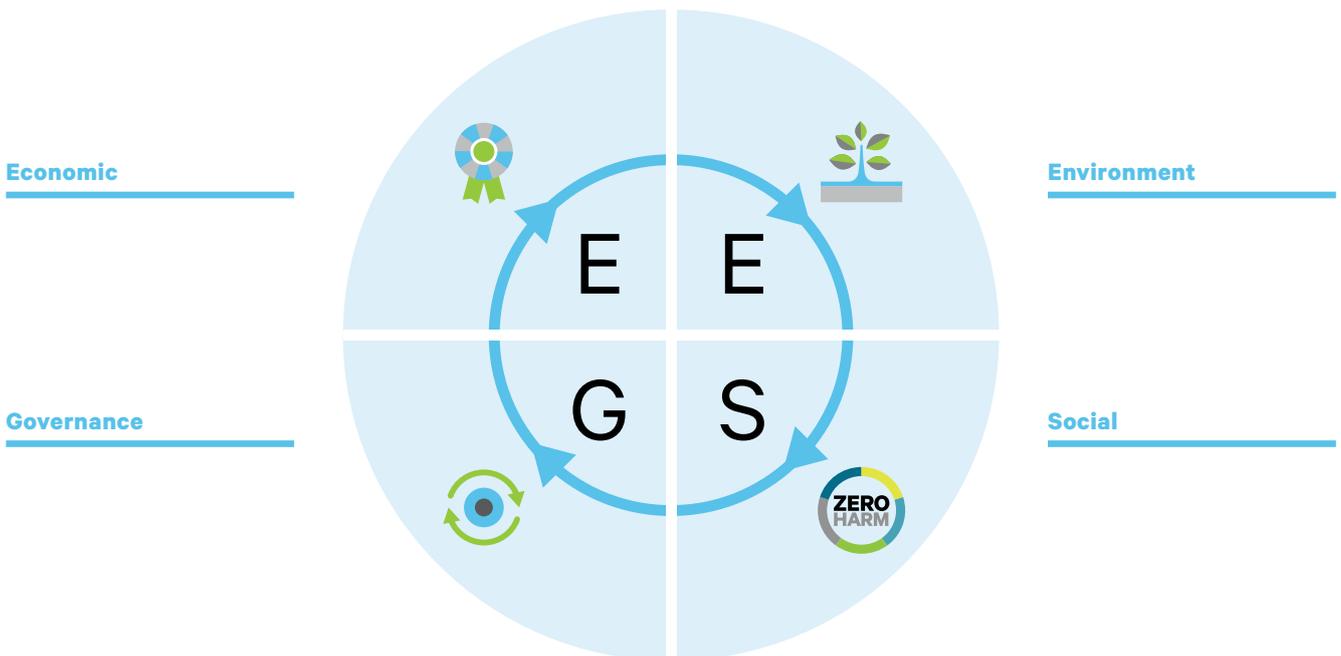
hold market-leading positions and have attractive medium-term and long-term growth opportunities. They have a high proportion of government and government-related contracts and a capital light, services-based business model, with a lower risk profile and are generating more predictable revenues and cash flows.

Downer’s Urban Services strategy delivers many environmental and social benefits including a move to lower capital intensive and lower carbon activities, which support Downer’s decarbonisation pathway. Downer completed the sale of its Open Cut Mining East business in December 2021. This finalised the divestment of Downer’s former Mining Services Business Unit.

We are also committed to a Zero Harm culture, and we firmly believe that our work can be conducted with zero harm to our people, the environment and the communities in which we operate.

In addition, sustainability is integrated into Downer’s business strategy and shaped by our four Pillars: Safety, Delivery, Relationships and Thought Leadership.

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



Global sustainability standard frameworks

Downer continues to monitor the developments of the International Financial Reporting Standards Foundation's newly-created International Sustainability Standards Board in their quest to establish a global sustainability reporting framework.

Downer supports this approach, and was pleased to see the recent announcement that the Global Reporting Initiative has signed a Memorandum of Understanding to work hand-in-hand with the International Sustainability Standards Board. This year, Downer has undertaken a review of the Integrated Reporting Standards and the SASB standard, two frameworks that have aligned with the International Sustainability Standards Board, to see where we could pivot and align our disclosures.

Another framework Downer continues to monitor is the progression and implementation of the European Union Green Taxonomy. The EU Green Taxonomy provides a common classification system for sustainable economic activities allowing organisations to report on their percentage of sustainable revenue, sustainable CAPEX and sustainable OPEX.

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 has been structured to enhance the debt maturity profile, reduce average borrowing costs and provide flexibility as Downer Group continues to reshape its organisation in line with our Urban Services strategy.

The sustainability aspect of the 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.



For more information, refer to:
downergroup.com/sustainable-finance



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 33,000 people, primarily in Australia and New Zealand.

The services Downer delivers for our customers touch the lives of millions of people across Australia and New Zealand every day. However, Downer's social relevance is deeper than the services we provide. Our size, scope and geographic footprint provide us with a unique platform to make communities better.

As one of Australia's largest employers, we are a people business. We are committed to a workplace environment where our people feel included, where their health and wellness are supported, and where they have opportunities to develop new skills and grow their careers.

We pride ourselves on being a good corporate citizen through the actions we take and the support we provide to ensure our operations have a minimal impact on the environment.

In addition, sustainability is integrated into Downer's business strategy and shaped by our four Pillars.

Downer leverages our understanding of Environment, Social and Governance mega-trends and key material sustainability issues to drive innovation and identify new sources of growth and revenue for the business. This includes the pivot of our portfolio to focus on our Urban Services businesses, positioning Downer as the provider of choice to customers with services set to thrive in a low-carbon future.

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

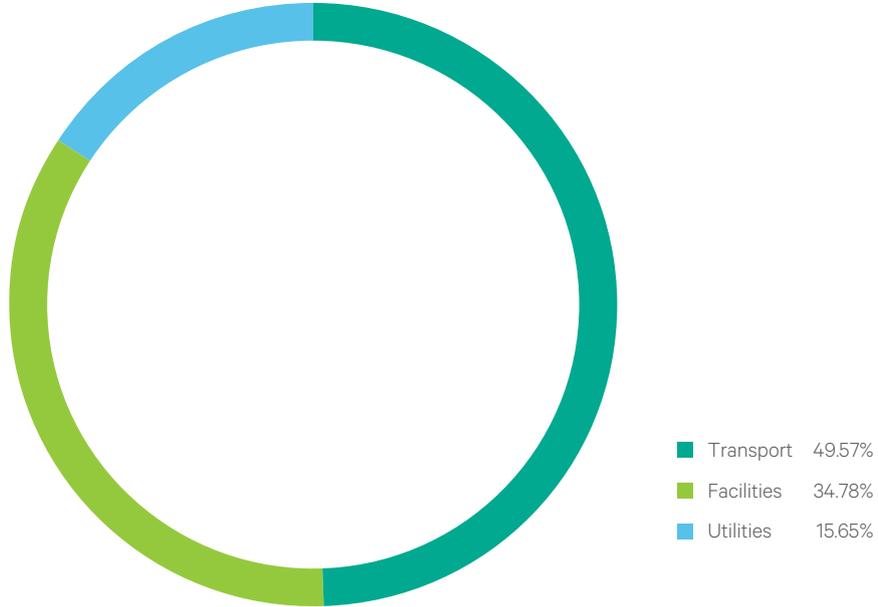
Relationships

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

FY22 total revenue by service line %



Downer's operating model

Transport

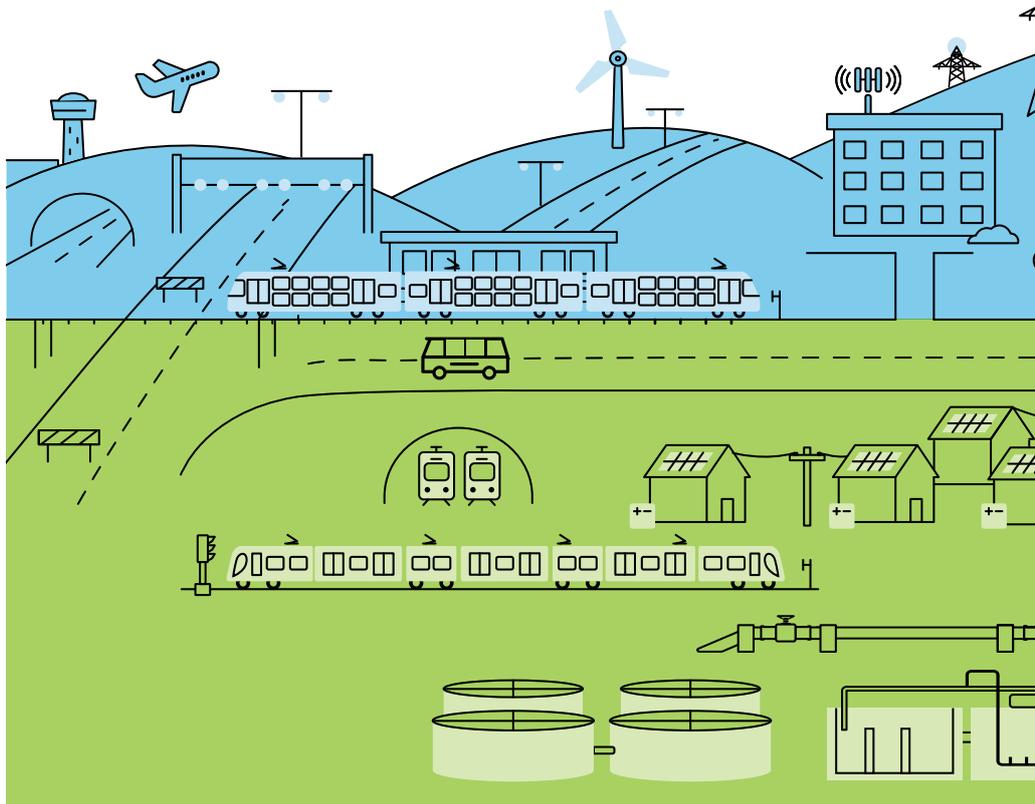
- Road Services
- Rail and Transit Systems
- Infrastructure Projects

Utilities

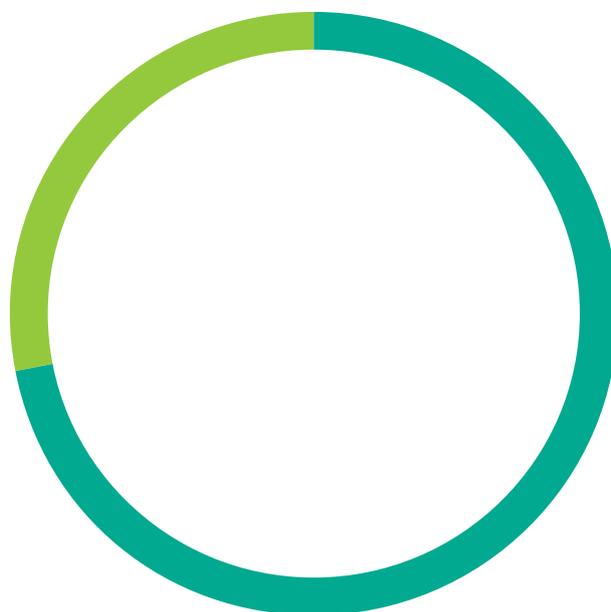
- Telecommunications
- Water
- Power and Gas

Facilities

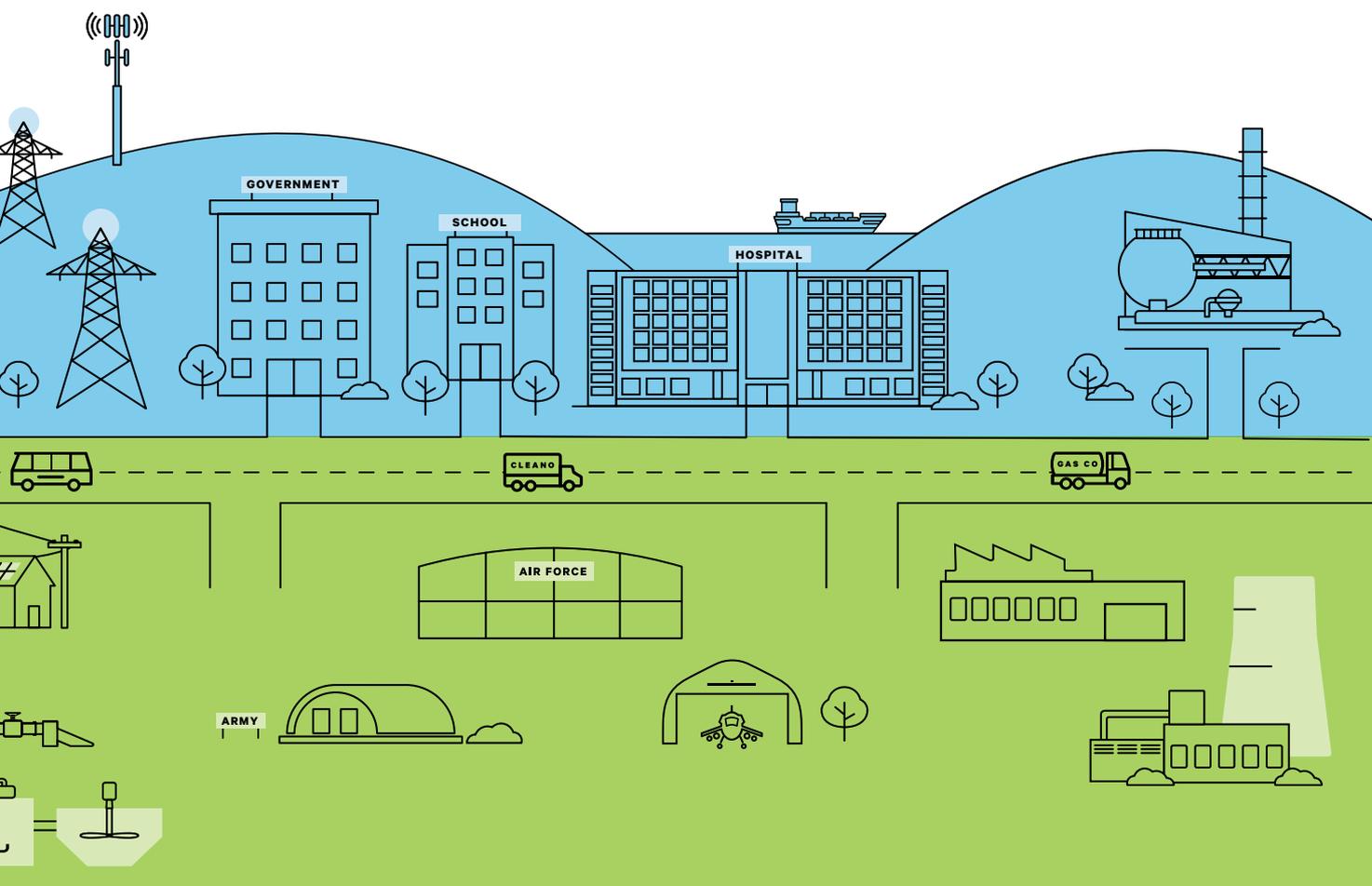
- Government
- Health and Education
- Defence
- Building
- Power and Energy
- Industrial and Marine
- Mineral Technologies



FY22 employees by region %



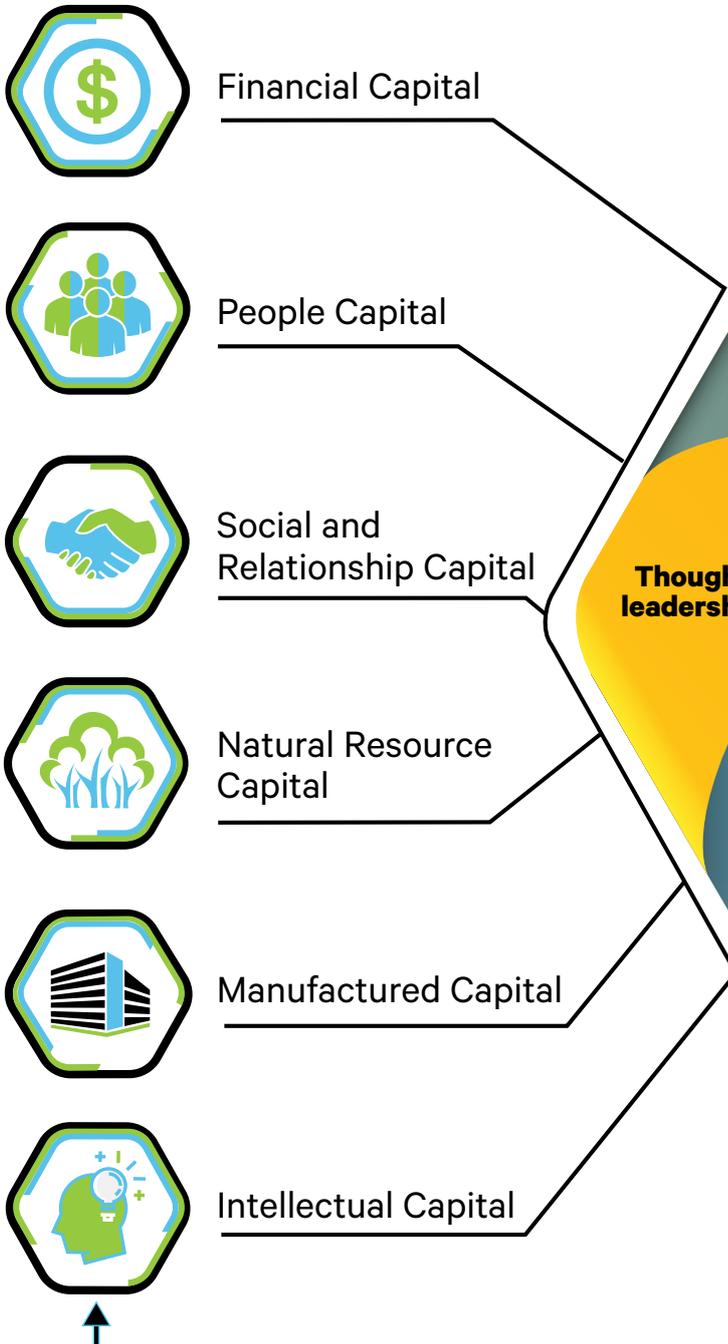
Australia	72%
New Zealand	28%
International	<1%



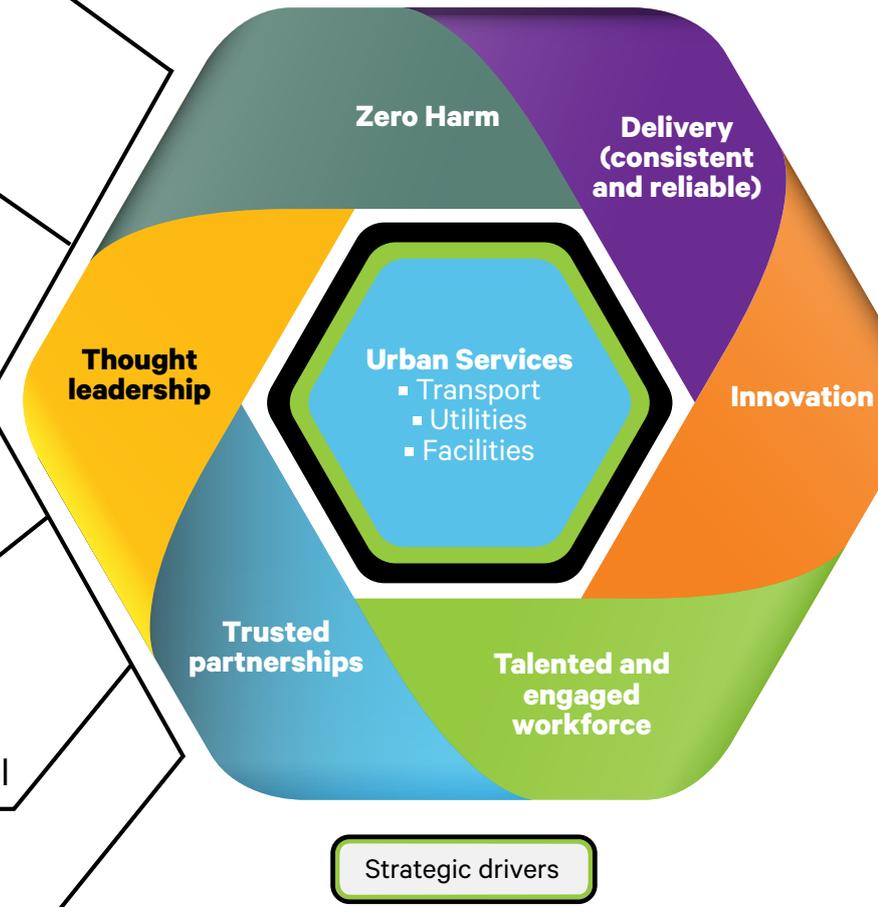
Value chain and value creation

Downer has disclosed its value creation process in line with the concepts of the International Integrated Reporting Council's 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 and outcomes).

Inputs



Value creation



Outputs

Revenue: \$12.0 billion
 Statutory EBITA: \$358.0 million
 Underlying EBITA: \$399.2 million
 Statutory NPATA: \$176.4 million
 Underlying NPATA: \$225.3 million

77% employee retention rate
 70% employee engagement score
 492 employees trained in MHFA in FY22
 TRIFR: 2.35 LTIFR: 0.82

Government customer base >90%
 \$7b spend with 28,000 suppliers
 \$78m total Indigenous supplier spend
 Donations/sponsorships >\$1.2m

3+GW capacity of renewable energy installed
 372.9 ktCO₂e Scope 1+ 2 emissions
 2115.7 ktCO₂e Scope 3 emissions
 97 per cent landfill diversion rate

15.32% recycled content
 in asphalt products
 53,000km roads maintained
 9 projects delivered with ISC rating

Industry-leading innovations, including:
 Reconophalt™
 Biosolids gasification
 TrainDNA
 Clean Hydrogen services
 Embedded Rail Technology

Outcomes

The services Downer delivers touch the lives of millions of people across Australia and New Zealand every day. We leverage our size and scope to ensure we have a significant positive impact on our people, our customers, our communities and our shareholders.

Our people

In a competitive labour market, Downer focuses on enhancing the employee experience through career development pathways, and by fostering a diverse and inclusive workplace culture.

Our customers

Customers are at the heart of everything we do. We focus on our customers' success - because we believe that if our customers are successful, so is Downer. Our core operating philosophy, 'Relationships creating success' encapsulates this theme.

Our communities

Downer's strong ESG focus drives us to leverage the size of our workforce and the breadth of our geographic footprint to make a positive impact on the communities we are part of. We do this through charitable sponsorships and partnerships, which includes financial donations as well as our employees donating their time and skills.

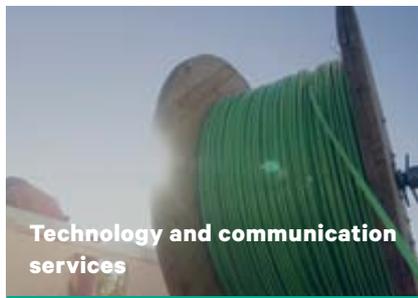
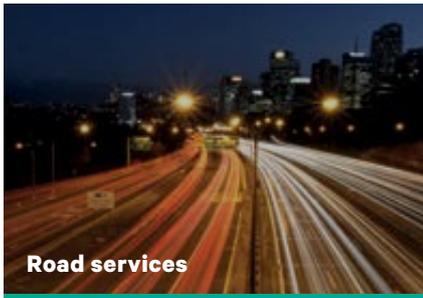
Our shareholders

Our high-performing workforce is committed to delivering outstanding services for our customers, which ultimately impacts the communities in which we operate and drives shareholder value.



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 2021 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.



Water



Health services



Power and energy



Industrial and marine



Education services



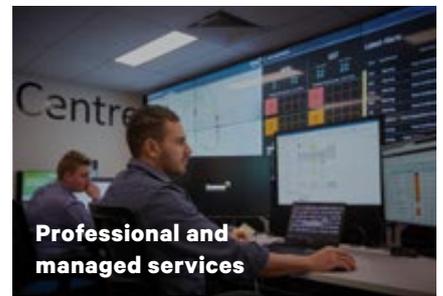
Non-residential buildings



Defence



Asset management



Professional and managed services

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
- Through our social responsibility activities and community involvement.

Downer’s sustainability targets (as outlined on pages 6-7) 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 throughout this report.

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 issues which are important to our stakeholders should also be important focus areas for Downer in order 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	Project/contract-specific surveys, strategic customer reviews, multi-customer survey programs, tender debrief sessions, informal feedback 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	Prequalification, tender contract documents, inductions and training, meetings, contractor engagement
Government regulators	Upstream	Reports, meetings and working groups
Trade unions	Upstream	Meetings
Industry associations	Upstream	Representation on boards and committees, meetings and working groups
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.

Material issues

Downer conducted a comprehensive materiality assessment in 2021.

The materiality assessment identified a prioritised list of 13 material issues (see table below), as well as the top eight Sustainable Development Goals (see pages 18-19) that Downer contributes to.

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



Refer to Downer's website for details on the methodology used in Downer's materiality assessment.

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 38-49
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 26-37
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.	Customers, investors, subcontractors, suppliers, JVs and alliances.		Our approach to sustainability Page 10 About Downer Pages 14-19 Relationships Pages 92-107
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 26-37 Health and safety Pages 38-49 Environment Pages 50-71 Relationships Pages 92-107
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 50-71

Material issues by ranking	Definition	Issue relevance to broader value chain	Relevant Sustainable Development Goal	Section/Page number
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 26-37
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 Pages 14-19 Governance and ethical conduct Pages 26-37 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 72-91
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 72-91
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 92-107
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 26-37
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 26-37 Relationships Pages 92-107

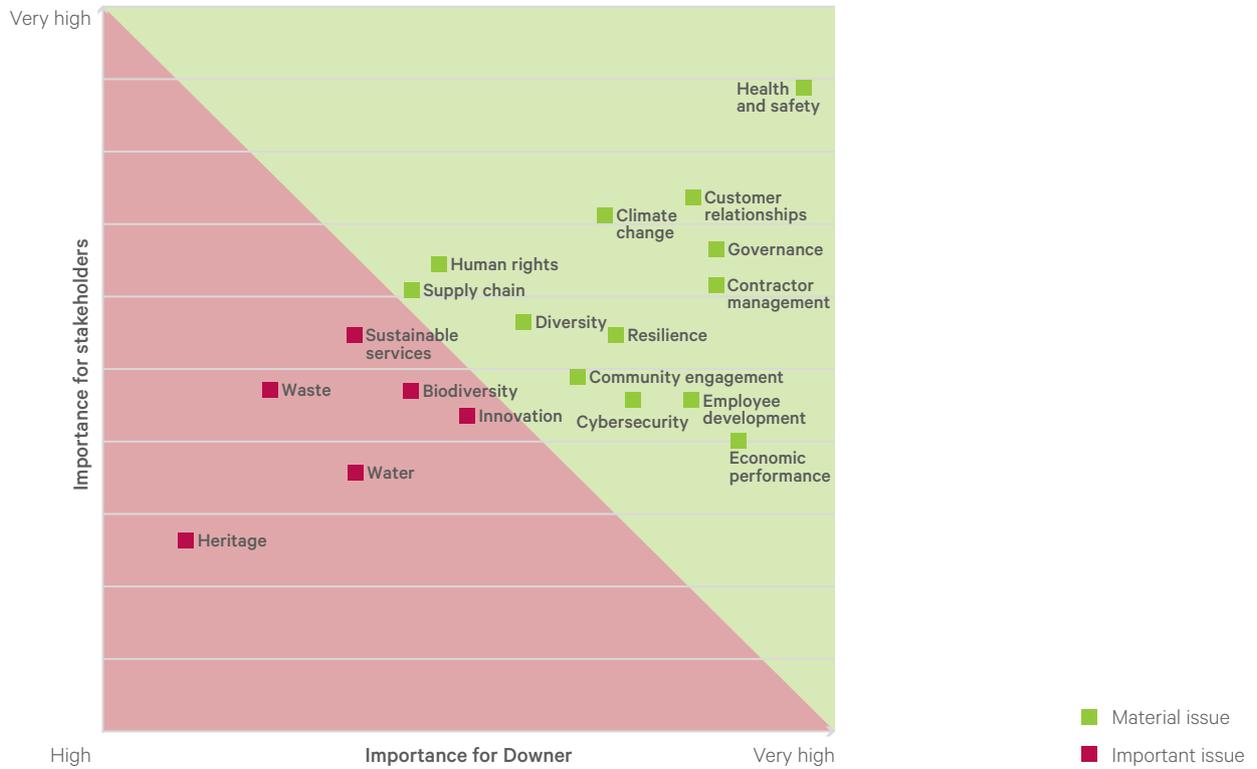
Important issues

The materiality assessment also identified six important issues: Innovation and technology; Biodiversity; Sustainable products and services; Water management; Waste management; and Heritage management. While these six issues were not deemed material to Downer, they remain important to Downer and our stakeholders, with many forming part of our business strategy and contributing to Downer's performance.

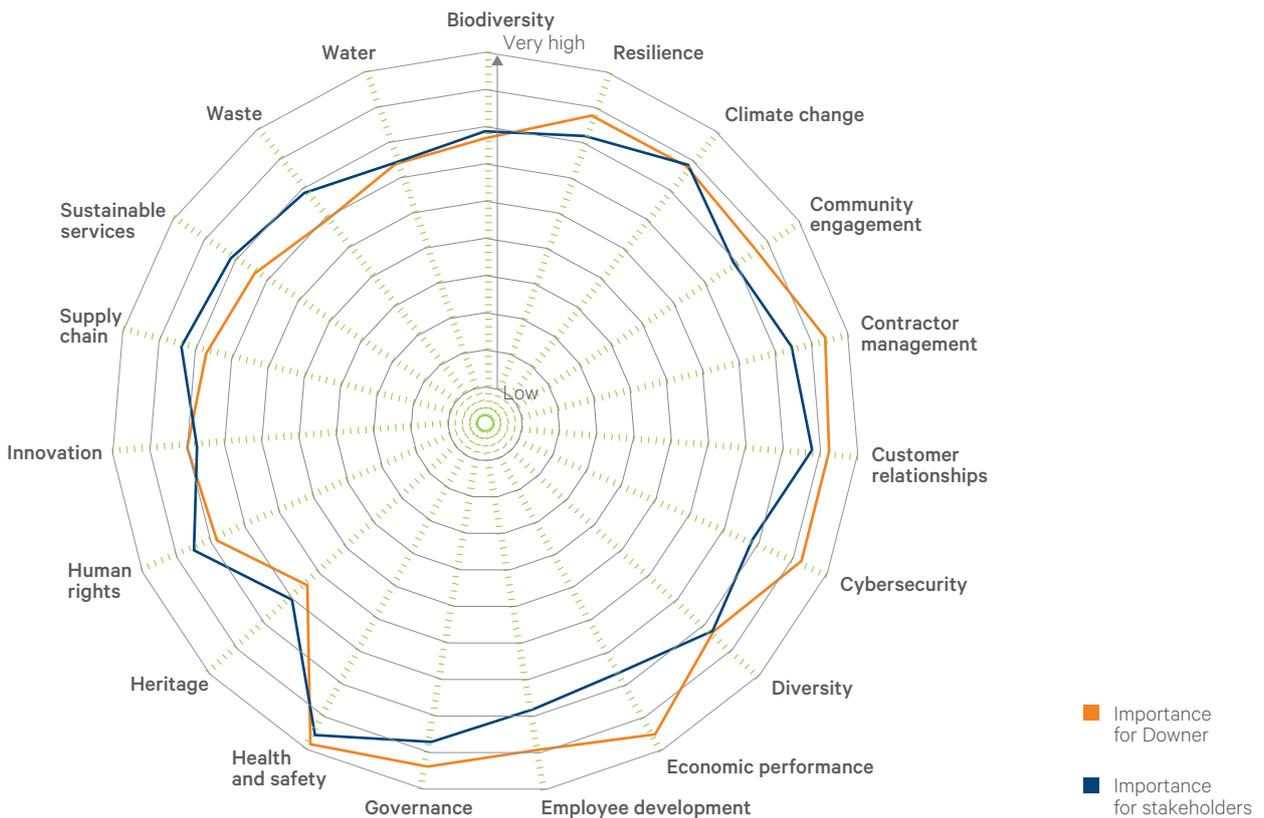


Refer to Downer's website to read about our six important issues in detail.

Materiality matrix



Material issues prioritised by internal and external stakeholder view





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.

Downer typically undertakes a comprehensive materiality assessment every two to three years or when there have been significant or material changes within the business. For example, Downer's last materiality assessment in 2021 took into consideration the divestment of the Laundries and Mining Services businesses.

A desktop review of the results from our 2021 assessment was undertaken this year, with no significant changes to the business.

Governance and ethical conduct



Our performance

The performance information in this section includes Downer's Australian and New Zealand operations.

While Downer's governance policies and procedures cover contractors and joint ventures, performance information in this section excludes these entities.

To achieve Downer's targets and objectives relating to Governance, as set out on page 6 of this report, Downer prioritised the following short-term focus areas in FY22, which we committed to in our 2021 Sustainability Report:

Focus area	Result	Reference
Continue to maintain and strengthen our governance of business integrity	✓	Whistleblower management training Page 29
Undertake a significant redesign of Downer's Risk Appetite Statements that were approved by the Board in 2016	✓	Internal audit and risk Page 29
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	✓	Modern slavery Page 32
Continue to progress The Downer Standard (TDS), including: <ul style="list-style-type: none"> ▪ Centralising Business Unit-specific processes and capability documents within The Downer Standard ▪ Commencing implementation of The Downer Standard Mandate ▪ Defining and implementing a standard management review process ▪ Launching the Delivery Governance Management app in Australia to automate and simplify adherence to the Delivery Management Methodology 	✓	The Downer Standard Page 30 Delivery Management Methodology Page 30
Revise Downer's Privacy Policy to ensure that standards for the collection, use and disclosure of personal information are maintained	✓	Privacy Page 33
Complete the roll-out of the training module on privacy	✗	Privacy Page 33
Increase employee awareness around cybersecurity risks	✓	Cybersecurity Page 33
Continue to review our membership of peak bodies and industry associations.	✓	Industry memberships and associations Page 36



Board structure

We understand 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.

On 1 September 2021, Mark Chellew joined the Downer Board as Non-executive Director and Chairman-elect. On 30 September 2021, Mike Harding retired from the Downer Board, at which time Mr Chellew became Chairman.

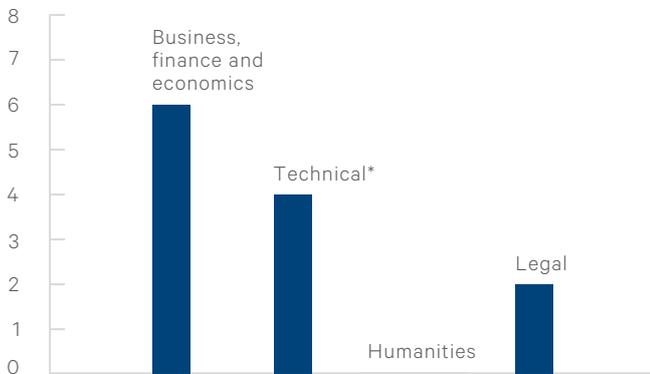
Mr Chellew is an experienced Chief Executive Officer and Non-executive Director, including in the industrial, building materials and transport sectors. He is currently the Chairman of Cleanaway Waste Management Limited and a Non-executive Director of Ampol Limited. Mr Chellew holds a Bachelor of Science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

On 1 March 2022, two new Non-executive Directors, Mark Binns and Mark Menhinnitt, joined the Downer Board.

Mr Binns is an experienced senior executive and Non-executive Director with extensive experience in New Zealand in the energy, construction and building materials sectors where he has been closely involved in many of New Zealand’s largest infrastructure projects. Mr Binns is currently Chairman of Crown Infrastructure Partners and Hynds Limited and a Non-executive Director of Auckland International Airport and several private companies. Mr Binns holds a Bachelor of Laws from the University of Auckland.

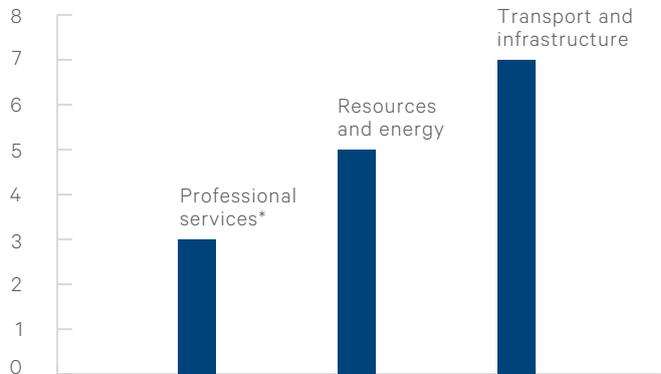
Mr Menhinnitt is an experienced senior executive with extensive domestic and international experience in large infrastructure development and urban regeneration, investment management, construction, asset services, operations and maintenance. He is currently a Non-executive Director of The GPT Group, a member of the Australian War Memorial Development Committee and Chairman of Fluent Property Pty Ltd. Mr Menhinnitt holds a Bachelor of Engineering (Mechanical) and Master of Business (Applied Finance), both from the Queensland University of Technology.

Professional qualifications



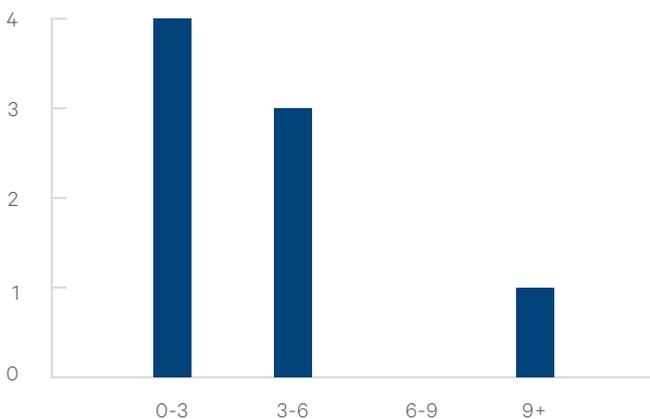
*Comprises construction, engineering, metallurgy and science.

Industry experience

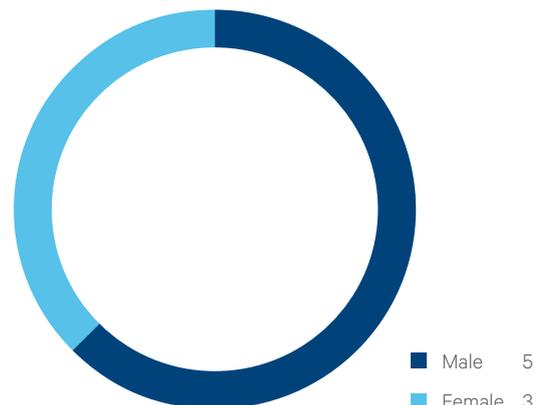


*Includes banking, finance and legal.

Tenure (years)



Gender diversity



On 1 April 2022, Adelle Howse joined the Downer Board as Non-executive Director. Dr Howse has extensive senior executive and Non-executive Director experience in the infrastructure, energy and resources, construction, data centres, telecommunications and property sectors. Dr Howse is currently a Non-executive Director of Macquarie Telecom Group, Sydney Desalination Plant and is Chairman of the Australian Mathematical Sciences Institute. She holds a Bachelor of Science and Doctor of Philosophy (Mathematics) from the University of Queensland, an executive MBA from IMD, Switzerland, and a Graduate Diploma of Applied Finance and Investment.

On 30 June 2022, Phil Garling retired as a Non-executive Director. Mr Garling joined the Downer Board in November 2011 and has provided invaluable leadership through his service on the Audit and Risk Committee, Zero Harm Committee, Remuneration Committee and Tender Risk Evaluation Committee during his tenure.

Internal audit and risk

In FY22, Downer's Internal Audit and Risk function completed 19 internal audits comprising nine project reviews and 10 reviews of key business processes. Core matters that are typically audited include the validation of appropriate payment to our employees, suppliers and contractors. Additionally, implementing project/contract management controls is a key risk that is continuously audited. This is to assure the implementation program and effectiveness of The Downer Standard. The audits and reviews that relate to Downer's material issues consisted of:

- **Payroll:** The review centred on the automation of Enterprise Bargaining Agreements (EBAs), which enables interpretation of EBAs to support automated Payroll calculations. Minor findings were noted in relation to reducing build time and improving work instructions.
- **Purchase to pay:** This review included an assessment of processes, data analytics and a survey of employees engaged in the process associated with the procure to pay cycle. A minor finding was noted in relation to supplier debit balances.
- **Hand-over and kick-off:** This review was focused on the effectiveness of Downer's processes and procedures when conducting hand-over and kick-off of projects. It included processes supporting the upfront identification of Zero Harm and environmental issues. The review confirmed areas where procedures could be rationalised, aspects where further training was required, and also contributed to the redesign of the Delivery Governance Leadership (formerly Project Board) program.
- **Project reviews:** Nine 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.

In addition, Downer completed a review of its Risk Appetite Standard. The Risk Appetite Standard was approved by the Audit and Risk Committee in December 2021. It outlines the parameters that the Group is willing to pursue and is tracked for Board member reference. A cornerstone of the Standard is the contract-specific parameters that define the opportunity's pursual approach across the elements of contract model, payment framework, customer and scope. Contracts that do not meet the Standard require the most senior approval and reporting to the Board.

Financial and Corporate Governance Self-Assessment

Downer conducted two Financial and Corporate Governance Self-Assessment (FCGSA) surveys in FY22, with 245 senior executives completing the first, and 216 completing the second, both of which had 100 per cent completion rates. The number of senior managers who completed the surveys in FY22 was less than previous years. This is a result of business restructuring, including divestments, during FY22.

Timely, honest and transparent disclosures

In FY22, Downer made 165 announcements and disclosures via the ASX and NZX. Of these, 10 were Director's interest disclosures and 117 related to Downer's on-market-buy-back which was announced on 27 April 2021 and continued into FY22. 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 FY22, Downer made a total of \$13,000 in political donations to the major parties through participation in industry forums. Donations were made to the Liberal National Party (\$5,000) and the Labor Party (\$8,000).

Insider trading

There were no reported breaches of the Securities Trading Policy in FY22.

Anti-competitive behaviour

There were no breaches or litigation associated with anti-competitive behaviour brought to Downer's attention in FY22.

Anti-bribery and corruption

There were no breaches or litigation associated with anti-bribery and corruption brought to Downer's attention in FY22.

Whistleblower management training

In FY22, Downer strengthened our governance of business integrity through continuing training on Downer's policies and practices for the management of whistleblower reports. Seventy-five employees completed the training in FY22. In addition, Downer revised our Business Integrity Policy in FY22, with minor updates.

The Downer Standard

The Downer Standard (TDS) is Downer's proprietary Integrated Management System that defines the way we work and deliver for our customers.

The Downer Standard is closely aligned to Downer's Purpose, Promise and Pillars, and covers our core business processes including Customer Planning and Engagement, Opportunity and Bid Management, Delivery Management, Asset Management, Business Services, Corporate Affairs, Company Secretariat, Finance, Human Resources, Information Technology, Legal and Insurance, Plant and Light Vehicles, Procurement, Property, Quality, Risk, and Zero Harm.

The Downer Standard sits across each functional and operational area of Downer to ensure a standardised approach to business planning, operational and functional delivery, reporting, monitoring and decision making. The Downer Standard:

- Provides a structure for governing and sustaining core and Business Unit-specific processes and capabilities
- Is embedded into Downer delivery management processes and tools to ensure consistent service delivery and customer engagement
- 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 – Safety, 9001 – Quality and 14001 – Environment)
- Includes an assurance framework and verification strategy, with comprehensive audit and reporting processes
- Provides a backbone for learning and professional development
- Includes a standard management review process
- Supports the rapid integration of new acquisitions, mergers and joint ventures
- Enables a culture of continuous improvement and customer centricity.

The Downer Standard Leadership Team, chaired by the Group Chief Operating Officer, provides oversight and champions the adoption and continuous improvement of The Downer Standard across the Downer Group.

The Downer Standard aids Downer in meeting its legislative compliance requirements.

Delivery Management Methodology

The Delivery Management Methodology Implementation Program commenced mid-2021 with a focus on further embedding The Downer Standard into Downer's delivery practices.

Over many decades, Downer has built up and refined an enviable library of experience in the delivery of projects and services. This experience has been consolidated into Downer's Delivery Management Methodology, which is based on The Downer Standard for Delivery Management.

The Delivery Management Methodology sets out the 'Downer way' of delivering projects and contracts – the procedures, processes and tools that are designed to make the way we deliver work consistent and repeatable, which provides certainty and value for money for our customers.

The methodology covers all phases of a contract – from mobilisation and delivery, through to the completion of a project or contract.

The fundamentals of the Delivery Management Methodology are built around a defined criteria/category assigned to a project or contract, which is based on the complexity of the work involved, which includes the following key criteria:

1. Contract value
2. Type of contract
3. Level of design responsibility
4. Risk class evaluation.

Once a project or contract is categorised, it follows the five phases of the Delivery Management Methodology:

1. Hand-over and kick-off
2. Plan Day 1 readiness
3. Prepare Day 1 readiness
4. Execute, monitor, control
5. Close-out and capture lessons learned.

The continuous use and ongoing refinement of the Delivery Management Methodology ensures a strong handover and transfer of knowledge across the project/contract delivery lifecycle. It is based on a proven method of managing projects and contracts, and can be tailored to meet business-specific capabilities and customer or legislative requirements.

This ensures a consistent and reliable outcome, which ultimately benefits our people, suppliers, customers and shareholders.

Delivery Governance Management solution

Downer has identified key governance activities from the Delivery Management Methodology that enable delivery teams to build a strong foundation of governance in accordance with The Downer Standard, which sets them up for success.

These activities link to Delivery Management Methodology processes, which are housed in The Downer Standard, and comprise part of an application called the Delivery Governance Management solution.

The Delivery Governance Management solution is developed on Microsoft platforms, and helps our people guide, track and monitor the key governance activities across the Delivery Management Methodology, ensuring the project remains on track and in accordance with Delivery Management Methodology governance requirements, throughout delivery of the project/contract.

The Delivery Governance Management solution sets out to achieve a balance between allowing governance to be dynamic, in order to meet the varying project or contract requirements, while also applying set controls that are visible and measurable and enable successful delivery of work.

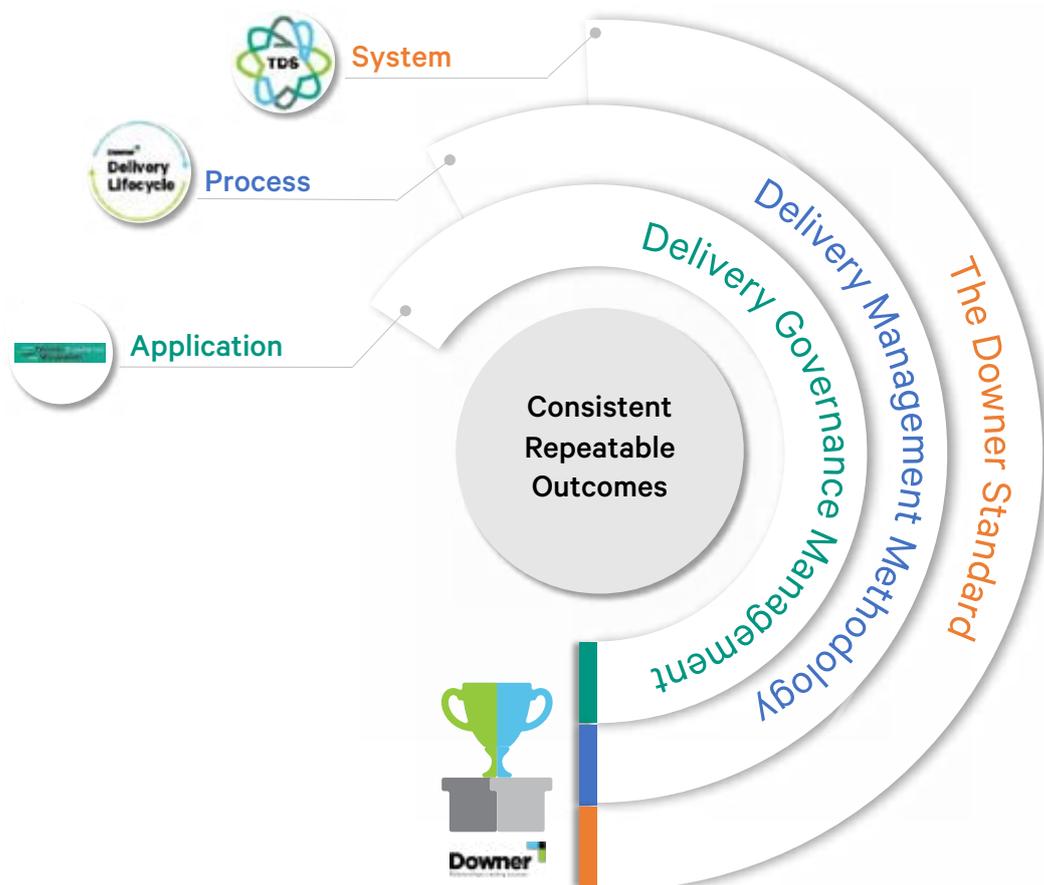
Delivery Management Learning Pathways

The Delivery Management Methodology Implementation Program includes a dedicated Delivery Management Learning Pathways program, which aims to provide our people with a universal understanding of:

- Application of The Downer Standard
- Implementation of the Delivery Management Methodology
- Operation of the Delivery Governance Management.

These structured learning pathways upskill Operational Leaders and Delivery Practitioners, and equip them with processes and procedures to manage and govern the delivery of work. The Delivery Management Learning Pathways program has been tailored to suit employees ranging from new starters to experienced delivery professionals, providing them with the knowledge and skills to apply The Downer Standard and Delivery Management Methodology, familiarise themselves with the Delivery Governance Management and ensure successful delivery outcomes for both customers and Downer.

Downer project delivery model



Human rights

Downer is committed to respecting the human rights of all our employees – and every person within our supply chain.

Human rights are addressed in various sections of this Sustainability Report, as well as other Downer reports.

Human rights issue	Reference
Sex/age/disability/racial discrimination of the workforce	<p>Governance and ethical conduct Organisational culture and sexual harassment Page 37</p> <p>People Inclusion and belonging Page 77</p>
Human rights abuses in our supply chain	<p><i>Downer Modern Slavery Statement 2021</i></p> <p>Governance and ethical conduct Modern slavery – see below</p>
Employment programs for disadvantaged groups	<p>People Opportunities for culturally diverse people Page 79</p> <p>THRIVE program Page 80</p> <p>Walu employment program Page 82</p>
Supporting Indigenous charities	<p>Relationships Corporate partnerships Pages 96-97</p>
Domestic violence	<p>Health and Safety Managing public aggression Page 49</p>
Violence and aggression in the workplace	<p>Relationships Workplace giving program Page 96</p>

Modern slavery

We will not tolerate any form of modern slavery in our operations and supply chain. Downer believes our exposure to the risk of modern slavery in the labour force within our operations is low.

In FY22, 97 per cent of our \$7 billion Tier 1 supply chain spend was in Australia and New Zealand. We believe our exposure to modern slavery risks in our supply chain will reduce further with the divestment of our Mining business and subsequent reduction in supply from medium and high risk countries.

Over the past 12 months, Downer has brought its sustainable sourcing practices into focus.

In support of this focus we met the following deliverables:

- Endorsement of Group Procurement Strategy, inclusive of sustainable procurement initiatives that align with our Group goals and objectives
- Completion of Procurement Operating Model review to support best practice sustainable sourcing and identify gaps
- Delivery of Sustainable Procurement current state and future state review, including a modern slavery risk framework.

We have adopted recommendations from both the Procurement Operating Model and Sustainable Procurement reviews, which include:

- Recruitment of a dedicated Sustainable Sourcing Manager, who will create focus on sustainable sourcing practices
- Restructure of the Procurement function in order to support the Group's sustainability goals and objectives
- Adoption of a deliberate, targeted approach to assess modern slavery risk within our operations and supply chain.

Our specific focus on modern slavery risk has led us to improve our processes and internal reporting controls. Given our large supply chain, it is necessary to identify and predict the occurrence of modern slavery using a number of geographic and classification risk indicators. A central repository of information underpins our efforts to manage communications and monitor high risk suppliers.

We have commenced international supplier audits and are specifically working with our solar suppliers to identify modern slavery risks that may exist in this sector.

Within Downer, we have commenced an education and awareness program to support our business to identify any risk of modern slavery in our operations and supply chain. We have increased modern slavery awareness by updating company-wide process documentation to create additional stage gates for our business to assess modern slavery risks.

We continue to review our supplier onboarding processes and tooling to ensure that the appropriate level of due diligence is performed prior to and during a supplier's engagement.

Downer released its FY21 Modern Slavery Statement in December 2021.

Downer will leverage its understanding of modern slavery to support new legislation in New Zealand coming into effect in FY23.



Privacy

In FY22, Downer revised our Privacy Policy to ensure we maintain the highest standards for the collection, use and disclosure of personal information. Downer had aimed to roll out an internal training module on privacy in FY22. The roll-out has been delayed, and will be deployed in FY23.

Standards of Business Conduct

In FY22, Downer continued to roll out our Standards of Business Conduct training and Workplace Behaviour training, with 11,835 employees completing the module.

Cybersecurity

Downer continues to invest heavily in cybersecurity to protect against evolving cyber threats and risks.

The nature and frequency of these cyber risks has coincided with the security implications of COVID-19, remote working and, more recently, the war in Ukraine. Cyberattacks against government entities, large private companies, third-party contractors and supply chain organisations have continued to increase in both scale and sophistication.

A surge in ransomware attacks globally has seen many high profile attacks over the past 12 months causing disruption to supply chains, and incurring financial loss and reputational harm.

Downer is committed to demonstrating credibility and trust through secure cyber stewardship and custody of our customer data. We also maintain alignment with our risk appetite through cost-effective initiatives and measures.

Downer has delivered accelerated Cybersecurity Risk Mitigation programs, which have resulted in:

- Matured security capabilities, and the implementation of a new security operating model that includes new roles and processes
- 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
- Sustained progress towards achieving ISO 27001 Information Security Management System compliance and implementation of the Essential Eight cybersecurity risk mitigation strategies. This has included revising and updating our IT standards and procedures, applicable to all Downer employees and contractors.

The Downer information security risk management program is aligned to ISO 31000 and operates in accordance with the Group-wide Risk Management Standard. The Audit and Risk Committee is responsible for overseeing the risk associated with information security. Senior leadership brief the Board and Audit and Risk Committee on cyber and information technology risks on a quarterly basis.

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, integrity and availability of their data.

To strengthen our protection against cyber risks, in April 2022, Downer rolled-out mandatory cybersecurity awareness training to all employees, which provided information on the steps to take to keep our business, customers and personal data safe. The training module had a 100 per cent completion rate.

- A revised security strategy that reflects the current threat landscape and establishes our cybersecurity principles and Cybersecurity Risk Management framework

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 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, Sustainability 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. Independent gates apply to the Zero Harm STI scorecard. For Safety, any work-related

fatality within the performance year for a Business Unit will make that Business Unit ineligible for 50 per cent of the Zero Harm scorecard. For the Sustainability/GHG emissions element, any Level 5 or 6 environment incident will make that Business Unit ineligible for 50 per cent of the STI Zero Harm scorecard. The same applies to Downer Corporate.

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.

The People element assesses employee engagement via feedback in Downer's annual Employee Engagement Survey.

Element	Weighting	Threshold	Target	Stretch
Safety performance	5%	Achieve Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR) below the defined threshold for area of responsibility: LTIFR <0.9 TRIFR <3.5.		
Zero Harm – Critical Risk	10%	No actions overdue >30 days arising from High Potential incidents.	Each Business Unit Head to lead a Group-wide Community of Practice (CoP) focusing on better control of one Critical Risk. The CoP must deliver a set of minimum deliverables.	A minimum of two of the Stretch deliverables are met during the CoP identified in Target The Business Unit undertakes a detailed analysis to understand the top three controls requiring improvement.
Sustainability	15%	Each Business Unit: <ul style="list-style-type: none"> Reviews the two Sustainable Development Goal Improvement Plans that were developed in FY21 Achieves the second year goals from that plan. 	Each Business Unit: <ul style="list-style-type: none"> Undertakes a climate-related risk and opportunity assessment facilitated by Group Addresses one risk and progresses one opportunity, and incorporates these into their respective decarbonisation plans. 	Each Business Unit demonstrates they are on track to achieve the GHG emissions science-based target, and Group achieves Sustainability Linked Loan (GHG emissions intensity) Stretch target.
People	10%	Business Units are assessed on a measure of employee engagement.		
Financial	60%	Refer to Downer's 2022 Annual Report for Financial targets.		



Business resilience

Downer defines business resilience as the ability of the organisation to adapt to disruptions while maintaining continuous operations and safeguarding our people, assets and overall brand reputation.

Downer has been a trusted, reliable and resilient organisation for over 150 years. For Downer, business resilience is more than just financial resilience – it relates to the resilience of our people, systems and relationships with our stakeholders.

In recent years, like other organisations, Downer has had to adapt and respond to the COVID-19 pandemic, extreme weather events and geopolitical issues, which have caused increased global uncertainty and resulted in material cost increases, higher energy prices, supply chain disruptions and skilled labour shortages.

Downer's business model has been tested by the cumulative nature of these events, and has demonstrated resilience.

These events have reinforced the importance that Downer places on its commitment to strengthening the resilience of its people, systems, and supply chain to continue to deliver leading services to its customers and the community.

Downer's Urban Services strategy seeks to maintain this resilience by focusing on businesses with predictable revenue, cash flows and attractive medium-term and long-term growth opportunities.

In FY22, Downer has undertaken the following initiatives to strengthen its business resilience:

- Undertaking a comprehensive climate-related risk assessment of Downer's fixed assets, key sites and locations to assess their resilience to the physical impacts of climate change, such as extreme heat, bushfires, and severe weather events (for example, intense rainfall, storms, lightning and cyclones). For further information, refer to Downer's Climate Change Report to be released in FY23
- Refined Downer's Business Continuity Plans, as well as our systems and processes to strengthen the organisation's resilience to any future disruptions. For example, if one of our Road Services asphalt plants is taken offline due to flooding or a bushfire, we can produce asphalt from one of our nearby plants to meet our customers' needs
- Investing in our people by providing training opportunities for career development and personal growth, as well as welfare support programs such as Mental Health First Aid, and our Employee Assistance Program
- Spending considerable time and investment equipping our systems and employees/contractors with the tools to enable efficient, flexible work
- Reviewing and updating COVIDSafe plans, risk assessments and Business Continuity Plans as Public Health response shifted from a low-transmission pandemic to a high-transmission endemic environment
- Focusing on workforce attraction and retention and programs to develop Downer's talent and capability from within
- Building resilience in our supply chain through onboarding new and local suppliers to provide contingency with procured goods and services, and ensure supply agreements have adequate mechanisms to deal with disruptions
- Reviewing and monitoring contracts to ensure Downer has adequate protection/adjustment mechanisms for price movements (for example, material costs and availability, and labour cost divergence) and supply chain uncertainty.



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:

- Asset Management Council
- Australian Constructors Association
- Australian Climate Leaders Coalition
- Australian Council of Recycling
- Australian Flexible Pavement Association
- Australian Hydrogen Council
- Australian Industry Group
- Business Council for Sustainable Development Australia
- Business Council of Australia
- Civil Contractors Federation
- Civil Contractors New Zealand
- Clean Energy Council
- Construction Sector Accord (NZ)
- Infrastructure Partnerships Australia
- Infrastructure Sustainability Council
- Institution of Professional Engineers New Zealand
- New Zealand Climate Leaders Coalition
- Responsible Construction Leadership Group
- Supply Chain Sustainability School
- Sustainable Business Council of New Zealand.

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 FY23, Downer will:

- Broaden awareness and education within our business and supply chain around modern slavery risks
- Roll out internal training module on privacy
- Roll out a new campaign called 'Respect at Work' aimed at respecting each other's rights, addressing legislative changes to the Sex Discrimination Act and Fair Work Act (Australia) and providing a psychologically safe workplace
- Continue to embed the Delivery Management Methodology by implementing tailored learning pathways for Operational Leaders and Delivery Practitioners
- Embed the Delivery Governance Management solution to ensure consistent application of the Delivery Management Methodology and visible tracking and reporting for our managers
- Update The Downer Standard SharePoint site to address external audit recommendations
- Enhance Business Unit cyclical reporting through the lens of The Downer Standard, aligned to our Risk Appetite Standard
- Develop a more robust and consistent Opportunity and Bid governance process.



Emerging issues and market trends

Organisational culture and sexual harassment

Organisational culture, and in particular sexual and sex-based harassment in the workplace, has been a highly publicised issue in recent years, following campaigns such as #MeToo and #LetHerSpeak.

In 2020, the Australian Human Rights Commission published a report following an inquiry into sexual harassment in Australian workplaces. The report, called Respect@Work, made recommendations to the Federal government regarding changes to laws and regulations designed to improve the process for complainants and strengthen legal protection against being subjected to sexual harassment and sex-based harassment. The Federal government has adopted these recommendations, and further changes will likely be made, including additional obligations for employers to prevent sexual harassment and sex-based harassment in workplaces.

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

In FY22, Downer developed a strategy to further a workplace environment where sexual harassment and sex-based harassment are actively prevented, where employees feel safe raising complaints, and feel confident that any complaint will be dealt with in an appropriate way. This strategy will focus on the following key areas:

- Systems – including policies and procedures, reporting, investigation, training and support
- Culture – including awareness, education, leadership and initiatives designed to promote and improve dignity and respect
- Risks – including identification and mitigation of workplace and compliance risks.

Health and safety



Our performance

The performance information in this section includes Downer Australia and New Zealand operations.

The performance data also includes Downer contractors and Downer employees involved in unincorporated joint ventures.

To achieve Downer's targets and objectives relating to Health and safety, as set out on page 6 of this report, Downer prioritised the following short-term focus areas in FY22, which we committed to in our 2021 Sustainability Report:

Focus area	Result	Reference
Continue the consolidation of Critical Risk bow tie analysis and verification through our Communities of Practice	✓	Communities of Practice Page 45
Implement the improvements and outcomes identified by the Communities of Practice and incorporate them into The Downer Standard	✓	Communities of Practice Page 45
Build on the progress made on The Downer Standard and extend our consistent approach into deeper layers within the company, improving utilisation by the frontline	✓	Reinforcing The Downer Standard Page 45
Enrich the quality of our data and utilise emerging technologies in our strategy and planning activities	✓	Accelerating consolidation with artificial intelligence Page 43
Roll 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	✓	Enterprise Data Warehouse Page 43
Refine our in-house training programs to reflect The Downer Standard, and increase the risk management competency of our workforce	✓	Reinforcing The Downer Standard Page 45
Continue to monitor all COVID-19 risks and controls and support Government vaccination roll-out strategies.	✓	COVID-19 response Page 47



For our approach to health and safety, visit:
downergroup.com/2022sustainabilityreport-healthandsafety

Downer's Total Recordable Injury Frequency Rate (TRIFR) for FY22 was below target at 2.35 which was an improvement on 2.60 in FY21. Downer's Lost Time Injury Frequency Rate (LTIFR) was also below target at 0.82, which is an improvement on the FY21 result of 0.99. This is 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. See table below for 12-month rolling frequency rates.

Sadly, a long-term Downer employee in New Zealand died in May 2022 following a fall at work. Although the cause of death is not yet known, Downer has treated this as a workplace fatality. This incident is a reminder of the challenges of ensuring we remain vigilant and relentlessly manage the Critical Risks associated with the work we do every day.

During FY22, Downer incurred two penalty infringement notices relating to safety concerns totalling \$13,904 AUD.

- A penalty infringement for \$10,904 was issued concerning an alleged technical breach of the *Public Health and Wellbeing Act 2008 (VIC)*. Downer believed it was in compliance, in that the scope of work being conducted at that location was permitted in accordance with the list of exempted works, and that Downer had received authorisation. Downer was unsuccessful in its administrative appeal of the notice and opted to pay the fine rather than pursue further challenges
- Downer's VEC Civil Engineering business was issued with an infringement notice for \$3,000 relating to work in proximity of overhead power lines.

Downer was also charged with a breach of the *Heavy Vehicle National Law Application Act 2013 (VIC)* relating to overload of a heavy vehicle moving stockpile, which required a short travel on public roads. Downer has entered into an Enforceable Undertaking with the National Heavy Vehicle Regulator.

* Fatality was Downer employee

Downer Group safety performance

	FY20	FY21	FY22
LTIFR/million hours worked	1.08	0.99	0.82
TRIFR/million hours worked	3.10	2.60	2.35
Fatalities*	1	0	1
Fines	7	2	2
Prosecutions	0	0	0

Detailed safety performance FY22

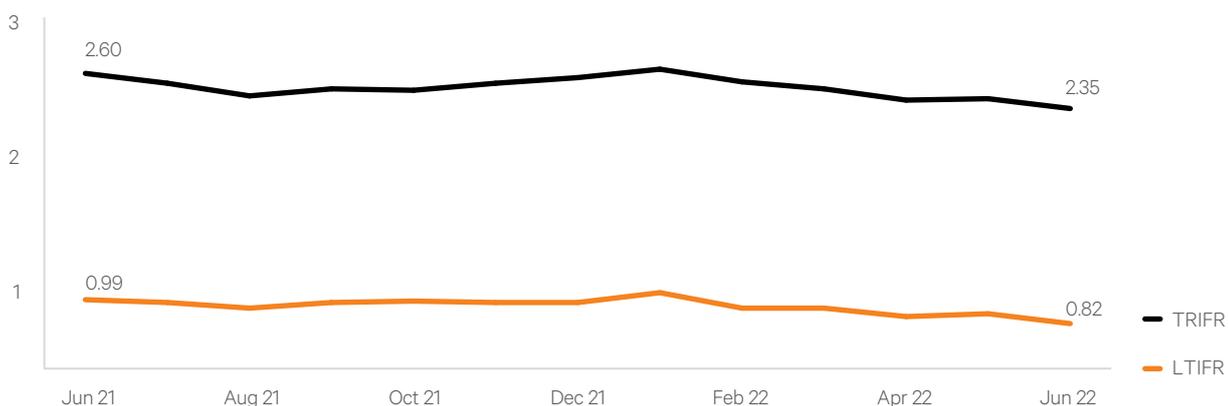
	Gender	AU	NZ
TRIFR	Male	2.48	4.00
	Female	0.83	1.89
Occupational disease rate	Male	0.48	0.26
	Female	0.23	0.10
Severity rate	Male	13.31	40.92
	Female	5.41	5.36

Downer partnered with McConnell Dowell in a joint venture to deliver stage 2 of the Christchurch Southern Motorway extension and upgrade (CSM2).

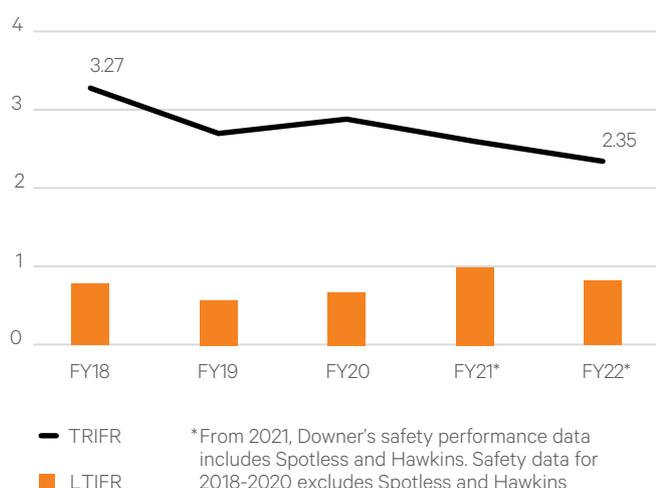
On 30 October 2019, a cyclist was fatally injured in a collision with a concrete truck delivering concrete to the CSM2 project. As a result, Downer and McConnell Dowell were charged with one offence under sections 36(2), 48(1) and 48(2) of the Health and Safety at Work Act 2015 in relation to the incident.

On 22 March 2022, Work Safe New Zealand accepted an Enforceable Undertaking from Downer New Zealand Limited, which commits to total expenditure of at least \$1,000,000 (NZD) to develop a training program, support a scoping study, develop a NZQA qualification and facilitate a cyclist awareness campaign, in order to improve safety for vulnerable road users.

LTIFR and TRIFR (12-month rolling frequency rates)



LTIFR and TRIFR trends over the past five years



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.

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 FY22 were:

- Working with mobile plant and equipment
- Working at height
- Vehicles and driving
- Working with electricity
- Working in the vicinity of existing services.

Note: Working with stored and hazardous energy is no longer one of Downer's top five Critical Risks, moving to the eighth-highest in FY22.

In FY22, 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.

Downer continued Critical Risk management throughout FY22.

Critical Risk activity	FY20	FY21	FY22	Change FY20-FY22
Working with mobile plant or equipment	0.52 (66)	0.50 (57)	0.36 (32)	-31%
Working at height	0.59 (74)	0.40 (46)	0.35 (31)	-41%
Vehicles and driving	0.25 (32)	0.26 (30)	0.27 (24)	8%
Working with electricity	0.29 (37)	0.22 (25)	0.17 (15)	-41%
Working in vicinity of existing services	0.05 (6)	0.06 (7)	0.06 (5)	20%

In FY22, Downer combined historical Critical Risk data for Hawkins and Spotless into the Downer reporting system. Therefore, the FY20 statistics reported in the table above differ from those reported in our 2021 report. The FY21 statistics also differ slightly from those reported in 2021 because a small number of incidents were reclassified during FY22. Reclassification of incidents occurs when additional information is obtained or the nature of an incident changes.

Downer utilises Communities of Practice, which are teams with representatives from across the organisation, with expertise in the subject matter relating to an aspect of a Critical Risk. They provide guidance to the Group on best practices in their subject areas. These teams work together to identify and share best practice lifecycle management, risk management and safe working practice across Downer to drive a continuous improvement focus to Critical Risk Management.

Each Business Unit leads at least one Community of Practice with participation from Business Units whose work involves that critical risk activity. There was strong focus on the 'Working with mobile plant and equipment' Critical Risk activity, with the Road Services business leading a program of work to improve the effectiveness of exclusion zone areas around moving plant and equipment.

The 'Working at height' activity was a focus in FY22, led by the Facilities Business Unit. This included improved information and instruction around effective controls through The Downer Standard, and the development of Toolbox Talk information on the implementation of controls to mitigate risks.

Downer's Utilities Business Unit also spearheaded efforts to improve the effectiveness of controls relating to the 'Working with electricity' activity, building a comprehensive Group-wide review of controls into an update to Downer's Working with electricity Standard.

CASE STUDY

Empowering our people to isolate the problem



Downer has partnered with our customer, Logan Water, to engineer a simple yet effective innovation to protect our people and communities.

Downer's Water Services team is regularly required to shut down parts of the City of Logan's water network to conduct maintenance activities. A pressurised water network stores energy, which can be hazardous to workers if the energy is released when a work area is not isolated. This can result in safety incidents, lost productivity, increased costs and unplanned water outages for customers.

Effective isolation is important to guard against these risks. To date, there has not been an engineering solution which allowed for effective water isolation, so Logan Water and Downer empowered our people to investigate a safe and efficient solution.

As part of our team's Human and Operational Performance program, facilitated Learning Teams were used to better understand how we conduct network isolations. All key stakeholders involved in the isolation process provided views on why isolations can be successful or unsuccessful. The group noted that securing some isolations was difficult. This sparked the development of a prototype valve isolation lock in collaboration with industry partner, Mass Products.

The lock enables physical control of a water network isolation - providing confidence that hazardous stored energy is controlled while maintenance occurs. The lock comprises a steel plate which is secured inside a valve box. The plate is locked in place with an individually keyed lock, and a warning tag. The lock makes it clear to workers when infrastructure is, or isn't, isolated. The warning tag also makes it easy to identify who is working on the isolation.

Using the isolation lock, we have achieved a success rate for isolations of more than 90 per cent – and there have been no safety incidents associated with stored energy during these activities. Successful isolations have protected our people, avoided extra project costs and reduced unplanned water outages for customers.

The cost-effective lock is now available to all water industry organisations from Mass Products' online store – and the solution was recognised as an industry-leading innovation when our Water Services team won the national Water Industry Safety Excellence Award at the Ozwater'22 Gala Dinner in May 2022.

This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals:



Looking critically at our Critical Risks

Downer aims to prevent fatalities and irreversible environmental events through management of Critical Risks. In FY22, Downer's focus included:

- Consolidating our approach
- Driving consistency, efficiency, learning and continuous improvement
- Reviewing our practices, our bow tie analysis and our controls, which are used to improve the management of risk and clarity of information and instruction provided to our workforce
- Developing consistent data on performance which we use to drive priorities, and further improvements
- Building momentum in the digital transformation of our Critical Risk management program and enabling us to take advantage of technology advancements as they arise.

The work involved detailed analysis of our Critical Risks and the controls required to manage these risks. Analysis of the criticality, effectiveness and function of these controls has been carried out by our Communities of Practice. This allows us to reduce duplication, and assess and strengthen our understanding of which controls are truly critical. The work is being used in our instruction and training programs to help our people focus on the risks and controls that matter.

Using advanced analytical technologies, such as semantic natural language analysis, we have consolidated over 300 Critical Risk bow ties and 16,000 controls into an integrated set of approximately 50 bow ties and 3,000 controls. Our consolidation work has enabled us to comprehensively assess and integrate our existing Critical Risk and control information and remove duplication. This is an important step in optimising and evolving our Critical Risk program.

This consolidation will enable Downer to provide our people with clear information on the controls that must be in place in order for work to be undertaken. It also means that we can improve the effectiveness of our verification activities so that we focus on the controls that are most effective for the work taking place. It also enables us to integrate insights from across the Group on which controls are working and which are not.

This supports our commitment to make it easier for our frontline to make informed choices and support our people to deliver our services safely for our customers and the communities in which we operate. We will continue to adopt advanced and emerging technologies that deliver deeper insight, drive enhanced performance and improve the experience for our frontline.

Accelerating consolidation with artificial intelligence

In FY22, Downer has successfully utilised artificial intelligence to accelerate our Critical Risk Consolidation program. Using a number of innovative natural language processing and artificial intelligence tools, Downer has been able to complete works that would previously have taken up to four years in just one year.

Natural language processing has been used to analyse our incident data and systems of work to verify that the risk controls required are consistent with those identified during Critical Control Consolidation activities. The ability of the natural language processor to identify phrases as well as particular words, without being limited to exact phrases or words, has allowed Downer to process significant volumes of information in a short time.

The review of the incident data has supported the Critical Control Consolidation program and development of master control libraries, and fast-tracked systems of work alignment activities.

The same tools will be utilised to review training programs and information to fast-track consolidation and alignment of training programs to drive consistency and reduce duplication and waste through consolidated training programs.

Downer continues to work with technology partners, such as Microsoft, to develop and integrate advanced technology in the analysis and management of Critical Risks in the business.

The consolidation and optimisation delivery model is delivered through our Communities of Practice.

Enterprise Data Warehouse

Building on the work completed in FY21, Downer's Enterprise Data Warehouse has established the foundation for data federation across our Zero Harm systems. This consolidates our incident, injury management, inspection, environment and sustainability data in one place.

In FY22, we accomplished our goal to create and optimise a Downer-wide Zero Harm data model to enable access to data and improve analytics for our Business Units.

The benefits will be two-fold.

Firstly, it presents a single source of truth for Zero Harm data, which will allow for better decision making and insights across the organisation.

Secondly, we will have the ability to run predictive analytics on our data to support operational decisions.

Furthermore, it will support our aspiration to leverage data science techniques such as natural language processing and computer vision to support operational and Critical Risk decision making.

The planned expansion of the Enterprise Data Warehouse in FY23 to consolidate other data domains – including financial, people, project controls and asset data – will play an integral part in our data and analytics strategy.

CASE STUDY

Using AI to help keep our people safe at work



At Downer, keeping our people and communities safe is our number one priority – and we are constantly looking for new and improved ways of achieving this goal.

In FY22, we partnered with Microsoft and IT services specialist, Crayon, to build an AI-powered Zero Harm management system that will help keep our people safe by providing faster access to Critical Controls than ever before.

When a Downer employee is logging information about the day's work, or looking retrospectively at incident reports, the Microsoft Azure machine learning natural language processing model can take these input documents and automatically identify the risks our employee might be exposed to and the control that will mitigate those risks. The purpose of the AI is to identify such risks and therefore our people can eliminate the exposure to hazards for frontline workers.

This is not only aligned to our Safety Pillar, it is also a great example of our Thought Leadership Pillar. It is an innovative approach that helps keep our people safe, while also saving time on the job and making our data work harder for us.

“Our vision is that the work we do will, over time, feed into frontline decision support systems that help our teams decide on the best way to do their work when they need to do it, and give them up-to-date best practice and consolidated lessons learned on how to do it well,” Downer’s General Manager of Zero Harm Risk, Mathew Hancock, says.

“We learn an incredible amount every year, and smarter systems will help us consolidate these lessons and get them to the people who need them, when they need them.

“We also want it to be really easy to keep track of what is and isn’t happening, and to check if what is being done is working. If we can learn which things work really well in an easy and unobtrusive way and share this efficiently with others doing the same work in real time, we could see amazing benefits in Zero Harm performance and productivity.”

This approach also allows Downer to fast-track the outcomes of the Communities of Practice we have established around particular risks and work activities.

This initiative demonstrates Downer’s contribution to achieve the following Sustainable Development Goals:



Communities of Practice

This year, Downer's Communities of Practice commenced a multi-year program of work to deliver the optimisation and consolidation of the Critical Risk program. Delivering this work through a Community of Practice forum enabled us to harness the expertise of our people and operational requirements.

Downer currently has 10 active Zero Harm Communities of Practice, with a number of sub-groups to focus on activities that occur relevant to the risk. For example, the Health and Hygiene Community of Practice has sub-groups associated with specific risks within that subject area, such as noise and health monitoring to support the different risks and requirements associated with the work. Each Community of Practice consists of Operational and Zero Harm employees from across the Group, and is sponsored by a Downer Executive.

The scope of works for these communities involves consolidation of Critical Risk activities, and the Critical Controls associated with the activity, to reduce duplication, drive consistency in how risks are managed and how work is performed, and drive improvements in data collection and analysis.

This consistency streamlines our management of Critical Risks across the Group, and will ultimately make it easier for our people to make the right safety decisions. The outcomes of the work are embedded into our systems and processes, and the information is provided to frontline employees – making it easier for them to understand what Critical Risks are present, and which Critical Controls must be present, or may be optional, depending on the nature of the work.

The results of this work will be considered when reviewing training systems and programs, to provide our workforce with accurate information concerning the management of risks.

During FY22, the Communities of Practice completed a comprehensive review of the respective Critical Controls applicable to their areas. This included:

- Developing a master Critical Control library, along with Critical Control function description to support frontline employees in making sure that the right controls are selected
- Finalising bow tie consolidation
- Establishing the Cranes and Lifting Community of Practice, and Scaffolding Community of Practice, which have continued to improve information in The Downer Standard, which is accessible across the organisation. These enhancements have been informed by feedback from the frontline, and have driven best practice and consistency of approach and understanding of the risks. These communities also review industry guidance data and incidents to assess the impact on our systems of work for these activities, and drive any required changes.

A number of Communities of Practice have also prepared training and information to support the work they have completed, and started the process of reviewing our systems and processes on The Downer Standard.

Reinforcing The Downer Standard

In FY22, Downer built on the foundations established through The Downer Standard, and the benefits provided by centralised information, requirements and processes. We have focused on responding to feedback to enhance the clarity of the information provided, reduce duplication and capture opportunities to improve the way we work, and the information we collect.

The feedback received through The Downer Standard not only offers positive opportunities for improvement, it also demonstrates that the system is being effectively utilised by the business.

We conducted a Group-wide review of the Safety Management Plan template and model content, working across the organisation to modernise our approach to responding to the various requirements of the different types of work we typically undertake, and capture regular customer requirements. This work has also led to the development of additional model safety management plans that are specific to customers we work with most frequently, and to better reflect the breadth and diversity of our services. This work would have been significantly harder to achieve without having a centralised approach in place.

Wellness in the workplace

Injury prevention remains a critical part of improving employee 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 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 2022, this program reinforced the importance of being alert in the 'Moments that matter', building on our 2021 theme of the importance of good decision making
- 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.

Mental health and wellbeing

In 2017, Downer recognised that mental health was a growing societal issue, and created a multitiered strategy to help Downer employees and their families manage their health and wellbeing.

A key outcome of this strategy is the delivery of the Gold Standard Accredited¹ Mental Health First Aid training course across the business, which arms our people with the knowledge and insights to support themselves, their colleagues, family, friends and people within their communities.

The importance of the Mental Health First Aid program as a key strategic initiative to Downer was reinforced when it was included as a KPI attached to our Sustainability Linked Loan. Refer to page 11 for more information on Downer's Sustainability Linked Loan.

In FY22, 492 people were trained in Mental Health First Aid (MHFA) across the company. Mental Health First Aiders are available to assist their colleagues, family and friends 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.

Since the program's inception in 2018, Downer has partnered with Mental Health First Aid Australia to build an employee peer support network of more than 2,000 accredited Mental Health First Aiders. However, Downer's commitment to mental health goes beyond our workforce – we also open up the course to employees' family members, to joint venture partners, as well as members of the communities in which we operate, meaning, in total, Downer has trained more than 2,500 people in Mental Health First Aid.

Having this mature culture allowed Downer to redevelop our MHFA course during the first two years of the COVID-19 pandemic, and trial an online version of the course in conjunction with the MHFA Australia research arm. This course has now been endorsed by MHFA Australia and is being utilised, not only internally at Downer, but also around the world.

Over the past three years, Downer also created, launched and trained thousands of people in Foundations of Mental Health, which gives an insight into the basic neuroscience behind the most common mental illnesses in Australia.

In FY22, in response to a growing need to redefine and maintain resilience, Downer created a seven-week in-house Protective Factors webinar series focusing on creating psychologically safe environments and techniques for maintaining good health, mindfulness strategies, communication and empathic leadership skills. Topics covered include psychological elements of health and wellbeing, resilience, empathic leadership and communicating and connecting. This program follows on from accreditation in Mental Health First Aid training.

1. 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.

As part of our commitment to providing our people with the information they need to support their mental wellbeing, Downer provides monthly online Lunch and Learn sessions. These sessions are tailored to address trends surfacing through Downer's Employee Assistance Program, as well as general advice to support wellbeing – including techniques for managing stress, the importance of sleep and how to improve sleep quality, eating healthier, the importance of social connections and getting outdoors, and guidance and encouragement on adaptive coping.

COVID-19 response

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

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

Downer supported Australia and New Zealand Governments' vaccination initiatives. We also provided information about the benefits of vaccination and strongly encouraged our employees to consult with their treating medical professional and, consistent with that advice, to have the vaccination when it was available to them. Where a government, industry or customer vaccination requirement existed, as with other forms of vaccination, Downer adopted this requirement.

The public health response to COVID-19 transitioned during FY22 from an elimination/suppression strategy to one of 'living with COVID' across Australia and New Zealand, as vaccination rates across the community reached government targets. With this change in public health response, Downer experienced increased rates of COVID-19 cases and contacts within our business, reflecting the increased transmission in the community.

Downer's Business Continuity Plans specifically relating to the COVID-19 pandemic, are supported by detailed COVIDSafe Standards, site-specific COVIDSafe Plans and a Pandemic Playbook that guided the management of positive cases and contacts. These have been in place in various iterations since February 2020. The Business Continuity Plans considered and documented strategies to manage the risk whereby increased COVID-19 transmission might impact Downer's ability to meet project service requirements or milestones due to:

- Access to persons in key roles, or roles requiring specialist skills or licences
- Unavailability of employees due to being COVID-19 positive, complying with isolation requirements, or following a major outbreak on-site
- Access to supply
- Delays through delivery partners, such as labour hire or specialists
- Delays associated with increased shutdown and deep cleaning.

Business Continuity Plans, COVIDSafe Standards and plans, and the Playbook were regularly reviewed to ensure they remained contemporary based on: lessons learned within Downer and across industry throughout the pandemic; new knowledge regarding behaviour of variants; changes to government requirements including Testing Tracing Isolation and Quarantine (TTIQ); and the availability and effectiveness of testing, vaccinations and antivirals. This was underpinned by regular communication across the Group.

In advance of the changed public health response, Downer undertook a review of Business Continuity Plans, which addressed the following:

- Worker safety: Risk assessments were reviewed around the appropriateness of controls in place and their effectiveness in a high transmission environment. COVIDSafe Standards and plans were updated to address additional controls such as rapid testing, self-testing and the impact of vaccination. Plans also addressed controls for those who are not vaccinated and at greater risk of transmission, or in a vulnerable category.
- Business resilience: Business Continuity Plans were reviewed to ensure they adequately considered the impacts to critical project deliverables, critical roles and potential supply delays. The review of the business continuity arrangements also required the business to further develop contingency plans where a difficulty was assessed.

Downer implemented a Situation Report (SITREP) process derived from crisis management processes to monitor business impacts across the Group as public health management transitioned from the suppression focus.

Overall, Downer's Business Continuity Plans proved effective in minimising impacts.

Labour was impacted particularly in locations with higher community transmission. Labour was also impacted by border restrictions, which occasionally constrained the ability to move key skillsets around as required to meet contract obligations. However, Downer deployed strategies to manage this impact, including initiatives to protect critical roles, redirecting parts of the workforce when possible, and working with customers to help mitigate delays and reprioritise works.

Supply chain impacts included disruptions to materials that are manufactured and supplied from overseas, including the availability of Rapid Antigen Tests. In addition, logistics suppliers (including warehousing and transport providers) were impacted significantly, which affected the receipt of some orders. Some issues were reported with smaller delivery partners where labour impacts were felt heavily amongst smaller workforces. The ability to engage with alternate contract partners assisted in managing this, along with changes to requirements for TTIQ for close contacts.



VAXn8 application

To help protect our people against the spread of COVID-19, and ensure Downer could continue delivering services for our customers throughout the pandemic, Downer developed our own online portal for employees to register their vaccination status.

As Australia and New Zealand shifted towards living with COVID-19, most of our customers required Downer to record the vaccination status of our workforce. Doing so enabled us to continue delivering services for our customers safely and ensured we met the requirements of Public Health Orders.

Downer developed an online portal, which we called VAXn8, and encouraged our people to upload their vaccination records and medical exemptions.

Protecting the privacy of our people is one of Downer's highest priorities. All information uploaded to the portal is stored securely and protected by strict access control mechanisms to ensure that only approved members of Downer's People and Culture and Zero Harm leadership teams could view the information and documentation.

Our future focus

In FY23, Downer will renew our focus on progressing key strategic health and safety programs and initiatives. These future areas of focus include:

- Continuing to build the integrity of our consolidated Critical Control library gap analysis to verify inclusion of regulatory requirements accompanied by compliance mapping
- Conducting gap analysis review of Safe Work Method Statement controls and aligning with the Critical Risk Control library
- Conducting review and gap analysis of inspection and audit forms with the Critical Risk control library for consistency, optimisation and to eliminate duplication
- Continuing to analyse incident data, optimised with artificial intelligence tools to provide valuable insights regarding Critical Control effectiveness and incident causal pathways
- Continuing to improve the quality and effectiveness of information to frontline employees, through bespoke training programs providing concise targeted information concerning the core 'go/no go' Critical Risk controls for relevant Critical Risk activities
- Reviewing permitting processes to drive alignment and effectiveness of subcontractor management
- Reviewing and refining lessons learned processes to increase effectiveness and enhance the quality of the information obtained through the process, which improves Critical Risk and control analysis, causal pathway understanding and systems of work
- Reviewing and improving Zero Harm management system content, integrating outputs of Communities of Practice and insights from the Critical Risk program.



Emerging issues and market trends

Managing public aggression

Providing a safe workplace is a fundamental principle of health and safety and human rights.

Violence and aggressive behaviour by members of the public towards employees who interact with the public, or conduct work in public locations, is increasing in our workplaces, mirroring increasing rates in society in general.

Protecting our people from exposure to this risk requires a new way to look at protection and providing workplace safety. To better understand the impact of violence and aggression in our workplaces, Downer has established a Community of Practice to explore the ways in which violence occurs, and to develop a best practice framework to support our people in the management of this risk.

Transformative technology

Technology is changing the work that we do – and the way we do it. We recognise that this can deliver considerable improvements in the productivity and safety of our workforce, but we must remain aware of the potential issues when rolling out technology.

Opportunities include the ability to reduce manual, repetitive, high risk tasks. The reduction in human exposure to these tasks decreases the possibility of significant injury across the workforce. Throughput may also be increased with the deployment of technology, allowing expansion of productive activities.

The roll-out of technologies is not without risks. The risk of digitalised psychosocial violence is prevalent when technology is rolled out without consultation. Employees may fear job losses if a number of previously manual roles are replaced by technology. A loss of autonomy and privacy may result when workers are forced, in rapid fashion, to reskill and upskill without a considered transition plan and consideration of the skills and experiences of employees.

Trust is another issue. When rolling out technology, we may not harness its full potential because we don't trust it to replace humans to do particular tasks safely, or we may not believe it can do tasks as well as humans can. Conversely, we may over-trust technology and not implement sufficient monitoring parameters and procedures, and this can result in adverse outcomes from a health and safety perspective.

An increasing trend with the roll-out of new technology is workers spending more time using screens, monitoring processes rather than completing them manually. This 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.

Downer has been exploring the increased use of automation and robotic equipment. Further, drone technology has been deployed to monitor risks at locations where a top down view can provide enhanced visibility over on-the-ground monitoring.

Downer collaborates with technology experts to explore opportunities for new and enhanced technology. In doing so, we ensure that technology is rolled out with significant consultation with all stakeholders to ensure that multiple perspectives are considered.

Environment



Our performance

The performance information in this section includes Downer Australia and New Zealand, including contractors and joint ventures.

Joint ventures have been included for 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 2022 Annual Report.

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.

To achieve Downer's Environment targets and objectives, as set out on page 7 of this report, Downer prioritised the following short-term focus areas in FY22, which we committed to in our FY21 Sustainability Report:

Focus area	Result	Reference
Continue to focus on Downer's Urban Services strategy by providing services that promote a sustainable future and transition to a low-carbon economy	✓	Downer completed the sale of its Open Cut Mining East business in December 2021. This finalised the divestment of Downer's former Mining Services Business Unit.
Achieve our Science-Based Aligned Targets of 511.32 ktCO ₂ -e, and 31.40 tCO ₂ -e/AUD\$m revenue	✓	Managing our GHG emissions Page 62
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	✗	Scope 3 emissions Page 64
Refresh our climate-related financial risks and opportunities, in line with changes in the company since our 2018 assessment	✓	<i>Downer's Climate Change Report</i>
Undertake a climate-related financial impact assessment of Downer's fleet (light and heavy), fixed assets, asphalt plants and physical climate impacts	✓	<i>Downer's Climate Change Report</i>
Improve our ESG ratings scores	✓	Sustainability snapshot Page 5
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	✗	Managing our GHG emissions Page 62
Continue to pilot EVs and commit to at least three more pilot trials of EVs	✓	Managing our GHG emissions Page 62
Establish waste-to-landfill reduction and water reduction targets and identify initiatives to assist in achieving these targets	✗	Waste management Page 54 Water management Page 60
Continue to take a whole-of-life approach when considering initiatives and specifying materials. Apply Lifecycle Assessment to our road pavement products	✓	Circular economy and resource management Page 57
Increase our supplier engagement around decarbonisation, through an increased response rate to our CDP supply chain survey, which forms an important part of our Scope 3 emissions portfolio.	✓	Supply chain engagement Page 106



For our approach to the environment, visit:
downergroup.com/2022sustainabilityreport-environment

Downer's Climate Change Report

Downer is proud of its reputation as an industry leader in climate change. Downer was an early adopter of the Taskforce on Climate-related Financial Disclosures (TCFD), and has also set ambitious science-based GHG emissions reduction targets for our own operations since 2018.

In FY23, Downer will enhance our position as thought leaders in this space by developing and publishing a standalone Climate Change Report, which will complement this Sustainability Report and Downer's FY22 Annual Report.

The Climate Change Report will be prepared to provide shareholders and potential shareholders with information on Downer's climate-related plans. This includes our strategies to thrive through the energy transition by summarising our climate-related plans, activities and disclosures in accordance with the TCFD.

Detailed information on Downer's approach to climate risk, as well as our decarbonisation plans and growth strategies including our contribution to renewable energy, will appear in Downer's Climate Change Report. As such, cross references to the Climate Change Report will appear throughout this section.

Environmental compliance

In FY22, Downer maintained its Group-wide target of zero environmental prosecutions, zero Level 5² or Level 6³ environmental incidents and zero significant environmental incidents⁴.

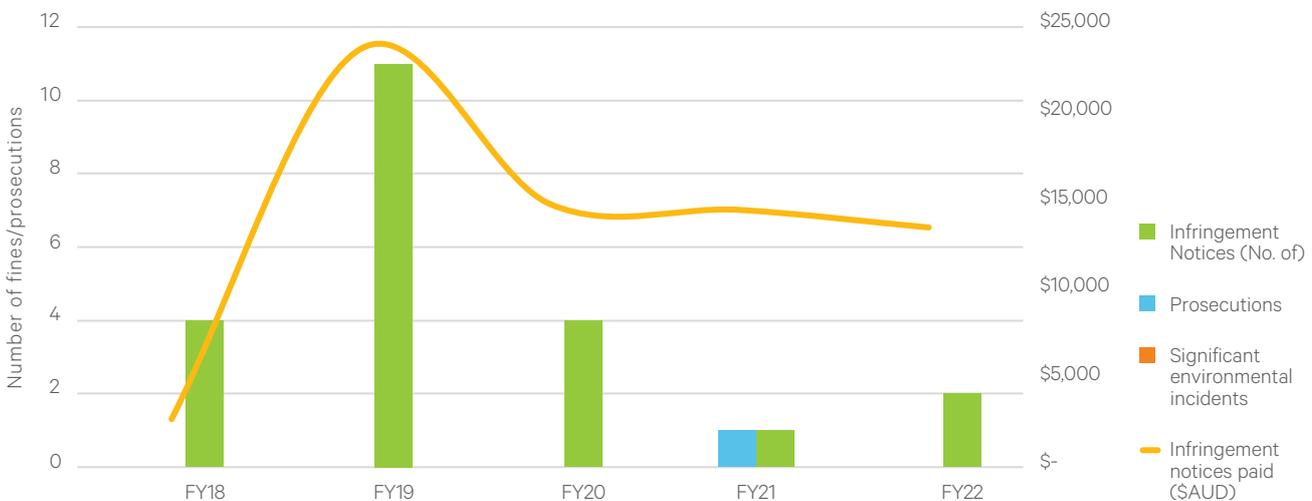
Unfortunately, Downer incurred two penalty infringement notices totalling \$13,617 AUD in FY22.

On 15 July 2021, Downer received a Penalty Infringement Notice (PIN) for the amount of \$13,345 AUD from Moreton Bay Council. The PIN was issued for the contravention of a condition of the *Environmental Authority* under the *Environmental Protection Act 1994* involving the uncontrolled release of a contaminant into a stormwater drain.

In December 2021, Downer received a PIN for NZD\$300 (\$272 AUD) from Christchurch City Council. The PIN was issued for an environmental breach of the *Resource Management Act 1991* involving the discharge of sediment and muddy water into a stormwater drain. Downer will learn from these incidents and continue to educate its workforce on the implementation of effective controls to prevent the discharge of contaminants into waterways.

In June 2022, Utilita, a joint venture between Downer and Ventia, received a Compliance Notice from Brisbane City Council for the alleged contravention of the Natural Assets Local Law 2003. The Compliance Notice included an amount of \$16,199.40 (AUD) to offset the canopy loss due to the interference of native trees on Council land, where a Brisbane Utilities water asset is being managed by Utilita. Utilita has formally requested a review of the decision, and, at the time of publishing this report, the outcome was pending.

Environmental Fines and Prosecutions



2. 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.

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

4. 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 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 FY22, a total of 742 training hours were delivered by GEMS, compared to 1,096 hours delivered in FY21. The reason for the decrease in FY22 was mainly due to COVID-19 restrictions and the reduction of online training delivery numbers.

In addition, 56 employees undertook training through the Department of Conservation in New Zealand, learning about the importance of controlling or allowing fish passage through culverts and river crossings.

Sustainability rating tools

Sustainability rating tools and certification schemes are available for assets such as commercial buildings, facilities and infrastructure, and their lifecycle aspects that consist of planning, design, delivery, operation, maintenance and occupancy. Sustainability rating tools ultimately allow for benchmarking and accountability on an asset's sustainability performance. These tools differ depending on customer requirements, asset type, and the lifecycle phase being rated or certified.

The sustainability rating tool that is commonly applied across Downer's infrastructure projects is the Infrastructure Sustainability (IS) rating tool developed by the Infrastructure Sustainability Council. This year, Downer continued delivering several IS-rated projects.

Designed and As Built ratings:

- Warrnambool Line Upgrade, Victoria
- Transport Access Program Tranche 3, New South Wales.
- Parramatta Light Rail, New South Wales
- Warringah Freeway Upgrade, New South Wales
- City Rail Link, Auckland, New Zealand.

Operational rating:

- South Australia Road Maintenance Services.
- North West Tasmanian Road Maintenance Contract
- High Capacity Metro Trains, East Pakenham Maintenance Depot
- Adelaide Metropolitan passenger rail network.

The ISC framework continues to help Downer drive improved sustainability outcomes for our customers. In New Zealand, Downer is playing a central role in delivering the country's largest-ever transport infrastructure project, Auckland's City Rail Link (CRL) – a 3.45 kilometre twin-tunnel underground rail link that will significantly change the way people travel around the city.

Downer has adopted the ISC framework from the early stages of the project, allowing us to implement best practice sustainability initiatives.

Among those initiatives is the opportunity to utilise the capability of Downer New Zealand's Green Vision recycling business, which takes materials that would normally be destined for landfill and recycles them into engineering quality products.

Green Vision partnered with Allied Concrete to supply recycled crushed concrete as flowable fill in a non-structural concrete application for two parts of the CRL project build. This enabled reductions in both material and transport carbon footprint emissions, resulting in a carbon saving of approximately 55 per cent, with the cost of the product similar to finite resource aggregate.

This, along with other initiatives including water reuse and fuel switching, resulted in the CRL project being awarded an ISC Infrastructure Sustainability 'Excellent' rating. We will continue to follow the ISC framework on the CRL project to set the benchmark for how large-scale infrastructure projects can be delivered in a sustainable way.

Downer's commitment to sustainability was also recognised at the 2022 ISC Gala Awards, which celebrated sustainability best practice across Australia and New Zealand. In 2019, Downer achieved an ISC rating for the North West Tasmania Road Maintenance contract – the first Tasmanian project to register for an IS Operational rating. In March 2022, our work on that contract was rewarded with the Outstanding Achievement for Infrastructure Sustainability Operations Award.

Waste management

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

Downer has provided its waste data in several different ways this year, including a breakdown by waste type, waste performance by industry and waste performance by country. The waste types consist of two main types:

Construction and Demolition: This category includes our Australian Infrastructure Projects business, New Zealand Hawkins business, Road pavements (reclaimed asphalt) business within the Road Services Business Unit, and all construction and demolition waste.

Commercial and Industrial: This category consists of:

- Facilities Management, which includes sites where Downer is responsible for procuring the waste services under Facilities Management contracts but has less control over the waste generation (for example, hospitals and schools)
- Industrial Sites, which includes businesses where the waste is generated by our own operations, including our Road Services (non-construction), Rail and Transit Systems, Utilities and Mineral Technologies Business Units.

Mining is not included in this year's data due to the sale of Open Cut Mining East business, on 17 December 2021. The sale of Open Cut Mining East completed the sale of Downer's Mining business.

The data provided covers approximately 80 per cent by spend of solid waste and recycling contractors for Commercial and Industrial waste in Australia and New Zealand. The Construction and Demolition waste data has been calculated using actual data from projects that make up 27 per cent by revenue and extrapolated to cover 100 per cent of projects across Australia and New Zealand.

As shown in the 'Breakdown of waste performance by industry' table, Construction and Demolition waste makes up 97.55 per cent of Downer's waste generation, while Commercial and Industrial waste accounts for 2.45 per cent. Construction and Demolition has the highest diversion rate due to the waste being more readily reusable or recyclable (for example, reclaimed asphalt from the Road Services business). Commercial waste tends to be more comingled, organic, and paper, while Industrial tends to have a higher content of non-recyclable waste from engineering and maintenance activities.

In FY22, Downer's operational (Commercial and Industrial) diversion from landfill rate was 22.30 per cent, an increase of 1.40 per cent when compared to FY21. However, with the inclusion of Construction and Demolition waste, Downer's diversion from landfill increased significantly to 97.26 per cent. This was driven by the higher percentage of reusable/recyclable options available for Construction and Demolition waste (for example, concrete, steel and fill material).

The 'Waste performance by country' table on page 55 demonstrates the waste generation split between Downer's Australia and New Zealand operations. New Zealand's performance remained consistent with previous years,

Breakdown of waste performance by industry

Metric	Commercial & Industrial	Construction & Demolition	Total
Percentage split of the total non-hazardous waste generated	2.45%	97.55%	100%
Waste to landfill (t)	14,327.07	6,333.97	20,661.04
Waste diverted from landfill via reuse & recycling (t)	4,112.07	728,947.71	733,059.78
Total non-hazardous waste generated (t)	18,439.14	735,281.68	753,720.82
Landfill diversion rate (%)	22.30%	99.14%	97.26%
Total hazardous waste disposed of (t)	684.32	196,617.62	197,301.94

with a small increase of 0.05 per cent from 24.17 per cent in FY21 to 24.22 per cent in FY22. The Australian performance (for Commercial and Industrial waste only) increased by 1.38 per cent from 19.77 per cent to 21.15 per cent in FY22. This improvement can be attributed to Downer's primary waste contractor, Cleanaway, implementing improvement projects identified from site audits conducted over the past 12 months. To drive further improvements, Downer has set a target of five per cent improvement by Business Unit for the remaining 12 months of the Cleanaway contract in FY23.

In FY22, Downer continued to look for innovative solutions to reduce the amount of waste we generate through resource recovery, avoidance, reuse and recycling.

One example is an innovative solution by Downer's Facilities business in Kwinana, Western Australia. The team was left with a large number of leftover hard hats and safety glasses after demobilising from a project. The hard hats cannot be recycled using the usual process, so rather than throwing out the excess hard hats, the team engaged Terracycle, a company that recycles hard plastics into functional products such as park benches and plastic watering cans.

In New Zealand, Downer teams collected their old apparel as part of a uniform re-brand and PPE upgrade, and sent it away to be re-purposed into furniture for children. Downer will now trial a program for general PPE and corporate clothing in our Tauranga office and depot before considering a nationwide roll-out. We expect this will result in a reduction in carbon emissions of 15 tCO₂-e per year.

Members of our New Zealand team also participated in Circularity's XLABs program, which looks at how to apply circular economy thinking across the business and build partnerships to help create better circular economies.

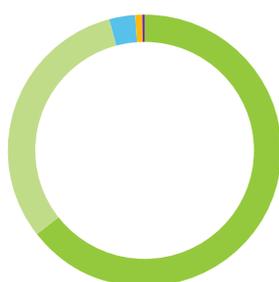
Breakdown of waste metrics by financial year

Metric	FY20	FY21	FY22 without C&D *	FY22 with C&D	Trend without C&D
Waste to landfill (t)	15,600.51	14,177.37	14,327.07	20,661.04	1.06%
Waste diverted from landfill via reuse & recycling (t)	4,086.60	3,746.09	4,112.07	733,059.78	9.77%
Total non-hazardous waste generated (t)	19,687.11	17,923.46	18,439.14	753,720.82	2.88%
Landfill diversion rate (%)	20.76%	20.90%	22.30%	97.26%	1.40%
Total hazardous waste disposed of (t)	625.74	456.99	684.32	197,301.94	49.74%

Breakdown of waste performance by country

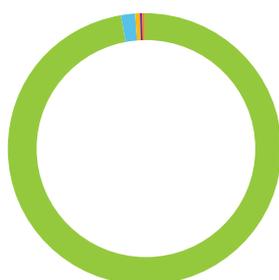
Metric	AU FY21	AU FY22 without C&D	AU FY22 with C&D	NZ FY21	NZ FY22 without C&D	NZ FY22 with C&D
Percentage of construction non-hazardous waste generated	0%	0%	35.31%	0%	0%	25.55%
Waste to landfill (t)	10,688.70	9,077.50	15,023.51	3,488.67	5,249.57	5,637.53
Waste diverted from landfill via reuse and recycling (t)	2,634.09	2,434.25	709,991.27	1,112.00	1,677.82	23,068.51
Total non-hazardous waste generated (t)	13,322.79	11,511.75	725,014.78	4,600.67	6,927.39	28,706.04
Landfill diversion rate (%)	19.77%	21.15%	97.93%	24.17%	24.22%	80.36%
Total hazardous waste disposed of (t)	303.61	482.47	197,100.09	153.38	201.85	201.85

Breakdown of recycled waste (tonnes) by category



Asphalt/bitumen	471,930.31	Metal	1,040.02	Glass	63.00
Clean fill	226,599.68	Paper and cardboard	1,004.45	eWaste	48.57
Construction	23,219.94	Recycle	353.00	Gypsum	14.89
Comingled	4,666.07	Plastic	262.02	Ash	5.22
Organics	2,604.68	Tyres	99.44	Fluorotubes/globes	2.47
Timber	1,056.18	Waste oil	89.85		

Breakdown of hazardous waste (tonnes) by category



Contaminated soils	192,263.35	Prescribed waste	375.42	Solvents	15.43
Asbestos	3,231.42	Clinical/medical	111.97	Oily rags	3.14
General hazardous	1,281.97	Toxic	17.78	Metal salts	1.45

* Construction was calculated in FY22 due to improvements in data collection.

CASE STUDY

Adaptative reuse for the University of Auckland



Downer's Hawkins business is delivering the rebuild of the University of Auckland's Social Sciences building. But this is no ordinary rebuild.

Downer and Hawkins have partnered with the university to deliver a new benchmark in sustainable vertical infrastructure in New Zealand. Instead of knocking down the old building and starting again, we have stripped it back and kept as much of the original concrete shell as possible.

Reinforcement textiles and fabrics have been used to upgrade the existing structural frame to meet seismic standards, and we are now completing the rebuild with a new façade and interior refit. It will look and feel like a new building, but underneath it will be the same concrete frame.

To ensure the ongoing use of the current structure, the concrete cladding has been replaced with a lightweight system providing an additional floor. Further additions include:

- High performing glass to reduce solar glare
- Low emissions paint and coatings
- Improved heating, ventilation and air conditioning systems to provide clear air and greater ventilation rates.

Due to open in 2024, the 50-year-old structure has set new benchmarks for low-carbon design and sustainability. It will send less waste to landfill, create less pollution through its construction and operation and provide comfortable and functional spaces for thousands of students who work, learn and socialise at the university. The upfront carbon emissions for the rebuild is estimated to be equivalent to around 250kg CO₂-e/m² – a 40-60 per cent reduction on a standard new build.

"This is a challenging project, but has huge sustainability benefits and positive social outcomes," Project Manager, Sam Gordon, said. "The end result will be a modern new building, except we haven't had additional emissions or sent unnecessary materials to landfill."

The project was awarded 93/100 by the New Zealand Green Building Council, achieving a 6 Green Star design rating. This is the highest awarded score since the inception of the rating, putting the building design in the 'World Leadership' category.

This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals:



Circular economy and resource management

Downer continually seeks to reduce the environmental impacts of production and consumption while enabling sustainable growth through more productive use of our finite natural resources. This aim allows Downer to avoid waste through good product design and increase the use of recovered materials. In addition, 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.

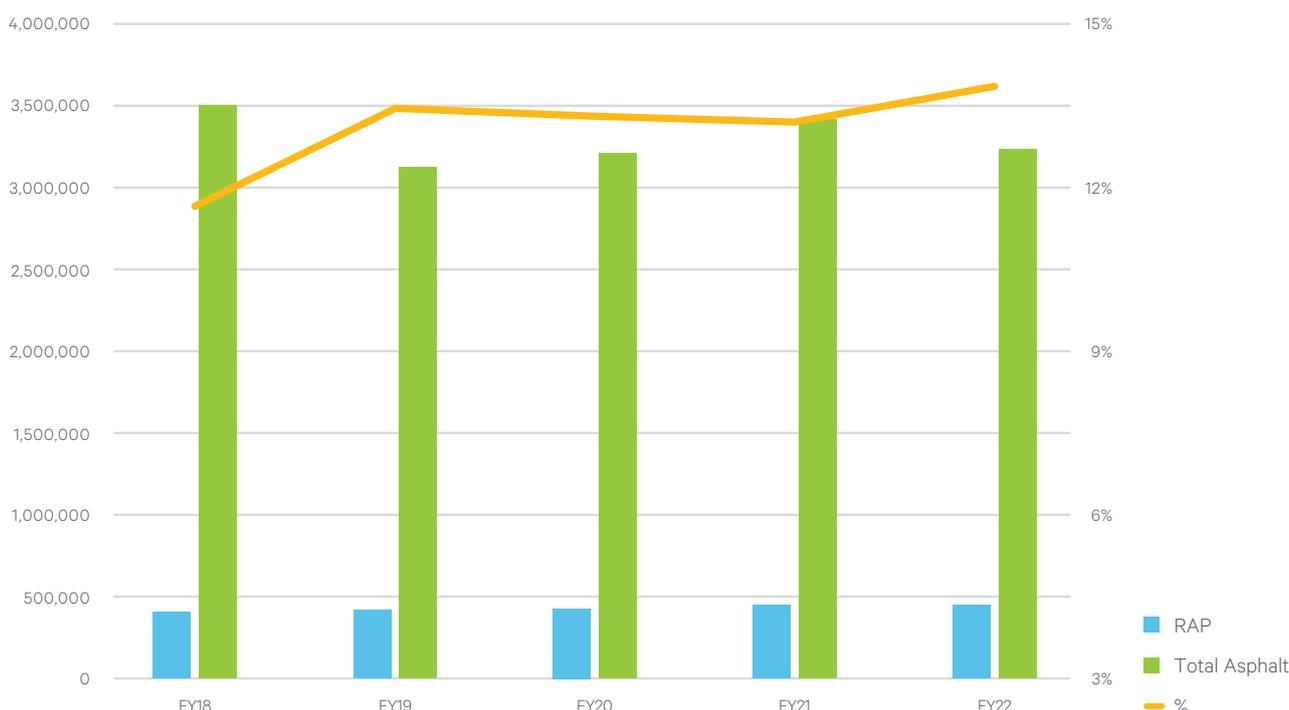
The demand from our customers, communities, industry and government for circular economy thinking to reduce waste continues to be an important issue.

This year, Downer has demonstrated its commitment to the circular economy in the following ways:

- Increased investment in our Reconomy business by establishing two new state-of-the-art resource recovery plants. These facilities produce sand and aggregate for Downer's asphalt plants from waste such as street sweepings, non-destructive digging and contaminated soils that would otherwise be sent to landfill
- Expansion of Victorian recycling business, Repurpose It, of which Downer owns 50 per cent. This site recovers waste resources and gives them new life for construction and landscaping

- Commissioned two new asphalt production facilities in Rosehill, New South Wales, and Brendale, Queensland, which are capable of producing Downer's Reconophalt™ product, made from up to 100 per cent recycled materials. Reconophalt™ is a sustainable asphalt product containing a combination of waste derived materials that would otherwise be bound for landfill or stockpiled, such as plastics, glass, toner, rubber, reclaimed aggregates and sand, as well as Recycled Asphalt Pavement (RAP), which is asphalt reclaimed from roads that have reached their end of life. The chart below shows the percentage increase of RAP use over time. These plants are now capable of utilising greater volumes and a variety of waste derived materials
- Greater ability to provide our customers with the environmental footprint of our products through the completion of multiple Lifecycle Assessments (LCAs). A LCA is a methodology for assessing the environmental impacts associated with all stages of a product's life. In FY22, Downer completed these assessments for its asphalt products, as well as a number of its liquid products (e.g. spray seals) which are applied in road pavement works. In addition to this, Downer has committed to delivering another independently verified Environmental Product Declaration (EPD) for all major asphalt products, with a view to offering Carbon Neutral Asphalt in FY23.

Australia and New Zealand RAP usage 2018-2022





In FY22, 15.32 per cent of total asphalt production in Downer was made up of recycled materials. This is a decrease from 15.7 per cent in FY21, due to the makeup of contracts and lower availability of RAP. The consequent GHG emissions reductions are outlined in the chart and table below.

In addition to the waste derived material use outlined below, this year Downer’s Reconomy business received 14,019.69 tonnes of material, of which 86 per cent was repurposed and successfully diverted from landfill.

Downer also actively looks for opportunities to improve waste management for our customers.

At the Loganholme Wastewater Treatment Plant in South East Queensland, Downer has partnered with our customer, Logan City Council, to pioneer an Australian-first – a facility which transforms sewage sludge, or biosolids, into renewable energy and a sustainable product called biochar.

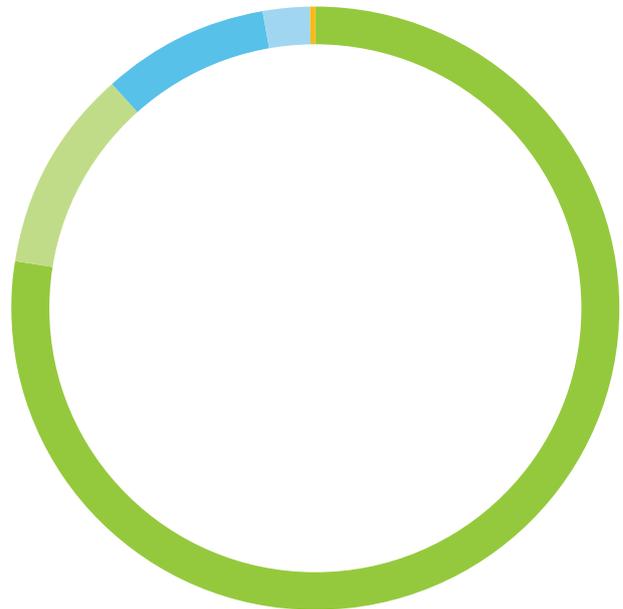
Operational cost savings and carbon credits will return almost \$1 million per year to the Logan City Council, and a new revenue stream will be created from biochar sales. Biochar is used in agriculture as a carbon-capturing product that can help soil retain water, and Logan City Council is set to sell the biochar to commercial buyers, in a solution that will not only reduce carbon emissions, but also generate money for the city.

Biosolids gasification destroys chemicals in biosolids like persistent organic pollutants, and micro and nano-plastics. Carbon emissions will be reduced by about 5,000 tonnes per year.

Following the successful gasification trial at Loganholme WWTP, Logan City Council has used the results and lessons learned to design and construct a full-scale, permanent gasification facility, which officially opened in April 2022.

The project was named a finalist for the 2022 Banksia Sustainability Award, in the Circular Transition category.

GHG emissions reductions from the use of recycled products in asphalt production (tCO₂-e)



■ Reclaimed Asphalt Product (RAP)	11,177	■ Modified Toner Polymer (MTP)	19
■ Fly ash	1,562	■ Glass	2
■ Slag	1,271	■ Reconomy and glass sand	0
■ TonerPlas (MTP with plastic)	344	■ Crumbed rubber	0

CASE STUDY

Circular economy in action



Downer, as part of the Evolution Rail Consortium, is delivering 70 High Capacity Metro Trains – the largest single order of trains in Victoria’s history.

The train manufacturing activity is being delivered with over 60 per cent local content, centred around Downer’s Newport facility in Melbourne’s inner west.

In an Australian first, the soft plastic used to protect the trains during transport is being diverted from landfill to be re-used in Downer’s Reconophalt™ product, which is then utilised in the construction of major road projects across Victoria, including upgrades to the M80 Ring Road and the Monash Freeway.

The inclusion of waste plastics from the High Capacity Metro Train manufacturing means Downer is now providing a full end-to-end recycling solution.

“Downer is committed to reducing the environmental footprint of the products and services we provide to our customers, and this initiative is a fantastic example of Downer’s ability to leverage our broad capability to provide an end-to-end solution that benefits our customers and communities,” Downer’s Group Manager, Environment and Sustainability, Ross Brookshaw, said.

Downer expects to divert more than 10 tonnes of plastic waste used on the new trains from landfill.

Over the past three years, Downer has produced more than 400,000 tonnes of Reconophalt™, using more than 355 million plastic bag equivalents, 35 million glass bottle equivalents and 10 million printer toner cartridges, which would otherwise have ended up in landfill.

This initiative demonstrates Downer’s contribution to achieve the following Sustainable Development Goals:



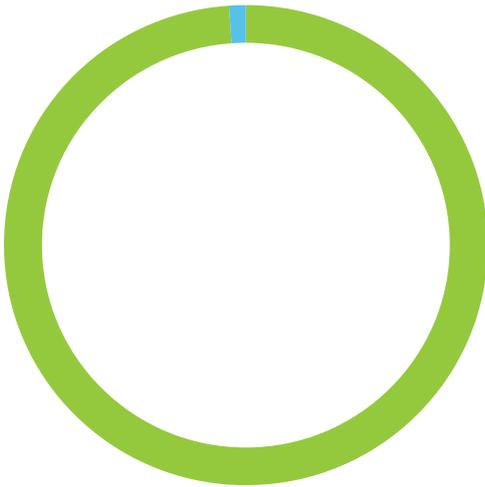
Water management

Like waste management, water management ranked as an important, but not material, issue to Downer in the materiality assessment we conducted in 2021.

Downer has collected water data using a similar methodology that was deployed for FY21, with an increased level of completeness and accuracy due to a greater understanding of key providers, and therefore data sources.

Downer's overall withdrawals and discharges decreased compared to FY21, predominately due to the completion of the divestment of Downer's former Mining Services Business Unit, which was a considerable water consumer as a portion of the overall Group portfolio.

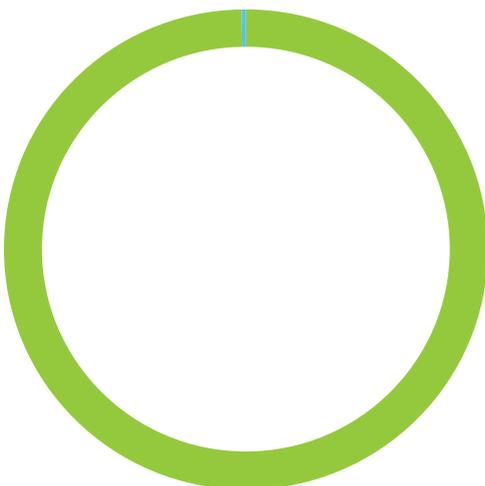
Water withdrawals (kL) Australia and New Zealand



Water withdrawals (kL) – FY21/FY22 comparison	FY21	FY22	% Change from FY21
Total potable water withdrawn	1,817,490	837,094	-54%
Groundwater (from dewatering)	11,737,777	–	-100%
Water dust suppression	1,253,651	5,735	-100%

Total potable water withdrawn	99%
Water dust suppression	1%
Groundwater (from dewatering)	0%

Water discharges (kL) Australia and New Zealand



Water discharges (kL) – FY21/FY22 comparison	FY21	FY22	% Change from FY21
Water discharged (to stormwater, creek, etc)	1,051,768	142	-100%
Wastewater discharged (non-treated)	461,398	405,114	-12%

Wastewater discharged (non-treated)	99.9%
Water discharged (to stormwater, creek, etc)	0.1%



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.

To guide its ambition, Downer has set an absolute near-term target of a 50 per cent reduction of its Scope 1 and 2 GHG emissions by 2032 and an absolute near-term target of 30 per cent reduction of its Scope 3 emissions by 2032. Downer has set a long-term target to be net zero* in Scope 1, 2 and 3 GHG emissions by 2050. Both the near-term and the long-term targets have a baseline year of 2020.

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 an economically viable transition towards this commitment.

Downer focuses on seven key areas to ensure we meet our net zero commitments:

1. Increasing focus on urban services, which has seen a shift from high capital, carbon-intensive industries to lower-carbon activities
2. Continuing focus on energy efficiency and GHG emissions reductions
3. Decarbonising fixed assets with new technology and fuel switching
4. Decarbonising our fleet through EVs and alternate fuel vehicles
5. Increasing uptake of renewables, both on and off grid
6. Reducing our Scope 3 emissions
7. Offsetting residual emissions.

For more information on Downer's decarbonisation pathway, refer to Downer's Climate Change Report to be released in FY23.

* Net zero is defined as the mitigation of direct emissions to as low a level as possible and offsetting the remainder through carbon removals. Downer has utilised the Science-Based Target Initiative's threshold of a 90 per cent reduction in its emissions as being 'as low a level as possible'.



Managing our GHG emissions

Scope 1 and 2 emissions

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

In FY22, Downer completed the sale of its Open Cut East Mining business, representing the finalisation of the divestment of its Mining operations. The sale of these businesses has substantially reduced the Group's capital expenditure and also reduced our 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 concept of 'operational control', compliant with Australia's National Greenhouse and Energy Reporting (NGER) scheme. For the purposes of energy and GHG data in this Sustainability Report, this boundary determination extends to our operations outside of Australia.

Downer has an extensive subcontractor network and collecting data requires significant effort and remains a challenge. Therefore, we use an estimation methodology when unable to obtain actual data. In FY22, approximately 35 per cent of our Scope 1 emissions came from subcontractors (actual and estimates), which consisted of 16 per cent from our Road Services business, 18 per cent from New Zealand and one per cent from Utilities.

The methodology for estimating data is described below:

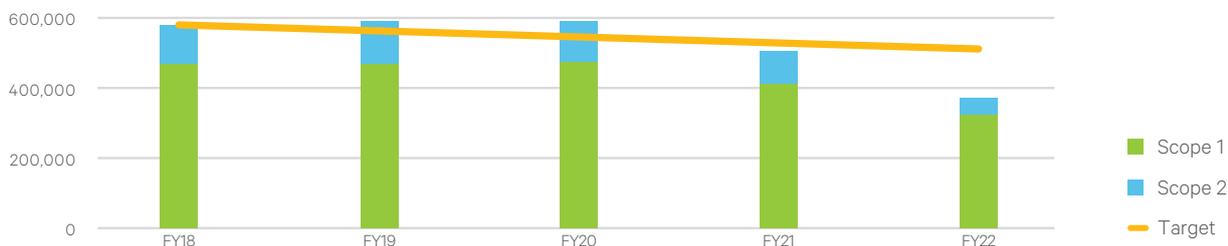
Subcontractors are grouped into categories on the basis that they perform similar types of work when engaged by Downer and therefore are very likely to use similar types and relative volumes of energy consuming resources. The information received from these subcontractors forms the actual resource usage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

Downer's New Zealand business was unable to collect actual subcontractor data during this reporting period due to contractor 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).

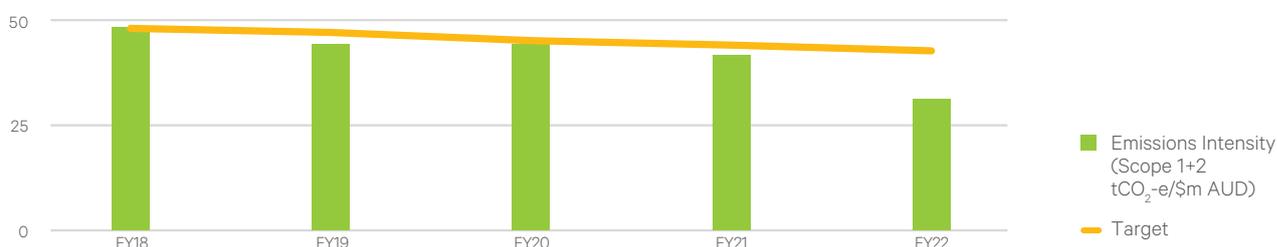
Downer's overall Scope 1 and 2 emissions decreased by 26 per cent. Scope 1 emissions decreased by 21 per cent, and this was largely due to the completion of the Mining Services divestment, which has led to a significant decrease in fuel usage.

Continued page 64

Science-Based Target performance – absolute emissions (tCO₂-e)



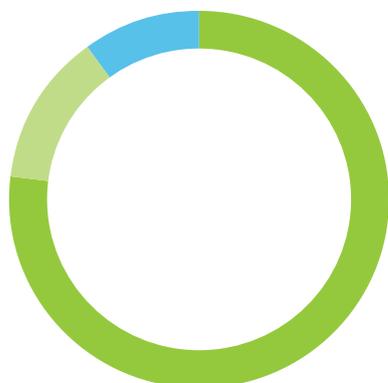
Science-Based Target performance – intensity (tCO₂-e/\$m AUD)



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

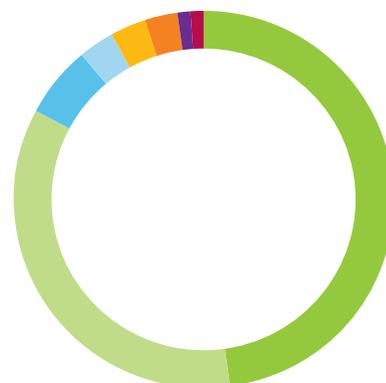


Percentage breakdown of Scope 1 and 2 emissions by source



■ Liquid fuels	77%	■ Refrigerants	0%
■ Electricity	13%	■ Emissions from wastewater	0%
■ Natural gas	10%		

Breakdown of Scope 1 and 2 emissions by Business Unit



■ Road Services	48%	■ Facilities	3%	■ Downer Defence	1%
■ New Zealand	35%	■ Infrastructure Projects	3%	■ Mineral Technologies	0%
■ Utilities	6%	■ Corporate Services	1%	■ Joint ventures (external)	0%
■ Rail and Transit Systems	3%				



Weather impacts, such as flooding, also had an impact on Downer's emissions. Floods restricted access to a number of sites for our Infrastructure Projects business for extended periods (such as the Eyre Peninsula site in South Australia) which saw emissions drop during the early part of 2022.

Scope 2 emissions dropped by 48 per cent, again predominantly due to the divestment of Mining Services which has led to a significant decrease in electricity usage. Downer has also performed a comprehensive review of its operational control status for its Facilities Business Unit and Defence Business Unit, and removed some facilities from its operational control boundary, which had previously contributed a significant amount of Scope 2 emissions.

In FY22, 48 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 opportunities to further improve 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.

One of Downer's core strategies to reduce our GHG emissions is to decarbonise our fleet through Electric and Alternate Fuel Vehicles.

In Downer's FY21 Sustainability Report, we committed to continue piloting EVs across the organisation. In FY22, we implemented a number of EV initiatives. This included Downer's Technology and Communications Services team making the switch to hybrid vehicles, with a fleet of nine Toyota RAV 4 Hybrid vehicles, and our New Zealand team introducing 40 MG ZS electric SUVs into their fleet, as part of their light vehicle replacement plan.

Scope 3 emissions

In FY21, Downer performed a full assessment of our Scope 3 emissions portfolio in accordance with the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Standard. In FY22, Downer has improved on this data quality through the information provided from the Carbon Disclosure Project Supply Chain portal.

Downer has commenced proactive engagement with our customers and our supply chain, through the development of our Scope 3 emissions inventory and registration with the Carbon Disclosure Project Supply Chain program (see page 106). With regard to our customers, Downer's role is to ensure we are providing low carbon products, and managing assets in a way that is minimising their carbon intensity – either through maximising their efficiency or recommending replacement where this is economically viable.

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 by our Minerals Technologies business, and supplier emissions.

CASE STUDY

An ACE solar solution



Downer's New Energy team has helped 550 Queensland primary, secondary and special education facilities to make the switch to solar as part of the Queensland Department of Education's Advancing Clean Energy Schools (ACES) program.

Phase 1 of the program resulted in the team successfully delivering 7.2MW (or 20,895 solar panels) to 100 schools between Cairns and the Sunshine Coast. A further 11.7MW was rolled out to 147 schools in North Queensland as part of Phase 2.

As a result of the success of Phases 1 and 2, Downer was awarded an additional two regions (Metropolitan and Darling Downs South West), supporting the roll-out of 11MW of solar power to an additional 113 schools.

Downer has also delivered Phase 3 of the program, which has delivered a further 13.8MW of solar power. In total, 43MW of Solar PV (or 115,000 solar panels) has been installed in schools across Queensland – saving our customer approximately \$15.1 million to date.

Project Manager, Kieran Sullivan, said his team worked closely with the schools to complete a detailed assessment of their capacity to support solar PV installations, while also identifying other energy conservation initiatives.

They have also worked to educate the students on the importance of solar energy.

"Technology screens have been implemented, whereby the school children can see the power being generated through the cells and understand how electricity is being utilised across the grid," Kieran said.

Downer's Manager of New Energy, Tim Guthrie, said the project showcased the important work the team was involved in to support the path to net zero and a sustainable future.

"We are seeing more customers come to Downer with their specific sustainability needs and we are proud to work in partnership to deliver a successful outcome for them, while maintaining the strong focus on safety and quality which Downer is so well known for," Tim said.

"The program is a prime example of how Downer is delivering a great result for not only the customer, but the wider community as well."

This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals:



Scope 1

Scope 2



Breakdown of Scope 3 emissions

Category name	FY20 emissions tCO ₂ e	FY21 emissions tCO ₂ e	FY22 emissions tCO ₂ e	Description
1. Purchased goods and services	885,902 ⁵	1,243,284 ⁵	1,238,933	This includes all goods and services purchased within the reporting period excluding fuels, intercompany transfers, capital goods and subcontractors, as these are either included within other categories or within Scope 1 and 2 disclosures. This was calculated through the hybrid method using actual emissions allocated to Downer-related activities by suppliers within the Carbon Disclosure Project (CDP) Climate Change survey. If this wasn't available or suitable, self-reported intensities or CDP sector averages were used against the supplier's FY22 spend.
2. Capital goods	154,725 ⁵	145,208	172,251	This includes property, plant and equipment (PPE) additions within the reporting period. This was calculated through the spend-based method using the dollar value of PPE additions in the reporting period, converted to USD and inputted into the Quantis Scope 3 Evaluator ⁶
3. Fuel and energy related activities	55,496 ⁵	44,308 ⁵	31,317 ⁵	This includes all fuel and energy used by sites and activities under Downer's operational control as defined by Downer's Scope 1 and 2 boundaries. This was calculated through the average-data method using the total quantities either from direct supplier invoices or accruals. Subsequently, emissions factors were applied from National Greenhouse Accounting (NGA) factors ⁷ and Measuring Emissions: A Guide for Organisations ⁸ .
4. Upstream transportation and distribution	N/A	N/A	N/A	This category is not applicable due to associated emissions being captured within CDP's sector averages in category 1 and within lifecycle assessments in category 11.
5. Waste generated in operations	20,267	18,430	23,971	This includes all waste generated by sites/activities under Downer's operational control as defined by Downer's Scope 1 and 2 boundaries. This was calculated using the waste-type-specific method using total waste generated and applying the NGA factors ⁷ for all non-hazardous waste generated.
6. Business travel	31,558	12,847	9,729	This includes emissions associated with Downer using other providers to travel for business purposes, but not for the purposes of Downer's direct operations. (For example, air travel, car hire). This was calculated using the distance-based method where total kilometres travelled was multiplied by emissions factors from DEFRA ⁹ .
7. Employee commuting	38,606	36,444	23,121	This includes employee commuting, not already included in Scope 1 emissions (where travel is undertaken in a tool of trade vehicle in order to carry out work on a Downer site). This was calculated through the average-data method using Downer's employee headcount multiplied by national average kilometres travelled, multiplied by emissions factors from DEFRA ⁹ .

Scope 3



Scope 3 emissions

- Business travel: 9.73 ktCO₂-e
- Purchased goods and services: 1,238.93 ktCO₂-e
- Fuel and energy related activities including transmission and distribution: 31.32 ktCO₂-e
- Downstream transportation and distribution: 54.51 ktCO₂-e
- Use of sold products: 103.92 ktCO₂-e
- Capital goods: 172.51 ktCO₂-e
- Investments: 457.66 ktCO₂-e
- Waste generated in operations: 23.97 ktCO₂-e
- Employee commuting: 23.12 ktCO₂-e

Category name	FY20 emissions tCO ₂ e	FY21 emissions tCO ₂ e	FY22 emissions tCO ₂ e	Description
8. Upstream leased assets	N/A	N/A	N/A	For Downer, this category is not applicable due to operational control boundary as any upstream leases are included in Scope 1 and 2.
9. Downstream transportation and distribution	50,952	46,377	54,513	This category only includes emissions associated with the transportation and distribution of products sold by the Mineral Technologies business. All other associated transportation and distribution emissions are accounted for within other categories. Weight and distance data were entered into the GHG Protocol's Transport Tool v2.6 to capture emissions from freight.
10. Processing of sold products	N/A	N/A	N/A	All products sold by Downer are 'final' and hence this is not applicable.
11. Use of sold products	140,318	112,249	103,923	Downer sells three products that have been included: asphalt, bitumen and concrete. Total quantities had lifecycle analysis emissions applied and Scope 1 and 2 emissions subtracted ⁵ .
12. End-of-life treatment of sold products	N/A	N/A	N/A	This category is not applicable as end-of-life treatment is considered within LCA factors used in category 11.
13. Downstream leased assets	N/A	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	N/A	This category is not applicable to Downer. Downer does not operate a franchise model.
15. Investments	347,205	368,160	457,658	This relates to Downer's joint ventures and associates, which fall outside of Downer's operational control boundary. This was calculated through the average-data method using joint venture and associates revenue for the reporting period and inputting into the Quantis Scope 3 Evaluator tool ⁶ .
16. Other (Water)	1,154	625	288	This relates to water usage across all of Downer's operations and was calculated through the hybrid method using actual data and proxies from invoices applied to supplier spend. Total calculated quantities had DEFRA ⁹ emissions factors applied.

5. Restated from FY21 due to changes in methodology.
 6. Quantis Scope 3 Evaluator <https://quantis-s-3-Evaluator/>
 7. National Greenhouse Accounting (NGA) factors for the relevant year was applied for Australian and International operations.
 8. Measuring Emissions: A Guide for Organisations – Summary of emissions factors applied for New Zealand operations.
 9. DEFRA (UK Government GHG Conversion Factors for Company Reporting).

10. Asphalt LCA factors were obtained from the Review of Emissions Reduction Opportunities – Department of Planning, Transport and Infrastructure. Bitumen LCA factors were obtained from Sustainable Asset Management (Subtopic: Carbon emissions modelling of road pavement treatment strategies). 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).

Environmental performance data

GHG emissions	Unit	FY20	FY21	FY22	% Change from FY21
Scope 1	Kilotonnes CO ₂ -e	476.7	414.4	325.6	-21%
Scope 2 – Location based	Kilotonnes CO ₂ -e	114.4	91.7	47.4	-48%
Scope 3	Kilotonnes CO ₂ -e	1,708.7	2,027.9	2,115.7	4%
Total (Scope 1+2⁶+3)	Kilotonnes CO₂-e	2,229.8	2,534.0	2,488.6	-2%
Total (Scope 1+2⁶)	Kilotonnes CO₂-e	591.1	506.1	372.9	-26%
Intensity (Scope 1+2⁶)	tonnes CO₂-e/AUD \$m	44.1	41.4	31.1	-25%
Revenue	AUD \$m	13,418	12,234	11,987	-2%

GHG emissions (Scope 1 and 2) by sources	Unit	FY20	FY21	FY22	% Change from FY21
Electricity used by facilities	Kilotonnes CO ₂ -e	113.3	91.7	47.4	-48%
Liquid fuels	Kilotonnes CO ₂ -e	400.6	368.8	287.0	-22%
Natural gas	Kilotonnes CO ₂ -e	69.8	39.2	37.6	-4%
Fugitive emissions from coal mining	Kilotonnes CO ₂ -e	5.1	5.2	–	-100%
Steam	Kilotonnes CO ₂ -e	1.2	–	–	No change
Refrigerants	Kilotonnes CO ₂ -e	0.2	0.2	–	-100%
Emissions from wastewater	Kilotonnes CO ₂ -e	0.9	1.0	1.0	0%
Total Scope 1 and 2	Kilotonnes CO₂-e	591.1	506.1	372.9	-26%

Energy consumption	Unit	FY20	FY21	FY22	% Change from FY21
Liquid fuels	terajoules	5,949.9	5,426.3	4,204.8	-23%
Natural gas	terajoules	1,345.4	755.8	724.1	-4%
Electricity	terajoules	580.5	469.4	269.2	-43%
Steam	terajoules	30.4	–	–	No change
Other substances	terajoules	–	–	–	No change
Renewables	terajoules	5.7	5.6	3.5	-38%
Total consumption	terajoules	7,911.9	6,657.0	5,201.7	-22%
Energy intensity	Terajoules/AUD\$m	0.6	0.5	0.4	-20%

6. Location based Scope 2 emissions.

Energy production	Unit	FY20	FY21	FY22	% Change from FY21
Solar PV	terajoules	5.7	5.6	3.5	-38%
Thermal generation	terajoules	2.0	1.3	3.7	185%
Saleable coal	terajoules	242,090.9	236,359.1	0.0	-100%
Total production	terajoules	242,098.6	236,366.1	7.3	-100%

Sustainability Linked Loan targets

Comparatives within performance data in this report have been presented as displayed within the FY21 Sustainability Report, inclusive of any divestments that have subsequently been made.

For the purposes of target setting, under both the Science-Based Target Initiative's framework as well as Downer's Sustainability Linked Loan, we have removed emissions and revenue from our key divestments (Mining and Laundries) in order to state a revised baseline, which was set in FY20. FY20 was chosen as it is representative of a normal year of Downer operations. Downer's business remained resilient during the early COVID-19 period.

Downer has undergone significant shifts as we have moved towards our Urban Services focus. As a result, we have reset the baseline in our Science-Based Target, as well as our Sustainability Linked Loan KPIs (which are closely linked).

The below table represents historic and current year performance against the reset baseline. This differs to the primary tables in this report, which present data according to Downer's previous structure.

Science-Based Target/Sustainability Linked Loan table

Metric	FY20*	FY21	FY22	% Change from FY21
Scope 1 (ktCO ₂ -e)	320.7	306.9	325.6	6%
Scope 2 (ktCO ₂ -e)	64.8	63.5	47.4	-25%
Scope 1+2 (ktCO ₂ -e)	385.5	370.3	372.9	1%
Revenue (\$m AUD)	11,619	11,021	11,987	9%
Emissions Intensity Scope 1+2 (tCO ₂ -e/\$m AUD)	33.18	33.60	31.11	-7%

*Baseline year

Our future focus

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

In FY23 Downer will:

- Explore partnerships and emerging technologies to support our decarbonisation journey
- Continue to decarbonise Downer's fleet through the introduction of more electric or hybrid vehicles
- 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, through an increased response rate to our Carbon Disclosure Project Supply Chain survey, which forms an important part of our Scope 3 emissions portfolio. This will improve Downer's Scope 3 data quality
- Implement targeted campaigns for each of Downer's four Environmental Critical Risks
- Develop tailored Environmental Management Plan templates for Downer's road, rail and facilities management contracts
- Review Downer's Environmental Awareness Training programs to ensure business needs are met
- Improve waste data and develop dashboards by waste type to provide better insights for waste reduction opportunities
- Finalise Downer's three-year Business Unit Sustainable Development Goal (SDG) improvement plans, which are linked to the Short-Term Incentive scheme, and designed to incentivise Business Units to consider and demonstrate their contribution to their most material SDGs
- Continue to decarbonise asphalt plants through efficiencies and fuel switching
- Improve Downer's environmental, social and governance performance and disclosure, in order to improve ESG analyst rating scores and project/contract related sustainability ratings.

Emerging issues and market trends

Decarbonisation

The 26th UN Climate Change Conference of the parties (COP26) secured key outcomes to meet the goals of the Paris Agreement. COP26 recognises that the path to 1.5°C is still theoretically possible, but requires a significant increase of ambition from countries' previous pledges, and for countries to actually achieve those ambitions.

COP26 secured net zero commitments from 90 per cent of the world's GDP, which now includes a commitment from Australia for the first time. There has also been further acknowledgement of adaptation, and loss and damage, with a specific financing goal agreed to for the first time.

Downer's assets are not immune from risks relating to climate change.

Australia pledged to achieve net zero by 2050, and in June committed to a 43 per cent emissions reduction by 2030 (from a 2005 baseline). Further policy commitments include tightening of the Safeguard Mechanism where covered facilities will face decreasing baselines over time, in line with Australia's net zero target, as well as increased investment in technologies such as renewables and associated storage, hydrogen and Electric Vehicles.

New Zealand has committed to net zero emissions by 2050, as well as a 50 per cent reduction in emissions by 2030 (from a 2005 baseline), underpinned by a detailed plan focusing on Electric Vehicles, renewable energy, agricultural emissions and support for native wildlife and forests.

Downer is in a unique position to be a leader in the journey towards net zero in Australia and New Zealand, having market-leading positions in the critical emerging technologies that will be pivotal to achieving net zero across the economy.

Digital engineering and sustainable infrastructure

Over the next two decades, the Australian and New Zealand Governments will invest billions of dollars on infrastructure, which will be designed to meet near-term and long-term net zero targets. In order to meet these targets, digital technologies are being increasingly used by project teams to improve decision making across the asset lifecycle.

Building Information Modelling (BIM) is the foundation of digital technologies in the design, engineering and construction industry. BIM integrates structured, multi-disciplinary data to produce a digital representation of an asset across its lifecycle – from planning and design to construction and operations. As a result, the technology is better connecting people, processes and ideas to create more resilient and sustainable infrastructure.

New Zealand data annex

During the concept stage of a project, digital engineering can more rapidly determine options and easily assess the environmental and social impacts by marrying geospatial and design. High quality decisions during this phase are most critical in terms of long-term environmental and financial outcomes.

Through the design and pre-construction phase, digital engineering enables closer collaboration which drives better outcomes. This provides the opportunity to quantitatively assess and report on design alternatives, reducing quantities of carbon-intensive materials, such as steel and concrete, integrating alternative energy and identifying waste reuse or recycling opportunities.

A digital model issued for the construction phase provides the basis for early and easy identification of defects, reducing construction and demolition waste and readily enabling sustainability opportunities to be realised. Finally, the digital model adds to the significant long-term value for the asset owner, or the maintenance and operations provider. Having a data representation of the asset, as well as documented details of the materials, approvals, plant and equipment, provides the asset owner/operator the best available technologies for carbon emissions management.

Downer is working closely with our global digital and design partners to specify and trial solutions and share learnings across the business. For example, a major contributor to Scope 3 GHG emissions is embodied carbon stored in the materials used on infrastructure projects. To better assess, manage and reduce impacts in this space, Downer is developing digital technologies to assess these lifecycle impacts more efficiently.

Taskforce on Nature-related Financial Disclosures

More than half of the world's economic output (US\$44tn of economic value generation) is dependent on nature. Nature loss therefore represents significant risks to corporate and financial stability.

The next emerging framework relating to corporate ESG disclosures, which adopts a similar approach to the Task Force on Climate-related Financial Disclosures is the Task Force on Nature-related Financial Disclosures. In March 2022, the Task Force on Nature-related Financial Disclosures released its first beta version of the framework which marks the start of a comprehensive 18-month market consultation process, with a final release date scheduled for the end of 2023.

Downer is closely monitoring the Task Force on Nature-related Financial Disclosures and assessing the implications.



New Zealand performance¹¹

Metric	FY20	FY21	FY22	% Change from FY21
Scope 1 (ktCO ₂ -e)	122.7	116.1	127.1	9%
Scope 2 (ktCO ₂ -e)	3.3	1.7	1.6	-6%
Scope 1+2 (ktCO ₂ -e)	126.0	117.8	128.7	9%
Revenue (\$m AUD)	2,567	2,581	2,848	10%
Emissions Intensity Scope 1+2 (tCO ₂ -e/\$m AUD)	49.1	45.6	45.2	-1%

11. Includes subcontractor emissions.

People



Our performance

The performance information in this section includes Downer Australia and New Zealand, its contractors and employees involved in unincorporated joint ventures.

To achieve Downer's People targets and objectives, as set out on page 7 of this report, Downer prioritised the following short-term focus areas in FY22, which we committed to in our FY21 Sustainability Report:

Focus area	Result	Reference
Embed and leverage the Diversity and Inclusion Steering Committees within each Business Unit to focus on programs and initiatives that will support the achievement of targets	 Tactical action plans developed for all Business Units.	Inclusion and Belonging Steering Committees Page 78
Launch Downer's workplace giving program		Workplace giving program Page 96
Continue 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	 In progress. Commenced in FY22. To be completed in FY23.	Inclusion and belonging Page 77
Realign our leadership programs to include further diversity and inclusion content and learning		Inclusion Habits Journey Page 78
Develop and release an unconscious bias training program that will develop further capability to support an inclusive workplace culture. Engagement and roll out of Emberin's Inclusive Habits Journey to business		Inclusion Habits Journey Page 78
Deliver a series of Diversity and Inclusion Lunch and Learn sessions for all employees across the Group, covering a range of topics including Indigenous, gender, disability, sexual orientation and generational diversity		Lunch and Learn series Page 88
Engage with not-for-profit and community organisations to provide pathways and opportunities for culturally and linguistically diverse groups and people		Opportunities for culturally diverse people Page 79
Analyse Workplace Gender Equality Agency (WGEA) reporting data and use the learnings as key inputs to develop ongoing strategies, programs and initiatives		Downer continued to progress work in FY22.
Deliver Downer's THRIVE women's empowerment and capability building program to the business		THRIVE program Page 80
Work with Reconciliation Australia to develop and launch a Downer Group Innovate Reconciliation Action Plan		Reconciliation Action Plan Page 82
Create an Indigenous Champions network across Downer Group		Downer continued to progress work in FY22.
Embed best practice cultural heritage monitoring within large-scale on-country project deliveries		Cultural heritage management Page 100
Continue 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; cadetship and further under-graduate programs; and apprenticeships and traineeships.		Generational diversity Page 86



For our approach to our people, visit:
downergroup.com/2022sustainabilityreport-people

Downer's workforce

Downer's workforce across Australia and New Zealand is more than 33,000, with fewer than 100 people across other international markets. By employment contract, 59 per cent of our workforce are permanent, with 41 per cent contingent workers. Refer below for a full breakdown of Downer's workforce.

Employee headcount decreased by 25 per cent in FY22. This is due to organisational changes across the Group, including the divestment of Mining Services, Laundries and parts of the Hospitality business within Facilities. Downer has also made administrative improvements to reporting during FY22 to better define 'active' employees and to remove 'inactive casuals' from Payroll systems, which also contributed to the reduced headcount reported below.

In FY22, Downer's employee turnover rate was 23 per cent, down from 24 per cent in FY21. Downer's employee turnover rate has decreased five percentage points over the past two years from 28 per cent in FY20 – this is at a time when the sectors Downer operates in have experienced tight labour markets and high employee mobility. Low unemployment rates in Australia and New Zealand are also providing people with greater employment options and opportunities, which is impacting job mobility and turnover rates. In this environment, Downer was pleased to reduce employee turnover in FY22, and will continue driving initiatives to achieve our talent attraction and retention objectives.

Employee headcount

Region	FY21	FY22	% Change
Australia	33,704	24,007	-29%
New Zealand	10,234	9,377	-8%
Other	423	55	-87%
Total	44,361	33,439	-25%

Downer workforce by age group

Age category	Male %	Female %	% of workforce
Under 30 years old	21.46%	28.58%	23.69%
30-50 years old	47.27%	45.38%	46.68%
Over 50 years old	31.27%	26.04%	29.63%

Employees by contract type and gender

Contract type	FY21 Female	FY21 Male	FY21 Total	FY22 Female	FY22 Male	FY22 Total	Change % Female	Change % Male	Change % Total
Permanent									
Full-time	3,969	16,214	20,183	3,787	13,984	17,771	-5%	-14%	-12%
Part-time	1,562	652	2,214	1,325	569	1,894	-15%	-13%	-14%
Temporary									
Full-time	1,201	2,185	3,386	1,163	2,301	3,464	-3%	5%	2%
Part-time	876	609	1,485	841	615	1,456	-4%	1%	-2%
Casual	7,282	9,811	17,093	3,348	5,506	8,854	-54%	-44%	-48%
Total	14,890	29,471	44,361	10,464	22,975	33,439	-30%	-22%	-25%

Percentage of total employees covered by collective bargaining agreements

Region	FY21 Number	FY21 Rate % total headcount of region	FY22 Number	FY22 Rate % total headcount of region
Australia	18,322	54%	12,029	50%
New Zealand	4,171	41%	4,057	43%
Other	-	0%	-	0%
Total	22,493	51%	16,086	48%

Employee new hires by gender

Gender	FY21 Number	FY21 Rate % of total employees	FY22 Number	FY22 Rate % of total employees
Female	5,350	12%	4,865	15%
Male	8,464	19%	8,391	25%
Total	13,814	31%	13,257	40%

Employee turnover by gender

Gender	FY21 Number	FY21 Rate	FY22 Number	FY22 Rate
Female	3,451	23%	2,358	23%
Male	7,083	24%	5,254	23%
Total	10,534	24%	7,613	23%

Employee new hires by age category

Age category	FY21 Number	FY21 Rate % of total employees	FY22 Number	FY22 Rate % of total employees
Under 30 years old	6,331	14%	5,415	16%
30-50 years old	5,411	12%	5,590	17%
Over 50 years old	2,072	5%	2,252	7%
Total	13,814	31%	13,257	40%

Employee turnover by age category

Age category	FY21 Number	FY21 Rate	FY22 Number	FY22 Rate
Under 30 years old	2,694	20%	2,045	26%
30-50 years old	5,200	27%	3,743	24%
Over 50 years old	2,640	23%	1,825	18%
Total	10,534	24%	7,613	23%

Employee new hires by region

Region	FY21 Number	FY21 Rate % of total employees	FY22 Number	FY22 Rate % of total employees
Australia	10,447	24%	10,404	31%
New Zealand	3,310	7%	2,850	9%
Other	57	0%	3	0%
Total	13,814	31%	13,257	40%

Employee turnover by region

Region	FY21 Number	FY21 Rate	FY22 Number	FY22 Rate
Australia	8,346	25%	5,495	23%
New Zealand	2,188	21%	2,118	23%
Other	-	0%	-	0%
Total	10,534	24%	7,613	23%



Enhancing the employee experience

Downer operates in sectors that are subject to highly competitive labour markets, making employee retention and attraction an important strategic focus across the organisation.

The materiality assessment conducted in 2021 identified two material issues relating to Downer's workforce: Employee development and engagement; and Diversity and inclusion. Both issues are central to ensuring we attract and retain a skilled and engaged workforce that can continue delivering outstanding services for our customers.

Downer's employee development and engagement strategy focuses on providing opportunities for employees to grow their careers, offering benefits that are competitive with the market, and creating channels for engagement and feedback. Our focus on diversity and inclusion aims to foster a diverse and inclusive workplace that facilitates opportunity and respect – this includes focusing on gender, cultural and generational inclusiveness to reduce inequalities.

Downer has undertaken extensive work in both of these important areas during FY22 with the aim of enhancing the employee experience and ensuring Downer remains an employer of choice.

Factors such as the COVID-19 pandemic, social justice movements, technology and the shifting demographics of our workplace have changed the way Downer sees, values and supports our diverse workforce. Creating an environment where all individuals are treated equitably, fairly and respectfully is important. This environment enables and empowers people to access opportunities, develop personally and professionally and fully contribute to our organisation's success.

Downer recognises that creating a sense of belonging is imperative to our sustainability and success as an organisation. In recent times, we have witnessed an increased emphasis on creating an inclusive workplace culture and leveraging the benefits that diversity brings to an organisation.

To reflect this shift, in FY22 we moved from using the language of 'Diversity and Inclusion' to 'Inclusion and Belonging'.

This acknowledges that our focus is on the inclusion of all people through valuing and respecting differences, and also reflects the significant work and initiatives completed over the past 12 months. This includes launching our first Group-wide Inclusion and Belonging Strategy for 2022-24, which is an important step to guide our behaviours and advance our workplace culture over the next two years.

Employee feedback received through our annual employee engagement survey shows that career development is important to our employees' experience at Downer. In FY22, we continued to investigate options to provide our workforce with opportunities to develop and to support their career pathways.

We support the learning and career development of our people through formal training programs, online sessions and on-the-job development. In FY22, a significant amount of time and resources has been spent reviewing, updating and expanding our suite of learning and development opportunities within Downer.

By fostering an inclusive workplace where our people have a sense of belonging, feel valued and understand they have an opportunity to grow within their roles, we aim to ultimately strengthen Downer's reputation as an employer of choice, allowing us to attract and retain the best people to continue delivering the best outcomes for our customers and communities, despite a tight labour market.

Inclusion and belonging

An important strategic objective for Downer over the past 12 months has been to renew our focus on enhancing the employee experience.

Downer has always prided itself on having a workplace culture that is diverse and inclusive, but we believe that the work done in FY22 will lay the foundation to provide a step change for our employees over the coming years.

Given the diverse nature of our workforce, we have sharpened our focus on inclusion and belonging in the workplace to ensure Downer is well positioned for ongoing success and continued growth. We have developed new programs and policies to support our people, including:

- Developing and embedding a revised operating model and establishing pillars around inclusion and belonging
- Establishing Inclusion and Belonging Steering Committees across all Business Units
- Developing a targeted suite of learning and development opportunities focused on inclusion and belonging
- Arranging for leaders across the organisation to undertake Emberin’s Inclusive Habits Journey course
- Developing and launching an Inclusion and Belonging Strategy and Action Plan for 2022-24, covering our Australia and New Zealand workforce.

Owning our differences

Downer’s success relies on the unique contributions that all of our employees bring to the organisation.

Downer’s Inclusion and Belonging Strategy and Action Plan 2022-2024 was launched in April, and outlines our objectives and actions over the next three years to drive a culture that empowers our people to celebrate their diversity and own their differences.

The strategy is underpinned by our Own Different communication campaign, which highlights Downer’s culture of inclusion, acceptance, engagement and encouragement across our broad workforce, and aims to build confidence and ambition in our people.

Downer is made up of more than 33,000 people, across hundreds of locations, who are all different. We have different preferences and perspectives, different histories and heritages.

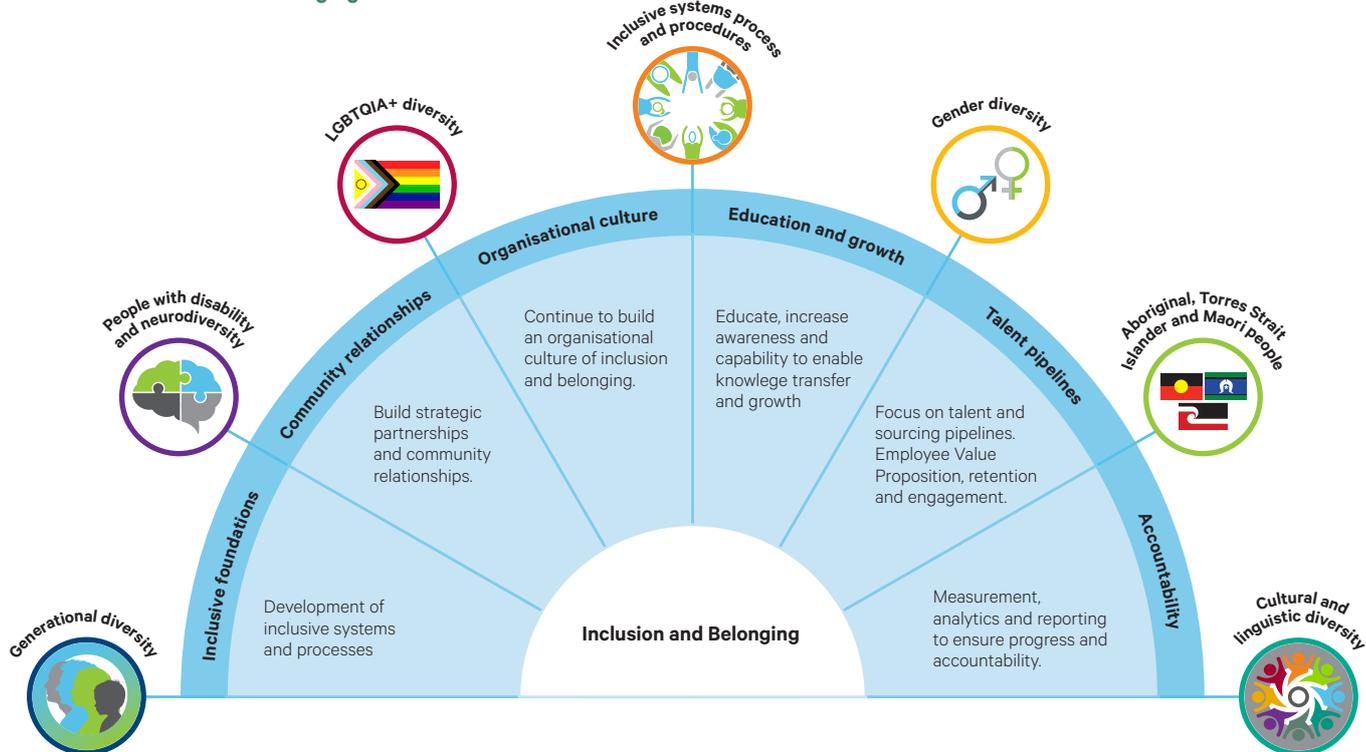
Our differences are Downer’s greatest strength. And the Own Different campaign tells this story.

By celebrating our diversity and owning our differences, we’re creating an environment where all our people feel that they belong and are comfortable bringing their whole selves to work every day.

The campaign focuses on our people sharing and celebrating what it is that makes them different.

Our Inclusion and Belonging Strategy and Action Plan 2022-2024 and Own Different campaign will go hand-in-hand, and help position Downer as a leader in the inclusion and belonging space.

Downer’s Inclusion and Belonging focus areas



Own Different.

Downer's Inclusion & Belonging Strategy and Action Plan 2022-2024



Inclusion and Belonging Steering Committees

Downer is committed to sustainable change driven by our inclusiveness agenda.

Inclusion and Belonging (I&B) Steering Committees have been formed within each Business Unit, and will draw on Downer's Group-wide I&B Strategy to validate efforts and remain aligned to our higher strategic intent for inclusion. I&B Steering Committees are made up of employees from all levels of the organisation and chaired by a Senior Operational Manager.

Downer's Business Units are at different stages of maturity in their inclusion journey and change agendas will vary across different workgroups.

An Inclusion and Belonging Community of Practice, chaired by the Downer Group Chief Operating Officer, will aggregate these collective efforts and work to optimise and report performance across the Group. This forum, which meets quarterly, will drive continued focus on ensuring we deliver on our commitments.

Diversity at Downer

In FY22, Downer piloted a new development program, Diversity@Downer: 'It takes all kinds'.

This one-day program is aligned to the nationally-recognised unit of competency, and has been adapted to our business. It aims to ensure participants understand and experience the benefits of valuing difference over similarity in thinking or behaving, and understanding diversity and inclusion is broader than race and gender.

The Diversity@Downer learning module was developed in partnership with an external agency to provide employees with an understanding of the basic requirements of inclusion and belonging using case study examples and a final project to gain competency.

The program will become part of our standard Learning and Development offering in FY23.

Inclusion Habits Journey

Downer's leaders are critical to maturing our approach to inclusion and belonging.

In FY22, Downer engaged the services of Emberin, an external organisation that supports organisations to increase knowledge and understanding around inclusive cultures, to deliver its Inclusion Habits Journey program.

The program is a blended online and workshop-based journey focused on how to develop inclusive leadership and build an inclusive culture, based on the science of behavioural and habitual change. Emberin's inclusive leadership process includes the online diversity and inclusion training program, Inclusion Habits for Leaders.

In FY22, a number of Business Units commenced the Inclusion Habits Journey, which empowers leaders at all levels to be role models for an inclusive culture, building the practical knowledge and skillset required to embed inclusion and belonging in all aspects of people management.

Unconscious bias awareness programs

Downer understands the importance of educating our workforce on unconscious bias. We are utilising the method of storytelling in various forms to emphasise key points around inclusive language and behaviour. In FY22, Downer launched an online employee profile series titled 'Our people, their stories', a podcast series titled 'Share. Learn. Connect' and published 'Embracing Inclusion @Downer' fact sheets to deliver this information in an engaging way.

Downer's Learning and Development team has produced 12 podcast episodes featuring employees sharing stories of experiences which indirectly relate to issues surrounding unconscious bias. This series of real-life stories provides listeners with true accounts of experiences and challenges faced by colleagues, along with advice and insights into how to address instances of discrimination, bias, harassment and other challenges.

Opportunities for culturally diverse people

Downer partners with external agencies and organisations to improve employment access for under-represented groups.

Downer is currently partnering with: CareerSeekers to open pathways to employment for the migrant and refugee community; the Stars Foundation and NRL Cowboys House organisations to establish an employment pipeline of Indigenous male and female students; AtWork to seek out opportunities for people with disability; and Work180 for gender-based employment for female roles.

In FY22, Downer’s Facilities Business Unit and our customer, Bendigo Health, joined GROW Bendigo (which stands for Growing Regional Opportunities for Work) and collaborated with Loddon Campaspe Multicultural Services and local employment service providers, MatchWorks and Western District Employment Access, to design a culturally responsive pre-interview training program to create meaningful and sustainable employment opportunities for vulnerable and under-represented communities.

This initiative is supporting the Bendigo community to recover from the impacts of the COVID-19 pandemic and the challenges of disadvantage and joblessness.

LGBTQIA+ diversity

In August 2021, Downer celebrated Wear it Purple Day, and produced a video to promote inclusion across Downer and highlight Downer as an inclusive employer for the LGBTQIA+ community.

In December, our New Zealand team achieved a significant milestone in Downer’s support for the LGBTQIA+ community when they were officially Rainbow Tick certified. Rainbow Tick is about embracing the diversity of sexual and gender identities in the workplace, while creating a supportive work environment that lets our people own their differences. On 20 May 2022, our New Zealand team celebrated Pink Shirt Day, which aims to create schools, workplaces, communities and whānau where everyone feels safe, valued and respected. Pink Shirt Day began in Canada in 2007 when two students took a stand against homophobic bullying, after a peer was bullied for wearing a pink shirt. In Penrose, Auckland, the New Zealand Roads team used their line-marking robot to paint a pink shirt at our depot, gaining widespread exposure for Pink Shirt Day when it was broadcast on morning television.

While Pink Shirt Day has been part of our New Zealand team’s calendar of events for many years, 2022 was the first time Downer New Zealand has joined with our new charity partner, Mental Health Foundation, to celebrate the day and acknowledge the effects that bullying and harassment can have on mental health and wellbeing.

Gender diversity

Downer’s total workforce profile is 31 per cent female and 69 per cent male. Our female employee metrics, as at 30 June 2022, are outlined below.

In this period, Downer has seen:

- Decreased women in executive roles by two per cent to 23 per cent
- Women in management remain at 17 per cent
- Decreased women in the workforce by three per cent to 31 per cent.

In FY22, Downer increased representation of women on the Board from 33.3 per cent to 37.5 per cent. Three of the eight Directors on the Downer Board are women as at 30 June 2022.

In FY20, Downer set long-term gender diversity targets, including a target of 40 per cent women in the workforce by FY23 – a five per cent increase from a FY20 baseline of 35 per cent. All targets can be found on page 90.

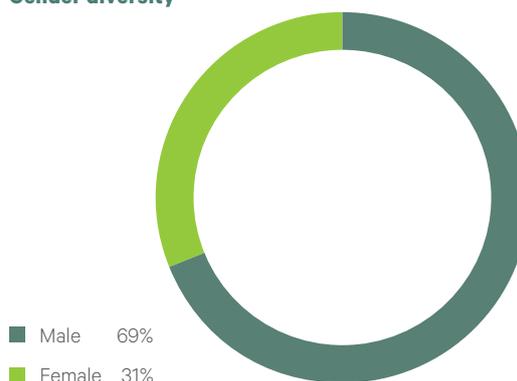
Downer has reshaped the organisation in line with its Urban Services strategy since those targets were set, including the divestment of Mining Services, Laundries and the Hospitality business within Facilities. The divestments, along with administrative improvements to reporting which removed ‘inactive casuals’ from Payroll systems, resulted in a 25 per cent reduction in Downer’s overall employee headcount in FY22.

Removing the divested businesses from the FY20 baseline results in the baseline decreasing from 35 per cent to 29 per cent to allow a like for like comparison. On a weighted average this lowers the FY23 target of 40 per cent to 34 per cent.

The recruitment and promotion of talented women will continue to be a priority focus for Downer. Downer’s Inclusion and Belonging Strategy has a strong focus on improving gender balance in traditionally male-dominated areas, including trade roles, middle management and senior management.

In addition, Downer continues to expand and develop internal programs aimed at supporting and developing our female workforce, this includes our successful THRIVE program (see page 80).

Gender diversity



THRIVE program

A cornerstone of our commitment to gender diversity is our THRIVE program, a collaborative leadership, professional development, learning, wellness, and capability program that aims to cultivate and develop talented women at all levels across our business. THRIVE is a 12-month program based around five blocks of learning and collaboration, delivered in a blended model, primarily face-to-face as well as an online component.

THRIVE incorporates a range of innovative features, including:

- Opportunities to network with colleagues and leaders from a diverse range of Downer businesses and roles
- Greater connection with Downer innovations, sites and structures via presentations, the sharing of resources and networking opportunities
- Internal and external facilitation of collaborative self-development, focusing on areas such as influencing by leaning into your authentic self, engaging with innovation and strategy, building belonging, visioning and wellness
- Connection with community via team-building corporate volunteering activities
- Implementation of learned skills via the completion of a THRIVE passport – using skills in real work and life contexts
- Launch and graduation networking events, and inclusion in the THRIVE alumni network.

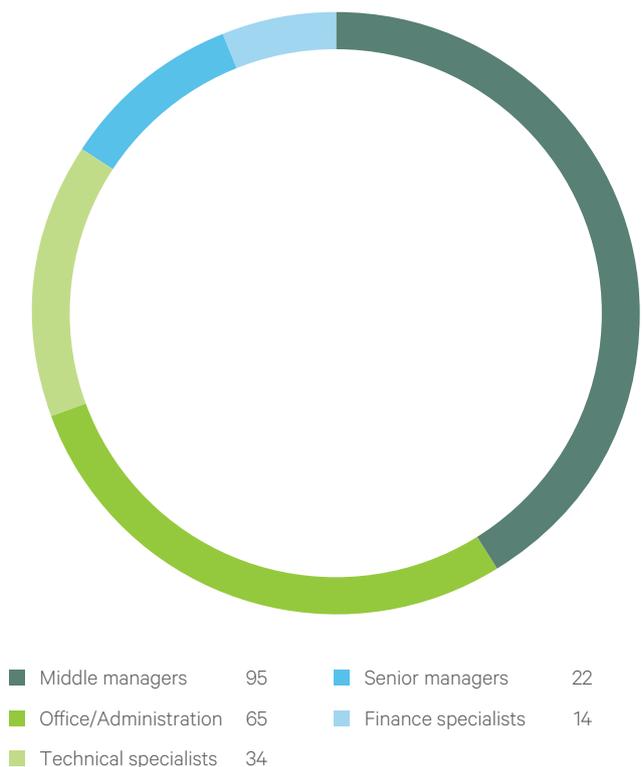
Meanwhile, in New Zealand, we have developed the 'Wāhine Kotahitanga' program, which aims to establish a support platform for young women entering the construction industry. Wāhine Kotahitanga means 'women united', which links back to the purpose of the program – to bring women together to grow and to change the status quo of the industry. Downer's goal is to nurture and support a community of young women, and to empower and retain the female engineers entering the construction industry and connect them with women in leadership roles.

The program was launched on International Women's Day 2022, and the community now stretches across New Zealand, reaching more than 100 women. Downer has also hosted workshops to ensure members are clear on their objectives and what they want to achieve from the program.

THRIVE statistics



THRIVE attendees by level of work



CASE STUDY

Supporting our women to THRIVE



As its name suggests, Downer's new female development program is supporting participants to *thrive*.

The bespoke THRIVE (Together Honouring Relationships to Inspire Vision and Empower) female development program has been running for one year, and it is already having a big impact on course participants.

"This program presented an amazing opportunity to meet supportive, like-minded women from different parts of the business, to engage in networking opportunities and learn from a vast array of speakers and facilitators," Sophie Sangster, Head of Commercial and Risk in Facilities, said.

"I have found it to be incredibly rewarding and I have already enjoyed personal and professional growth as a result of my participation."

That personal growth includes having the confidence to seek out career development opportunities.

"Without the THRIVE program, I would have never had the courage to speak to my manager about a promotion," Sophie said.

"Women may sometimes need to feel like someone is in their corner before they work up the courage to put themselves forward, be vulnerable and make themselves available for new opportunities despite not feeling ready, worthy or sufficiently experienced. This is what the THRIVE program inspires you to do."

As a mother of four young boys, Sophie enjoys her busy life, but found the THRIVE program a chance to reflect.

"The THRIVE program is also an opportune time for personal reflection and for women to give themselves some credit for managing to balance the inherent demands of their professional and personal lives. The THRIVE program is one of the top-down commitments to developing a strategy for women to access key growth positions in the organisation which may be achieved through networks, female-only leadership development programs and mentoring."

Other THRIVE participant feedback from the first year of the program includes:

"It's hard to put into words just how excited and inspired I am. I have never felt so 'seen'. It was empowering to know we are not alone in how we feel and that the challenges we face are similar to others." – Brisbane participant.

"Had it not been for the content we worked through in Block 3, I wouldn't have had the confidence to put myself forward for a promotion within Downer. Thank you so much for making the program available to people like me who could really use a little bit of a confidence boost (and a kick in the pants) to take the next step in their career. It has literally changed my perceived career path and I'm very grateful." – Brisbane participant.

"Meeting strong women from diverse ages, backgrounds, cultures and Business Units was my highlight – sitting next to someone from a different sector was a game changer." – Perth participant.

This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals:



Indigenous cultural diversity

Reconciliation Action Plan



Downer acknowledges Aboriginal and Torres Strait Islander peoples as the traditional and continuing custodians of Australia. We acknowledge their spiritual and cultural bonds linking them to their lands.

Having closed out the action items in Downer's Innovate Reconciliation Action Plan for 2019-21, Downer submitted our first Innovate Reconciliation Action Plan (RAP) covering both Downer and Spotless to Reconciliation Australia in 2022. Combining the Downer and Spotless RAPs will provide an opportunity to share learnings and align future commitments, programs and initiatives. In May 2022, Reconciliation Australia endorsed the Downer Group Innovate RAP, which we will launch in July 2022 to coincide with our NAIDOC Week celebrations.

Promoting Indigenous culture and building the cultural awareness of our workforce is critical to building relationships based on trust and respect. Downer does this by:

- 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 traineeship and apprenticeship programs
- Including a supported prequalification process for inclusion of Indigenous businesses into our supply chain
- 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 projects.

Walu employment program



Walu means 'where are you going?' in Wiradjuri language. It's an appropriate name of the employment program that Downer's Indigenous Engagement team has developed, which helps Aboriginal and Torres Strait Islander peoples to take important steps on their career journey.

The Walu program is a pre-employment framework to identify opportunities within the organisation to partner with external Indigenous employment agencies to create sustainable employment pathways for Indigenous candidates.

The Walu program aims to provide an education and support framework for candidates from the screening process to placement within a Downer Business Unit, over a period of three months to successful permanent employment.

We partner with NGOs, TAFEs, private providers and the local community to deliver this pre-vocational, ready-for-work training and personal development program that equips candidates with the foundational tools and knowledge they need to build a successful career within Downer. Downer believes this pre-employment and ongoing support methodology leads to significantly increased overall retention rates.

The program offers supported, end-to-end Aboriginal and Torres Strait Islander employment solutions, focusing on four key aspects of employment: screening; recruitment; pre-skilling; and post-placement support.

To assist in attracting Aboriginal and Torres Strait Islander peoples to our business, we have developed specialist recruitment and training methodologies including a culturally appropriate selection process and local community consultation and community information sessions which replace our standard recruitment process.

Candidates from the information session are shortlisted for further screening at an assessment workshop, which replaces the traditional interview process. Potential recruits undertake practical assessments and receive presentations from site staff. The experiential learning activities are culturally appropriate and structured so that site representatives are assessing for teamwork, leadership skills, communication skills and trainability.

Successful candidates then progress to the offer and training section of the program, which includes specific site training requirements and is delivered in a group environment with the support of our external partners and Downer’s Indigenous engagement specialists.

The final component of the program focuses on ongoing support for the successful candidates post-placement. This involves regular check-ins during the first weeks of employment, and support for supervisory staff to ensure they are comfortable with new candidates.

A pilot program was rolled out on our Facilities team’s Sydney Trains Cleaning contract, resulting in a number of new employees joining the team. We partnered with Aboriginal Employment Strategy, a western Sydney-based Aboriginal recruitment and training company, which provided sourcing, screening and support for candidates.

The program is designed to be adaptable and scalable to ensure effective delivery across different Business Units, contracts or geographic locations.

With the pilot now complete, Downer is investigating avenues to expand the Walu program to other contracts and different areas of the organisation.

Cultural Protocols guide

Downer produced an Indigenous Cultural Protocols guide, which provides context and guiding principles to further inform our people on how to refer to, embrace and celebrate Aboriginal and Torres Strait Islander peoples’ cultures.

This guide supports Downer’s reconciliation journey by increasing our cultural awareness. It gives us a better understanding of the communities and lands we operate in, which will help us build sustainable relationships with Aboriginal and Torres Strait Islander peoples, communities and organisations. The guide includes terminology, traditional protocols, event management and significant dates.

In addition, Downer has also developed and distributed Acknowledgement of Country cards, which outline how to conduct an Acknowledgement of Country at the beginning of meetings or presentations.

In FY22, Aboriginal and Torres Strait Islander peoples made up 1.48 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.

Māori cultural diversity



In FY22, Māori comprise 16.3 per cent of our 9,377 strong workforce in New Zealand. This is a decrease from 24 per cent reported in FY21. The decrease is due to changes to reporting systems, the application of the ‘active employee’ definition, and divestments in Laundries and Hospitality.

Downer’s vision is ‘matawhānui’, which is to create an environment where Māori thrive, because it’s better for our people, our whanau, our communities, our business and our country. Downer’s New Zealand business has a proven track record in delivering improved outcomes for Māori through tailored leadership development programs. These programs continue to include specific programs for school leavers, wahine (women), and senior leaders in partnership with Iwi.

The 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.

	FY21 Female	FY21 Male	FY21 workforce percentage	FY22 Female	FY22 Male	FY22 workforce percentage
Aboriginal and Torres Strait Islander peoples	237 (1.59%)	317 (1.42%)	554 (1.64%)	132 (1.78%)	224 (1.35%)	356 (1.48%)

CASE STUDY

Darumbal Trainee Ranger project – building a connection between culture and country



The Darumbal Trainee Ranger project is a new partnership between Downer Defence and the Darumbal People Aboriginal Corporation.

In late 2021, the project was launched at the Shoalwater Bay Training Area (SWBTA) in Queensland, with a Welcome to Country, traditional dances and a smoking ceremony performed by Darumbal Elders.

SWBTA is located approximately 80 kilometres north of Rockhampton, and is one of the largest permanent training areas used by the Australian Defence Force (ADF), enabling joint and combined exercises executed by the Army, Navy and Airforce.

The Trainee Ranger program will create 16 new jobs in total and help protect the World Heritage-listed SWBTA environment. The partnership will provide valuable training and business opportunities for the Darumbal and local Indigenous people to help manage environmental risks and assist the ADF to ensure continuing military capability in the area.

Trainees participate in face-to-face training and complete assessments to eventually achieve a Certificate 3 in Conservation and Land Management, delivered in partnership with Downer and TAFE Queensland.

Eight Indigenous trainees are enrolled in the program, successfully implementing weed management in targeted areas, helping to control invasive species such as lantana and weeded grass.

Downer's General Manager, Operations – Estate and Base Management, Jeffrey Collins, said the program was a great way of engaging the Traditional Custodians of the land that Downer manages on behalf of the ADF.

“Downer is committed to supporting Defence capability through the Estate Maintenance and Operations Support contract,” he said. “It is great to see the first Trainees enter this program as we look forward to building on our partnership with Darumbal Corporation.”

This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals:



CASE STUDY

A story of survival and success



If Rasha Al-Badry had not moved to Australia in 2000, she may never have had the opportunity to become an award-winning engineer. More importantly, she may not be alive today to share her story.

Rasha was born in Iraq and graduated from The University of Technology in Baghdad with a Bachelor of Science in Building and Construction in 1993.

For most people, attending university classes would not be considered a life-or-death situation. For Rasha, it was.

Going to class was dangerous – at the time, Iraq was involved in the Gulf War with coalition forces, which brought economic sanctions against Iraq.

The raging war and economic uncertainty meant Rasha was forced to make some life-changing decisions. Two days after her wedding, Rasha decided to quietly leave Iraq. It had to be done in secret, because professionals were banned from leaving the country.

Rasha persevered and worked hard to ensure her engineering qualifications would be recognised by Engineers Australia, which would then enable a pathway for migration to Australia as a skilled worker. In 2001, Rasha started her Australian career providing engineering services in Mount Isa, Cloncurry, Julia Creek and Richmond in north-west Queensland, as well as in the Northern Territory.

However, moving to Australia was only the first hurdle for Rasha. It was great that she was able to find work, but it was still a challenging time for Rasha and her family. Adjusting to a new culture and lifestyle, while not speaking English fluently, made the situation difficult at times.

Nonetheless, Rasha was determined to create a new life for herself and her family, enrolling in multiple English language and TAFE courses to educate herself and learn more about this new country she was going to call home.

Since joining Downer in 2018 Rasha has built a strong reputation by implementing her technical skills as an engineer and assisting the project delivery team to deliver high quality products to their customers.

Rasha says she feels included and valued at Downer – she knows her voice will be heard, and she is able to make meaningful contributions in her team and through her work.

“I am overwhelmed with all the messages of encouragement and support; it has been amazing,” Rasha says. “I truly have been supported at Downer and I am so happy.”

In her role as Project Engineer, Rasha assists the Project Manager in planning, scoping and managing projects by providing program updates, establishing project structures, project reporting and plan development.

Her hard work and dedication have been rewarded, with Rasha receiving the Achievement in Construction (Civil Works) Award at the 2021 National Association of Women in Construction (NAWIC) Queensland Awards event in October 2021.

This award recognises the achievement of an outstanding woman who has contributed to a construction project in civil works. And most importantly, her team think she is outstanding too.

“Rasha’s work ethic and commitment is obvious in everything she does,” her manager, Guy Johnson, says. “She is a critical thinker, which combined with her tenacity enables her to consistently achieve successful outcomes. She has fulfilled an important role over the past three years, providing a critical interface between engineering and procurement at the front end of our projects, as well as providing engineering support during delivery.”

This initiative demonstrates Downer’s contribution to achieve the following Sustainable Development Goals:



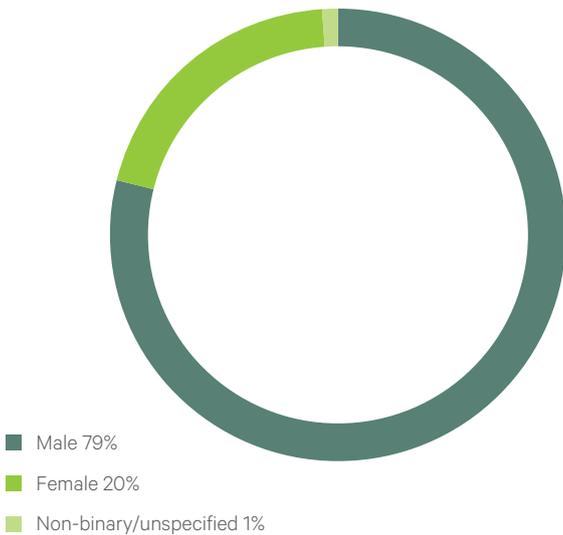
Generational diversity

Apprentices

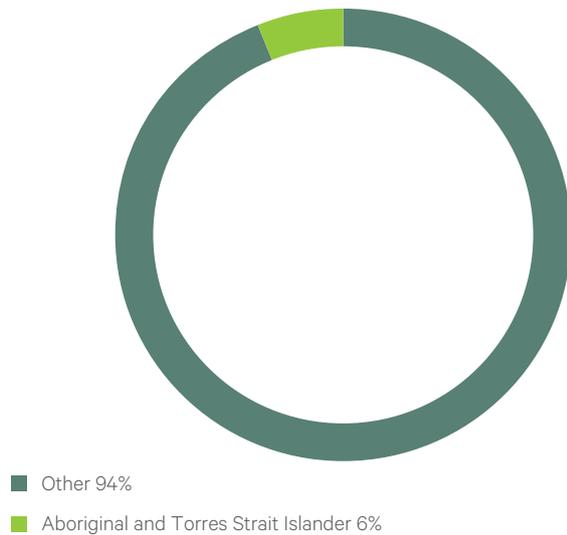
Over the past 12 months, 85 per cent of apprentices and trainees who completed their qualification with Downer were offered ongoing employment. Among our apprentice cohort who identify as female, 75 per cent are undertaking a trade qualification.

Engagement activities for apprentices and trainees are increasing with the establishment of the Apprenticeship Community of Practice to ensure collaboration on key projects. This includes the establishment of an apprentice handbook, to be provided at commencement of an apprenticeship, and a newsletter to update the cohort on good news stories and learning opportunities.

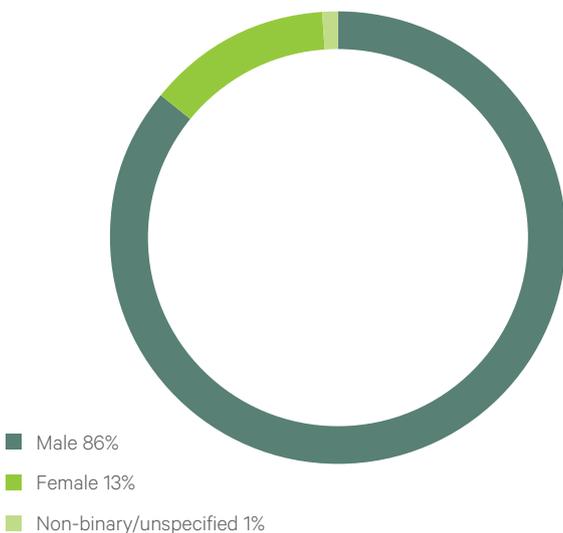
Australian apprentices by gender



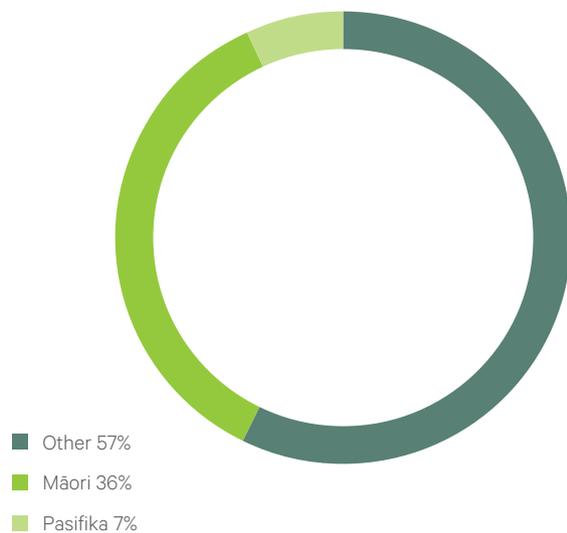
Aboriginal and Torres Strait Islander apprentices (Australian cohort)



New Zealand apprentices by gender



Māori and Pasifika apprentices (New Zealand cohort)



Graduates

Downer's industry-leading Graduate program is the cornerstone of our generational diversity focus.

It continues to be a successful and sustainable pipeline for employees entering the business in their chosen discipline.

The program also focuses on improving Downer's gender diversity – attracting a pipeline of young females into industries that are traditionally male-dominated.

In FY22, our percentage of female graduates, while below Downer's long-term targets for female representation in our workforce, is an increase on FY21.

- In FY22, 17.5 per cent of the Australian graduate cohort is female
- The 2022 recruitment campaign for the 2023 Engineer Graduate intake attracted 517 applications, 15 per cent of whom were female
- The 2022 recruitment campaign for the 2023 Corporate Graduate intake attracted 105 applications, 37 per cent of whom were female
- In New Zealand, 66 summer interns (42 per cent of whom are female) joined our business in FY22 to gain practical/professional experience throughout the 12-week program
- In FY22, 24 engineering graduates (25 per cent of whom are female) entered the business in New Zealand – 79 per cent of whom completed the summer internship program
- Of the current New Zealand graduate cohort, 37 per cent are female
- In FY22, 11 graduates in New Zealand completed the program and transitioned into the wider business; 37 per cent are female
- Downer New Zealand has awarded three scholarships (one for \$12,000, and two for \$5,000) in 2022 – all were awarded to females.

In keeping with Downer's renewed focus on the employee experience, our Graduate program continued to evolve throughout FY22, with a comprehensive review of the program outcomes and structure.

After the review, the following initiatives were implemented.

Graduate conference: Due to the impact of COVID-19, our graduates had limited opportunities to come together during 2020 and 2021. Downer realises that networking opportunities are important to the graduate experience, so we established the new graduate conference program, which is broken up into two events.

The first session took place in November 2021, with the second in March 2022. The graduate conferences are aimed at bringing our cohorts together from across the organisation to facilitate an opportunity for networking and development and foster a culture of innovation.

In addition, we also host monthly graduate webinars, which are hosted by a different Business Unit each month, giving our graduates exposure to different contacts across the Group and increasing their knowledge of Downer's services and business strategy.

Grad Post – graduate newsletter: This newsletter is sent once a month, with the aim of increasing engagement among our graduates, and increasing their knowledge about Downer's services and initiatives.

The newsletter is also distributed to incoming graduates to ensure they are engaged from offer acceptance through to commencement in the program.

Disability and neurodiversity

In FY22, Downer's Group Health and Wellbeing team worked closely with the Inclusion and Belonging team to ensure Downer employment programs include neurodiversity and promote a psychologically safe environment that fosters discussion on diversity within our workplace and the communities in which we work.

Downer will continue to develop a culture of support, inclusion and belonging for people with both visible and non-visible disabilities. We acknowledge and understand that employees do not always feel comfortable disclosing that they have a disability. We are committed to ensuring that we are creating a supportive, accessible and inclusive environment, where all employees have adequate resources to thrive and fully contribute to the success of their team and Downer.



Learning and development

Upskilling our people

In FY22, 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 FY22, Downer delivered more than 239,000 hours of internal courses. Based on our workforce profile of 31 per cent female and 69 per cent male, Downer estimates there were 78,685 training hours delivered to female employees and 160,765 hours to male employees. This equates to 7.2 training hours per female and 7.0 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.

Training hours

	FY21 Female	FY21 Male	FY21 Total	FY22 Female	FY22 Male	FY22 Total
Total training hours	77,108	149,681	226,789	78,685	160,765	239,450
Average hours per employee by category	4.87	4.96	4.93	7.20	7.00	7.06

Cultural Awareness Training

Downer's Sustainability Linked Loan contains KPIs related to training hours completed for our Indigenous Cultural Awareness Training program in Australia, and our Te Ara Whanake and Te Ara Maramatanga programs in New Zealand. In FY22, Downer delivered a total of 6,167 hours of training across these three programs. In Australia, 4,394 employees undertook the 40-minute Indigenous Cultural Awareness Training module. In New Zealand, 165 people took part in either a one-day or three-day face-to-face course, or equivalent online module.

Lunch and Learn series

Commencing in March 2021, the Inclusion and Belonging team commenced a new Lunch and Learn series covering the focus areas identified in Downer's Inclusion and Belonging Strategy 2022-2024. Topics covered include: Introduction to autism and inclusive employment; Managing a multigenerational workforce; Diversity and Inclusion – back to basics; Managing neurodiversity at work; Words at work – inclusive language; Celebrating Downer's multicultural workforce; Indigenous participation plans; Inclusion and Belonging Strategy 2022-2024; and Rainbow inclusion.

Employee Engagement Survey

Downer conducted our annual Employee Engagement Survey in May 2022.

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, which is in line with our 2021 survey result.

Areas our employees identified as Downer's strengths include career opportunities, learning and development, leadership, and our Purpose, Promise and Pillars.

The largest improvements this year are in: Opportunities for employees to progress their careers within Downer (up six percentage points); Employee recognition (up five percentage points); Opportunities for better work-life balance at Downer (up four percentage points); and Ensuring consultation is provided before making decisions that affect our workforce (up four percentage points).

Employee feedback in the survey also highlighted that workforce recruitment and selection is an important issue, and as such we will ensure this is a key focus area over the next 12 months.

Industrial relations

In FY22, Downer's Industrial Relations team, with its specialist full-time investigator, managed complex workplace investigations across the organisation. Training is also being delivered to HR professionals and managers on the principles of undertaking workplace investigations to ensure that all complaints are handled according to The Downer Standard and closed out effectively.

The Industrial Relations team also commenced an internal audit pilot program with a team in the Facilities Business Unit. This involved bringing together the contract manager, the relevant line managers and HR Advisors to undertake specific training in the industrial instrument that applies to their business and

instructions on completing an audit of areas of potential non-compliance. The pilot has been successful and, subject to a final review, we propose to roll out a similar program across areas of the business at greatest risk of non-compliance.

Freedom of association and collective bargaining

Our people have the right to freedom of association and collective bargaining. Of our workforce, 48 per cent are covered by collective agreements across the Australian and New Zealand markets.

Veteran support

Downer employs a number of ex-Servicemen and ex-Servicewomen. We continue to leverage our relationships to support the transition of ex-Defence personnel into employment.

Downer has partnerships with Right Management and the Australian Veterans Employment Coalition, which are core to supporting the transition of current and ex-ADF members and their families into employment.

Downer is a founding member of Australian Veterans Employment Coalition and supports all Downer businesses with access to transitioning and ex-ADF members through this platform. Additionally, we support and promote Australian Veterans Employment Coalition to enable other employers to access this talent platform, holistically contributing to employment of transitioning and ex-ADF members.

Parental leave benefits

In FY22, a total of 229 employees took parental leave, an increase of 1.3 per cent compared to FY21. In both reporting periods, the majority of employees who took parental leave were female.

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

Parental Leave

	FY21 Female	FY21 Male	FY21 Total	FY22 Female	FY22 Male	FY22 Total
Employees who took parental leave during the year	219	7	226	220	9	229
Employees returning to work in the reporting period after parental leave ended	221	5	226	250	9	259
Parental leave return to work rate (%)	87%	100%	87%	88%	89%	88%
Employees who returned to work after parental leave, and were still employed 12 months after return	223	1	224	113	4	117
Parental leave retention rate 12 months after return (%)	86%	100%	86%	87%	67%	86%

Our future focus

Downer's measurable objectives for FY23 have been endorsed by the Board and reinforce the company's Inclusion and Belonging Strategy.

In 2021, Downer set proposed FY21-23 targets, as below. Our FY23 measurable objectives and initiatives bring together the efforts and resources of the Group to support Downer's Inclusion and Belonging Strategy and the attainment of targets.

- 40 per cent women in the workforce by 2023
- 25 per cent women in management positions by 2023
- 25 per cent women in executive positions by 2023
- 30 per cent women on the Board
- 3 per cent Aboriginal and Torres Strait Islander employees.

The 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.

Downer will focus on a wide range of initiatives in FY23. These include:

- Implementing the first year plan of our Own Different campaign
- Implementing our Own Career employee development program
- Revising and evolving Downer's Talent Management and Succession Planning framework to be more inclusive
- Deploying the graduate capability framework
- Analysing WGEA reporting data and using the learnings as key inputs to develop ongoing strategies, programs and initiatives
- Developing and implementing the Own Respect framework, aligning to Downer's positive duty obligations
- Reviewing and modifying Downer's Mandatory Induction program to ensure our commitment to a diverse and inclusive workforce and working environment is embedded in Downer's culture.

Emerging issues and market trends

Workplace flexibility

The forced working transformations brought on by COVID-19 have accelerated change in the workplace, with a rapid switch to the utilisation of online technologies allowing employees to collaborate in new, more flexible ways. As society adapts to COVID-normal ways of working, including employees returning to offices, we expect to see challenges in adapting to an increasingly hybrid work environment.

A WGEA report published in December 2021 highlighted a number of benefits from this turbulent time, including increased organisational productivity, enhanced ability to attract and retain employees, improved employee wellbeing, increased participation of women in the workforce, and future-proofing the workplace. In addition, flexible working can promote greater gender diversity across the organisation. The ability for men and women to participate equally in flexible working arrangements has also provided the opportunity for a potential shift in paid labour (employment) versus unpaid labour (for example, home duties).

A shift to widespread remote working also has drawbacks, including the blurring of work-life boundaries for many workers. This challenge was not limited to the pandemic, but was highlighted through the number of workers suddenly shifting to remote working. Remote working prevents opportunities for less formal interactions with a wider range of people across an organisation, where information sharing may result in projects and discoveries that otherwise may not have happened. In-person collaboration also benefits individuals, allowing for easier collaboration and genuine connections with colleagues that may be more difficult to form remotely.

The challenge of adapting to a hybrid working environment going forward is something that organisations across all sectors will need to manage. It is important that the needs of the organisation are balanced with the opportunity to provide employees with flexibility while maintaining (or boosting) overall productivity, particularly in areas where flexible working opportunities are limited.

Generational differences

Over the next 10 years, we will see six generations within the workforce at one time. All will have different needs and wants, driven by different motivations and expectations. This will make the workforce more complex than ever. A shift in focus and effort is required to understand the expectations and adapt accordingly.

Downer has begun our discovery to understand what these generational differences will mean and how we adapt our engagement to ensure the employee experience is targeted and relevant to our generational span including our approach to communication, employee development and recognition.

Just transition

The term 'Just transition' refers to the transitioning to a lower carbon economy with less reliance on fossil fuels in a way that is fair and inclusive for everyone concerned, creating decent work opportunities and leaving no-one behind.

The move to a low-carbon future will see the significant restructuring of the energy industry with flow-on effects for urban and regional economies. However, while new industries will replace traditional fossil fuel energy sources, these sources may not be in the same regions; therefore there is a need to ensure that workers and communities are not disadvantaged.

Downer provides local employment and utilises local supply chains in servicing fossil fuel based power generation assets and supporting infrastructure across some of the regional areas likely to be affected by early closures. For example, Origin Energy's announcement to close the Eraring coal-fired power plant in 2025, seven years earlier than anticipated.

A just transition will require collaboration by the key stakeholders within the value chain, including governments, private companies, industry associations, unions, workers and affected communities, to carefully plan and manage the risks associated with the transition that some communities are likely to experience in order to maximise the social and economic opportunities of climate action.

Downer is uniquely positioned to play a pivotal role in the just transition, ensuring that communities and workers are supported in a responsible manner, whether it be alternative employment opportunities, reskilling/relocation options or supporting a pathway to retirement in a fair and equitable way that meets their needs and the needs of the local community.

Employee retention and sourcing

The demand for skilled labour is greater than supply in both Australia and New Zealand, generating a highly competitive labour market.

Unemployment rates are at record lows in both Australia (3.9 per cent as of April 2022) and New Zealand (3.2 per cent as of March 2022), with the forecasts suggesting this is unlikely to change in the near future.

Job mobility has increased significantly, with 9.5 per cent of employed people in Australia at February 2022 having changed jobs in the previous 12 months – the highest rate since 2012 (10.5 per cent). In addition, 55 per cent of the employed population at February 2022 have been with their current employer for less than five years, representing changes in employment drivers within the labour market.

In this environment, Downer has identified employee engagement, retention, mobility and development as being critical for existing contract delivery and securing future works.

In Australia, the Wage Price Index rose again in the March 2022 quarter by 0.6 per cent, signalling the pressure on wage increases in key talent segments partly due to demand and supply competition, and also offsetting past COVID-19 wage reductions.

Downer's sourcing approach will continue to be focused on employee mobility and development, supplemented by the external market, both domestic and international.

Australian Industrial Relations Reform

The Australian Federal Election, held in May 2022, resulted in the Australian Labor Party (ALP) securing the necessary 76 Lower House seats to form Government, putting it in a strong position to implement its agenda for significant Industrial Relations reform. The most significant changes proposed by the ALP as part of its reform agenda include:

- 'Same job, same pay' policy proposal which would require contractors and labour hire providers to offer their employees the same pay and conditions as provided to the employees of the host employer
- Enshrining job security and gender pay equity as new objectives in the Fair Work Act
- Prohibiting fixed-term contracts for the same role being extended beyond 24 months or two consecutive contracts, whichever comes first
- Limiting the definition of casual employees to remove the concept of permanent casuals
- Portability for employees in 'insecure industries' to transfer their entitlements to annual leave, sick leave and long service leave across different jobs in the same industry
- The introduction of 10 days' paid domestic and family violence leave into the National Employment Standards
- Making 'wage theft' a crime under Commonwealth law
- Abolishing the Australian Building and Construction Commission and the Registered Organisations Commission
- Giving effect to all of the recommendations of the Respect@Work Report
- Legislating that companies with more than 1,000 employees be required to publicly report anonymised salary data for the purpose of exposing gender-based and managerial/non-managerial pay gaps.

These changes will warrant ongoing monitoring and response for all organisations, including Downer. However, Downer does not believe these changes will have a material impact on how it manages its workforce.

Relationships



Our performance

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

Extensive work has been done in FY22 across our Australian and New Zealand operations to create, nurture and maintain the relationships we have built with our stakeholder groups.

To achieve Downer's targets and objectives relating to Relationships, as set out on page 7 of this report, Downer prioritised the following short-term focus areas in FY22, which we committed to in our 2021 Sustainability Report:

Focus area	Result	Reference
Launch Downer's Delivery Governance Management app in Australia to automate and simplify adherence to the Delivery Management Methodology, a core process area within The Downer Standard, which will deliver outstanding results for our customers	✓	Delivery Management Methodology Page 30
Increase engagement with our supply chain, through the CDP Supply Chain survey	✓	Supply chain engagement Page 106
Actively build relationships with the communities where we operate. Identify a not-for-profit Indigenous organisation to support, both financially as well as via the capabilities and expertise of our people	✓	Corporate partnerships Page 96
Introduce a workplace giving program for Downer employees	✓	Workplace giving program Page 96
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.	✓	Corporate partnerships Page 96



For Downer's approach to forming and maintaining strong relationships with our communities, customers and suppliers, go to: downergroup.com/2022sustainabilityreport-relationships

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 in our communities 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 hardship, 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, and Downer has been quick to support the communities we operate in when nature strikes.

After the devastating floods in Queensland and northern New South Wales in February and March 2022, Downer responded with assistance.

Downer Group formally registered to assist Transport for NSW's disaster recovery efforts around northern New South Wales and Greater Sydney.

In addition, Downer has pledged to support the Business Council of Australia's Community Rebuilding Initiative, which has been 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. Downer has previously donated \$100,000 to the Business Council of Australia's Community Rebuilding Initiative in April 2021 to assist with flood recovery, and donated \$500,000 in 2020 in response to Australia's bushfire crisis.

In Queensland, Downer's Pavements and Maintenance crews worked to rebuild some of the most severely damaged roads across South East Queensland. A 1.4-kilometre stretch of Gympie Road at Bald Hills Flats sustained extensive damage, with crews mobilised quickly to open the road to the travelling public. The emergency work included: removal of 300 tonnes of vegetation; replacement of damaged road signs; extensive pavement repairs; embankment repairs; and multiple layers of new asphalt.

Our people also offered their individual capabilities and experience to help out affected areas.

In the New South Wales Northern Rivers region around Lismore and Ballina, thousands of homes were inundated with water and left without power.

Downer's Facilities team was proud to support the Electrical Trades Union's Community Connect initiative, sending qualified tradespeople to the towns of Woodburn, Broadwater and Wardell to help restore power to homes. Downer also mobilised a team of experts and brought specialist subcontractors from other regions to repair damaged homes for social housing tenants around Lismore.



Gympie Road immediately following storms in early-2022 ...



... and the same stretch of road after Downer completed emergency restoration work.

CASE STUDY

Getting Gisborne back on its feet



Downer has unique capabilities, experience and equipment required to help communities get back on their feet immediately following devastating weather events.

Downer's New Zealand team is regularly at the forefront of emergency response to natural disasters, like the 100-year weather event in Gisborne, on the East Coast of New Zealand's North Island, in early 2022.

On 23 March 2022, a State of Emergency was declared in Gisborne, with significant flooding and damage to the city's roading and telecommunications infrastructure.

Downer's combined capabilities were evident with many members of our Utilities and Transport teams working around the clock to reconnect the community after the flooding wiped out bridges, roads, power and buildings, causing many residents to evacuate their homes.

The fibre and copper cables that support internet, cellular and voice calls are often laid adjacent to the carriageway; and the damage to these meant that emergency service calling was unavailable, seriously impacting repair efforts.

To support the restoration of services, Downer's Telecommunications team quickly mobilised to get temporary solutions in place to ensure communication remained available and allow infrastructure repairs to be completed by Downer's Transport team, as well as Civil Services.

The Telecommunications team worked up the East Coast to repair Chorus' four main exchange sites, along with approximately 10 cabinet sites, four Vodafone mobile sites and three mobile sites for Spark.

Meanwhile, the Transport team worked to repair severe damage to Mangahauini Bridge in Tokomaru Bay, which connected the main city.

While the Transport team was supporting the clean-up, the Telco team also had to work through challenging stormy conditions, restoring land slips, fallen trees and damaged cables, all while working with limited visibility.

The Telecommunications and Transport teams delivered exceptional emergency response services through incredibly challenging conditions, all while keeping the surrounding residents safe.

The Telecommunications team put in several temporary solutions to get land line coverage up and running, and more importantly, to get residents and emergency services connected to the telecommunications network.

The Transport team collaborated with several local subcontractors, forestry companies and boundary partners (caretakers of the roading network) to conduct various remedial works. This allowed the team to access the large roading equipment that was required to clear the debris from the storm and meant the subcontractors were able to get to the sites quickly.

The Transport team's huge effort to support the community meant the Mangahauini Bridge repair was completed 11 days ahead of schedule.

The Telco team's incredible work meant that the main telecommunications services were restored with temporary solutions within three days, allowing communities to stay connected and emergency response services to effectively communicate with each other.

This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goal:



Corporate partnerships

Downer's size and scale provides a platform to make a lasting positive difference in our communities through strategic partnerships with not-for-profit organisations.

Downer's Corporate Philanthropy Strategy focuses on three pillars – mental health, Indigenous support and workplace giving. In FY22, we established a Corporate Philanthropy Committee to strengthen the governance of this strategy and ensure we are maximising the benefits of our charitable partnerships.

In our 2021 Sustainability Report, Downer committed to expanding the reach of our corporate philanthropy program.

We committed to launching a workplace giving program, as well as identifying a not-for-profit Indigenous organisation to support, both financially as well as via the capabilities and expertise of our people.

In FY22, Downer launched our workplace giving program, and started a new partnership with Mental Health Foundation New Zealand. In addition to our commitment to support Indigenous suppliers and offer tailored employment programs for Indigenous people, we also commenced two new community partnerships with Indigenous organisations, Stars Foundation and NRL Cowboys House.

Workplace giving program

In December 2021, Downer achieved a significant milestone on our philanthropic journey, launching our first workplace giving program.

Downer worked closely with Workplace Giving Australia to develop and launch the program, which allows our people to donate money from their pre-tax pay to support our four strategically-selected charities and help millions of Australians.

Downer will also match our employees' initial donations up to \$250,000.

The four charity partners align with our Purpose, Pillars and strategy, and are causes that are important to our people.

We conducted a survey to understand the types of causes our workforce is interested in and cares about. The results of that survey were considered when selecting our four charity partners:

- **TLC for Kids:** One of Australia's most inclusive and widest-reaching charities, TLC for Kids has developed a range of innovations to provide relief and much-needed joy and distraction to sick children and their families during stressful and traumatic situations
- **Australian Cancer Research Foundation:** Cancer is likely to impact all of us in our lifetime. One in three Australians will be diagnosed with cancer – and the remaining two are likely to be closely affected by a diagnosis in a family member or friend. Since 1984, Australian Cancer Research Foundation has provided funding for the equipment, technology and infrastructure that scientists need to establish, accelerate and expand cancer research projects – ultimately saving millions of lives

- **The Salvation Army – National Family Violence support stream:** The Salvos assist more than 7,000 women and children experiencing family violence each year. They also provide services that challenge men to take responsibility for their actions through men's family violence prevention and behaviour change programs
- **Greening Australia:** Delivering services including environmental restoration, conservation planning, carbon offsetting and native seed production. They also partner with the Traditional Owners of the land to ensure respect, opportunities and relationships are built. Greening Australia is putting millions of plants into the ground, recreating and connecting thousands of hectares of habitat, supporting threatened and endangered species and sequestering thousands of tonnes of carbon emissions every year.

All money raised from the workplace giving program will be dispersed evenly to these four charities.

In addition to our people donating money, we are also volunteering our time to the four charity partners.

In May, a group of Downer employees took part in Greening Australia's tree planting program in western Sydney, helping to plant more than 1,500 native trees. In July, another Downer group took part in a tree planting event in Melbourne.

As our relationships grow with all four charity partners, our people will be given more opportunities to take part in volunteering events to support our partners.

Stars Foundation

In October 2021, Downer announced an expanded partnership with Stars Foundation. Stars Foundation provides a holistic program that supports Indigenous girls and young women to attend and remain engaged at school, complete Year 12, and move into full-time work or further study. The Stars program is based on strong, trusting relationships – which aligns with Downer's values. The Stars Room provides a culturally safe and warm environment – a place where the students feel nurtured and inspired.

NRL Cowboys House

Downer also announced a new partnership with Cowboys House in October 2021. Cowboys House provides supported accommodation for young Aboriginal and Torres Strait Islander students from some of North Queensland's most remote and educationally disadvantaged communities, enabling them to access quality secondary education opportunities in Townsville. The facility is managed by the Cowboys Community Foundation, the charity arm of the North Queensland Cowboys National Rugby League club.

In addition to providing financial support to assist Stars Foundation and Cowboys House, we are also supporting both organisations with structured employment pathways for some of the young people they support.



Downer is committed to being an organisation that demonstrates leadership and respects Indigenous communities right across Australia, and these two partnerships will ensure we continue to make a difference to the lives of Aboriginal and Torres Strait Islander peoples in the communities we operate in.

Wall of Hands

Downer has been a proud supporter of the Australian Literacy and Numeracy Foundation's Wall of Hands Appeal since 2013. The Australian Literacy and Numeracy Foundation 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 Australian Literacy and Numeracy Foundation 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 2022, we renewed our successful partnership with Beyond Blue, to continue supporting the mental health of people in Australia. The extension will see Downer continue to be a Major Partner of Beyond Blue, and we will again be the Matched Giving Partner for Beyond Blue's 2022 fundraising campaign. This means that Downer will match all donations given to Beyond Blue through its campaign up to a total of \$250,000. Thanks to Downer's support in 2021, Beyond Blue's campaign raised a record \$1,056,976, which funded 22,000 calls, web chats and emails to the Beyond Blue Support Service.

Mental Health Foundation of New Zealand

In February 2022, Downer announced a new three-year partnership with the Mental Health Foundation of New Zealand. The goal of the partnership is to not only support the mental health and wellbeing of Downer employees, but to also enable the Mental Health Foundation to do more of its great work and reach out to more people. Guided by the Māori concept of te whare tapa whā, which describes wellbeing as including physical, mental, spiritual and family health, we have implemented a range of initiatives in New Zealand to change the conversation around mental health and support our people and their whānau. We look forward to expanding our existing mental health programs and awareness activities with tailored support from the Mental Health Foundation. This partnership will benefit our 9,000-plus employees in New Zealand, as well as the broader community.

Australian Veterans Employers Coalition

Downer is proud to be a Founding Member of Australian Veterans Employers Coalition, which connects transitioning service members, job-seeking veterans and their partners with Australia's largest employers. Australian Veterans Employers Coalition 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 Australian Veterans Employers Coalition to promote awareness for sustainable engagement and improved employment outcomes for veterans.



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. "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 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.

Brisbane to Gold Coast Cycle Challenge

Downer has joined Bicycle Queensland as the main sponsor of its city to coast cycling event, the Brisbane to Gold Coast Cycle Challenge for 2021 and 2022. The Downer Brisbane to Gold Coast Cycle Challenge is one of Australia's biggest charity cycling events. Celebrating its 17th year, the event sees cyclists of all ages participate in rides ranging from 40 to 100 kilometres.

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

For example, in Tasmania Downer supports JCP Youth, which delivers programs to young people who are at-risk or vulnerable in our community, positively influencing their environment and personal network, and equipping them to be leaders in their communities. The program has had significant success with young people who are disengaged or 'on the radar' for police and the wider justice system. Downer was also a major sponsor of Cancer Council Tasmania's Relay for Life in 2022. In addition to financial sponsorship, Downer and subsidiary company, VEC Civil Engineering, entered teams in two relay events and raised a combined total of \$13,000.

In Western Australia, our Facilities team in Port Hedland have supported three important local initiatives in FY22, focusing on young people, mental health and sport. The partnerships include a sponsorship of the Hedland Youth Awards 2022, Hedland Reds junior football club, and supporting the build of Anglicare WA's new Headspace facility in Port Hedland. These partnerships are an important opportunity to demonstrate Downer's commitment to the communities we operate in, while also helping to deliver much-needed services in key areas of need. Downer has been part of the Port Hedland community for more than 25 years, and currently employs more than 500 people in the region.

Community stakeholder engagement

The services Downer delivers for our customers enable the lives of millions of people across Australia and New Zealand every day. 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 on-site activities, key dates for the commencement and conclusion of on-site activities, associated impacts on stakeholders and the community, and our strategy for minimising those impacts.

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

We 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.

Downer's Infrastructure Projects team is delivering a series of train station upgrades around Sydney under Transport for NSW's Transport Access Plan (TAP), which delivers a better experience for public transport customers across New South Wales by providing accessible, modern, secure and integrated transport infrastructure.

The team has a tradition of holding 'Community give back' events, where they donate their skills to improve local facilities in the communities they work in.

The team delivering upgrades to the Mascot and Turrella stations held a give back event, which included a weekend working bee to complete a makeover of the outdoor area at the South Eastern Community Connect centre in Eastlakes. The upgrade included the addition of outdoor seating, above-ground vegetable and flower beds, shade and a 24/7 pantry cupboard for the community to access emergency items.

Our inhouse design team volunteered their time to develop the concept design and our contractors donated plant, materials and labour.

As well as skilled volunteering, the team also engages with local communities by donating their time for local events like clean-up days. In May, the TAP team took time out to work with PCYC NSW to host a Paddle Against Plastic event on the Cooks River. The river runs along the many of the suburbs that our team is delivering projects in, and acts as a trash catchment, collecting litter and debris with devastating effects on the marine ecosystem. Two volunteers from all of our project sites jumped into canoes and helped remove litter with other community volunteers. In total, 38 Downer people volunteered 114 hours, removing 140kg of litter from the waterway.

Cultural engagement

In Australia, Downer operates across hundreds of 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.

To celebrate Indigenous Business Month in October 2021, Downer held a 'Meet the Buyer' roadshow at Tauondi Aboriginal College in Port Adelaide. This event was an important opportunity for Indigenous businesses to have face-to-face conversations with various teams from across Downer, including representatives from Downer's Rail and Transit Systems, Road Services, Facilities and Infrastructure Projects Business Units, as well as our Keolis Downer joint venture.

The event also offered Downer teams the opportunity to learn more about the local area's history and significant artefacts displayed at the Tauondi Heritage Museum. After a short presentation on Downer's services and customers, the Indigenous businesses were invited to pitch their goods and services directly to the various Downer teams in an informal setting. The session was well received, with the local Indigenous community and Government agencies acknowledging the value in attending these events.

Cultural heritage management

Downer understands that the preservation of Indigenous cultural heritage is imperative to project success and we implement detailed Heritage Management processes on all our projects to limit the impact of our operations on heritage sites.

Our Indigenous Engagement team is also responsible for ensuring that our site-based teams work in a way that protects cultural heritage.

As a large organisation with a broad geographic footprint, Downer often works in regional and remote locations.

We are continually working towards creating culturally appropriate and successful relationships, and we are committed to enabling Indigenous communities and peoples through strategies and programs that focus on social responsibility, local and Indigenous employment, cultural heritage identification and management, business incubation and stakeholder engagement. We approach every Indigenous interaction with the objective of enabling people by creating lasting, sustainable employment and economic growth opportunities.

As an example, Downer's Infrastructure Projects team is delivering the Eyre Peninsula Link project in South Australia, and we have worked collaboratively with the Barngarla people, the Traditional Owners of the land on which the project is based, to develop an on-site cultural heritage monitoring program. More than 120 local Aboriginal people have been trained as heritage monitors on-site.

Downer works closely with the Barngarla People Aboriginal Corporation to manage the process of monitoring ground disturbance across approximately 200 kilometres of power lines.

Before any ground disturbance is done onsite, it must first be inspected by a Barngarla heritage monitor to ensure our works do not disturb or encroach onto a heritage site.

Downer's extensive experience and understanding of the need to protect Aboriginal heritage and culturally sensitive areas will be utilised to ensure safe and compliant operations around any identified sites.

In New Zealand, Downer's approach to cultural engagement is industry-leading. Our Te Ara Whanake Māori Leadership Program 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 Cobham Drive Bay Connection, a beautification and community program funded and developed in partnership with Waka Kotahi and Wellington City Council.

The walking and biking improvements along the seaward side of Cobham Drive form part of the plan to turn the coastal recreation area into an eastern gateway for Wellington.

Importantly, the project team successfully engaged local Iwi and developed plans to protect little blue penguins and other Indigenous New Zealand species around the project site

Commercial partnerships

Downer has a long-standing and successful partnership with multi-award-winning Indigenous business, Bama Services.

Downer has partnered with Bama on a range of projects and initiatives since 2014. In 2020 we formed the Bama Downer Joint Venture. The partnership has delivered more than \$30 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 towards local Indigenous employment and economic outcomes. It is also about Downer helping to develop 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 also seen the achievement of a Department of Transport & Main Roads R2:B2 rating. Bama is the only wholly Indigenous-owned business to hold this prequalification level. The partnership between Downer and Bama has also seen an ISO-accredited Health, Safety, Environment and Quality Management System, as well as a Federal Safety Commission certification.



Customer relationships

Customer engagement was highlighted as Downer's fourth-highest material issue in the materiality assessment conducted in 2021.

At Downer, customers are at the heart of everything we do, and central to our Purpose and Promise.

Downer's 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:

- Regularly assess 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.

The above focus areas are formalised as part of Downer's Delivery Management Lifecycle, which provides a consistent and collaborative approach to servicing our customers. In FY22, significant work has been done to embed Downer's best practice Delivery Management Methodology and customer management processes (see Delivery Management Methodology, page 30).

Customer feedback and insights

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

In FY22, 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.

Project/contract-specific surveys and reviews: We use this process to assess how well Downer understands and delivers on the customer's service expectations. 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. 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.

Helping our customers to net zero

Our deep understanding of our customers and markets is crucial as the world moves towards a net zero carbon emissions future.

The services Downer delivers positions us to be at the forefront of the journey to net zero – delivering services that will help our customers decarbonise their operations and improve our communities into the future. Some examples include:

- Downer is one of the largest and most experienced providers in the renewable energy market and power systems sectors, with more than 3GW of renewable energy generated by wind and solar farms that Downer has either built or is currently delivering.
- Downer's Roads Services business continues to be a circular economy leader through its Reconomy business and the manufacture of the Reconophalt™ sustainable asphalt product that contains high recycled content derived from waste streams such as soft plastics, toner, glass and reclaimed road that would otherwise be bound for landfill or stockpiled.
- Our Utilities business installs rooftop solar panels and battery storage systems into schools – including the ACEs program in Queensland, which has already resulted in 550 schools making the switch to solar.
- There will be no energy transition without transmission – and through our Infrastructure Projects business, Downer is the leading provider of high voltage transmission and distribution networks.
- We are delivering building efficiency upgrades through our Defence and Facilities contracts, while our Rail and Transit Systems business is providing energy-efficient enhancements to Sydney Trains' modern fleets through air conditioning upgrades.
- Our Facilities business is also at the forefront of decarbonisation technologies and innovations. We have established the capabilities and partnerships that will help position Australia as a world leader in clean Hydrogen, and we have also supported our customers, Chevron and Santos, in delivering carbon capture underground storage systems. We are also well positioned to support customers like Origin in end-of-life asset management, asset re-life planning and just transition (see case study, right).
- In New Zealand, our Hawkins business is a leader in the sustainable design of vertical infrastructure, for facilities including commercial premises and university facilities.

Importantly, Downer's understanding of our customers' needs and the industries we operate in is allowing us to predict future requirements on the journey to net zero, and proactively offer our customers industry-leading solutions.

Trade union engagement

Downer also understands that our ability to deliver outstanding results for our customers relies on keeping strong relationships with trade unions in the sectors we operate in.

A critical part of the Keolis Downer joint venture's success in mobilising the Region 8 Bus Contract in New South Wales was Downer's ability to rely on its mutually respectful relationship with the Rail, Tram and Bus Union to ensure the smooth transition of 700 bus drivers from employment with the State Transit Authority to employment with Keolis Downer.

In addition to Downer and the Rail, Tram and Bus Union finalising negotiations for a four-year enterprise agreement within eight weeks of contract commencement, Downer and the senior leadership of the Rail, Tram and Bus Union reached agreement on a framework for ensuring sustainable jobs and workforce development. The framework promoted redeployment of drivers and other workers with the requisite skills into suitable vacancies across the Downer network, ensured that existing State Transit Authority terms and conditions would transfer to Keolis Downer, and included an agreement to no forced redundancies for the term of the new enterprise agreement.

CASE STUDY

Supporting our customers through the energy transition



Downer is well placed to assist our customers in energy transition and decarbonisation efforts as we work together towards net zero. Our extensive capabilities, leadership in industry forums and global partnerships position us as the emerging decarbonisation partner of choice.

Downer has a key presence in the power generation space through our Facilities Business Unit, servicing customers that supply 70 per cent of the National Electricity Market. As the national energy mix changes, and Australia's coal-fired power stations reach their planned end-of-life, we are working proactively with our customers to capitalise on the opportunities the energy transition will bring.

This includes supporting our customers to transition their assets to new technology, changing the way they operate, maintain, and modify their equipment, and helping them navigate the transition of skills and workforces required for a new energy future.

We have completed engineering studies on numerous power stations to help our customers run their power stations on lower loads and ramp up and down more quickly to respond to market pressures. We are also working with customers including CS Energy to provide upskilling and work opportunities for their employees across our business, supporting the retention of vital skills in the sector.

At Earning Power Station in New South Wales, where we hold the Consolidated Maintenance Contract (CMC) until 2026, we are working with operator Origin Energy on late-life asset management and asset re-life planning. Downer has held the CMC since 2018, delivering maintenance and overhaul services to mills, filters, turbines, water treatment plants, compressors and other critical components and processes. With Earning scheduled to close in 2025, Downer is in a strong position to support Origin through the transition period, and the construction and installation of new technology on-site.

This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals:





Supply chain relationships

Contractor management is Downer’s fifth-highest ranked material issue.

Last year, Downer spent more than \$7 billion with more than 28,000 suppliers and subcontractors

Percentage of spend by supplier category



■ Subcontractors	44%	■ Labour hire and recruitment services	3%
■ Project materials	12%	■ Heavy machinery equipment	2%
■ Other	8%	■ Logistics	2%
■ Consumables	5%	■ Facilities	2%
■ Professional services	4%	■ Food and beverage	1%
■ Fleet and fuels	4%	■ Premises renting	1%
■ Equipment	4%	■ Travel	1%
■ Information and communication technology	4%	■ Tyres	<1%
■ Rail	3%		

Supply chain management

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 key requirements.

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.

Downer believes that effective sustainable procurement and sourcing will improve Downer’s reputation, while also supporting our long-term Group-wide sustainability objectives.

Downer defines sustainable procurement as the act of adopting social, economic, governance and environmental factors alongside the typical procurement considerations such as price and quality.

In FY22, we engaged a third party to perform an overarching current-state and future-state review of our sustainable procurement practices. The review considered the following social, economic, environmental and governance criteria:

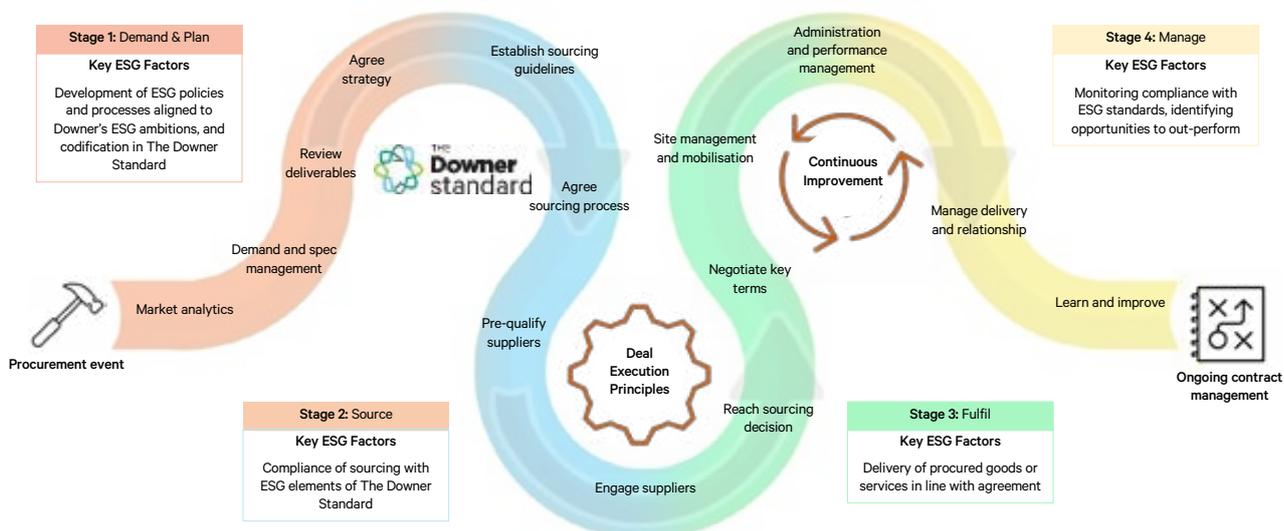
<p>Social</p> <ul style="list-style-type: none"> ▪ Buy local ▪ Health and safety ▪ Human rights and modern slavery 	<p>Economic</p> <ul style="list-style-type: none"> ▪ Total cost of ownership ▪ Equitable processes ▪ Supply chain efficiency
<p>Governance</p> <ul style="list-style-type: none"> ▪ Risk management ▪ Compliance ▪ Reporting 	<p>Environment</p> <ul style="list-style-type: none"> ▪ Scope 3 emissions ▪ Reduce waste ▪ Circular materials

Downer’s definition of social procurement has been embedded into The Downer Standard, and is closely aligned to the principles of ISO 20400 – Sustainable Procurement, which are: Accountability; Transparency, Ethical behaviour; Full and fair opportunity; Respect for shareholders; Respect for law and norms; Respect for human rights; Innovative solutions; Focus on needs; Integration; Analysis of cost; and Continual improvement.

These principles will also inform the creation of a Target Operating Model, which will be built on the current state of Downer’s sustainable procurement activities, with a clear roadmap to the future state framework.

This framework, demonstrated below, focuses on four key ESG stage gates in Downer’s existing procurement lifecycle.

Downer’s sustainable procurement framework



Key social procurement initiatives Downer is currently undertaking include:

- **Modern slavery:** Refining Downer's FY22 Modern Slavery Statement, due for release in December 2022, and taking action to meet targets set out in our FY21 Statement
- **Supplier engagement:** Refreshing The Downer Standard documentation relating to sustainable procurement requirements of customers, suppliers and subcontractors
- **Internal audit:** Review of procurement practices across various projects to measure compliance with The Downer Standard, with the aim of widening the scope of our sustainable procurement practices.

In addition, Downer has set the following future targets:

- **Procurement community:** Creation of Procurement Leadership Council and community forum to address shared sustainability requirements across the Group
- **Supplier requirements:** Strengthen Downer's contractual and sourcing documentation to support more rigorous supplier prequalification in order to understand a supplier's sustainability credentials prior to engagement.

An example of Downer's approach to social and sustainable procurement comes from our DM Roads business, which in November 2021 announced a new contract with Good Cycles to deliver vegetation management for the Western Region Maintenance Contract (MRAMS) across the west and north-west of Melbourne, valued in excess of \$2 million per year over the next three years.

Good Cycles and DM Roads will work collaboratively to provide mentorship and coaching through a tailored six-month Supported Employment Program, expanding employee experiences in the field and creating pathways of opportunity for disadvantaged communities.

The contract officially commenced on 30 November 2021, and will support Good Cycles to empower young people with barriers to work by offering them employment pathways. It is expected to support more than 20 new employment positions for youth in western Melbourne, with each of these jobs offering vital future opportunities with education and employment partners.

Good Cycles will provide environmentally sustainable vegetation management and control and bring to life a safe, enhanced streetscape, vibrant economy and long-term social benefits.

The contract is an example of DM Roads leading the way in the advancement of social procurement. The team will now build the model into more service contracts to support local communities and deliver value for the Victorian economy.

DM Roads has set a major industry precedent with this large-scale contract, by taking our longstanding partnership with Good Cycles to the next level, supporting the exponential growth of its revenue and assisting a seamless transition into vegetation management.

Since November 2019, DM Roads has successfully partnered with Good Cycles to improve the amenity and safety of 66 kilometres of shared user paths along the Hume and Western freeways to deliver the best experience for Melbourne's western community, replacing nearly 500 kilometres of utility vehicle inspections with e-cargo bikes to make the operation safer and more environmentally friendly for pedestrians and cyclists.

Supply chain engagement

In FY22, Downer leveraged our involvement in the Sedex and the Carbon Disclosure Project supply chain programs to engage with our suppliers.

Carbon Disclosure Project is a not-for-profit organisation focused on enhancing worldwide disclosure on carbon emissions and climate risk. Carbon Disclosure Project 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. This program not only provides Downer with 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.

Downer ran our first survey process through this program in FY22, for FY21 data. Downer engaged 284 suppliers and received a response from 23 per cent of requested respondents. Downer's approach to the CDP Supply Chain program in FY22 is two-fold:

- Boost the percentage of suppliers who respond to the Carbon Disclosure Project survey and collect emissions data across their organisations
- Directly engage with suppliers to form partnerships that will ultimately aid in reducing emissions across our value chain. For example, Downer has engaged with Telstra and Dell to share decarbonisation goals and see how we can work together to achieve shared targets.

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.

Indigenous suppliers

Downer is committed to supporting the economic development of Aboriginal and Torres Strait Islander businesses.

In FY22, Downer launched an Indigenous Business Database to help our Business Units identify and engage Aboriginal and Torres Strait Islander suppliers. The Indigenous Business Database is a list of Indigenous businesses from across Australia, searchable by State, postcode or industry. The directory contains more than 500 ratified Indigenous-owned businesses across various industries and sectors, and aims to enable Downer to better engage with Indigenous businesses and communities.

While Indigenous procurement supplier agreements decreased from 156 in 2021 to 147 in 2022, Downer's overall spend with Indigenous businesses increased by 48 per cent, as detailed below. In a period when Downer's overall supplier spend decreased, we are pleased to increase our support for Indigenous businesses.

Māori suppliers

In New Zealand, Downer is a member of Amotai at Aukōkiri level (the highest level). Amotai offers access to a register of businesses which are verified to be at least 50 per cent Māori or Pasifika owned.

Amotai enables Downer to proactively engage with suppliers who are aligned with our public sector customer Te Tiriti partnerships.

We also increased the overall Māori supplier spend within Downer New Zealand's operations from \$28,178,386 in FY21 to \$29,210,575 in FY22.

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. In FY23, we will:

- Roll out Downer's Delivery Governance Leadership training program to operational teams to help our people adhere to Downer's Delivery Management Methodology, which will enable our teams to consistently deliver outstanding results for our customers
- Aim to increase engagement with our supply chain, through the Carbon Disclosure Project Supply Chain survey. Our goal is to achieve an increased response rate to the survey in FY23.
- Integrate sustainable procurement and sourcing practices into The Downer Standard
- Seek to actively build relationships in the communities we are part of
- Embed our workplace giving program within the workforce and investigate volunteering opportunities for our people to support our four workplace giving charity partners
- Continue to review our sponsorships and partnerships to ensure all initiatives are aligned to our Purpose, Promise and Pillars and help advance the communities in which we operate.

Indigenous procurement spend

	2018	2019	2020	2021	2022
Spend	\$17,406,211	\$24,565,300	\$47,313,233	\$53,001,598	\$78,332,646
Increase	Not available	41.12%	92.60%	12%	47.79%

Māori procurement spend

	2019	2020	2021	2022
Spend	\$22,468,083	\$28,087,018	\$28,178,386	\$29,210,575
Increase	Not available	25.01%	0.33%	3.66%



Independent Limited Assurance Report to the Directors of Downer EDI Ltd

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Selected Sustainability Information, as described below, which has been prepared by Downer EDI Ltd in accordance with management measurement methodologies and the GRI Core Standards for the year ended 30 June 2022.

Information Subject to Assurance

The Selected Sustainability Information, as presented in the Downer EDI Ltd (**Downer**) Sustainability Report 2022 (the **Sustainability Report**) and available on Downer's website, comprised the following:

Selected Sustainability Information	Value assured FY22
GHG Emissions	
Scope 1 Emissions (tCO ₂ e)	325,582
Scope 2 Emissions (tCO ₂ e)	47,352
Energy consumed (GJ)	5,201,746
Energy produced (GJ)	7,311
Number of significant environmental incidents	0
Number of environmental fines and prosecutions	2
Environmental fines or prosecutions paid (AU\$)	13,617
Zero Harm	
Number of safety fines and prosecutions	2
Safety fines or prosecutions paid (AU\$)	13,904
Lost Time Injury Frequency Rate (LTIFR)	0.82
Total Recordable Injury Frequency Rate (TRIFR)	2.35
Sustainability Linked Loan	
Science Based Target (SBT) Scope 1 & 2 Greenhouse Gas Emissions Intensity (tCO ₂ e/AU\$m)	31.11
Indigenous Cultural Awareness Training, Te Ara Whanake & Te Ara Maramatanga Training (hours delivered)	6,167
Mental Health First Aid Training (employees trained annually)	492



Criteria Used as the Basis of Reporting

The criteria used in relation to the Selected Sustainability Information are the Global Reporting Initiative (GRI) Core Standards and Downer's management measurement 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 we are not aware of any material misstatements in the Selected Sustainability Information, 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 personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- reviews of relevant documentation including Downer's management measurement methodologies, the GRI Core Standards, and relevant NGER legislation;
- analytical procedures over the Selected Sustainability Information;
- site visits to Newport Rail Depot, Somerton Asphalt Plant, Bitumen Transport, Mt Maunganui Bitumen Plant (remote) and Hamilton Asphalt Plant (remote);
- walkthroughs of the Selected Sustainability Information to source documentation;
- evaluation of the appropriateness of the criteria with respect to the Selected Sustainability Information; and
- review of the Sustainability Report in its entirety to consider whether it is consistent with our assurance work.

Inherent Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and because of this, it is possible that fraud, error, or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the period that is the subject of the engagement and the procedures performed on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and sampling or estimating such data. We specifically note that Downer EDI Limited has used estimates or extrapolated underlying information to calculate certain amounts included within the Selected Sustainability Information.



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 extensive 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, 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's 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.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 30 June 2022, 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 (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG
Sydney
16 August 2022

GRI Standards Content Index

Indicator	Description	Location of information	Notes
General Disclosures			
Organisational Profile			
102-1	Name of the organisation	<i>2022 Sustainability Report:</i> About this report – pages 8-11	
102-2	Activities, brands, products and services	<i>2022 Sustainability Report:</i> About Downer – pages 12-19	
102-3	Location of headquarters	<i>Annual Report:</i> Registered office and principal administration office – page 145	
102-4	Location of operations (number of countries where organisation operates and names of countries with significant operations)	<i>2022 Sustainability Report:</i> About Downer – pages 12-19 <i>Annual Report:</i> F3. Controlled entities – pages 109-110	
102-5	Nature of ownership and legal form	<i>Annual Report:</i> F. Group structure – pages 106-116 Information for investors – page 144	
102-6	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	<i>2022 Sustainability Report:</i> About Downer – pages 12-19 <i>Annual Report:</i> Review of operations – page 10 B1. Segment information – pages 67-70	
102-7	Scale of the organisation (number of employees, operations, net sales, total capitalisation, quantity of products/services)	<i>2022 Sustainability Report:</i> About Downer – pages 12-19 <i>Annual Report:</i> Review of operations – page 10 Consolidated Statements and B1. Segment information – pages 67-70	Quantity of products and services not identified.
102-8	Information on employees and other workers (total workforce by employment contract, type, gender and region)	<i>2022 Sustainability Report:</i> People – pages 72-91	
102-9	Supply chain (description as it relates to activities, brands, products and services)	<i>2022 Sustainability Report:</i> About Downer – pages 12-19 Value Creation Model – pages 16-17 Relationships – pages 92-107	
102-10	Significant changes to the organisation and its supply chain (organisation's size, structure, ownership or its supply chain)	<i>Annual Report:</i> E. Capital structure and financing – pages 98-105 F. Group structure – pages 106-116	Sourcing of contractors, plant, equipment, raw materials, consumables etc mostly through Australian and New Zealand suppliers.
102-11	Is the precautionary approach or principle addressed and, if so, how?	<i>2022 Sustainability Report:</i> About Downer: Our Promise – page 13 Governance and ethical conduct – pages 26-37 <i>Annual Report:</i> Business strategies – pages 18-22 Principle 7: Recognise and manage risk – pages 142-143	The precautionary principle is an intrinsic component of our operational risk management approach.

Indicator	Description	Location of information	Notes
Organisational Profile			
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><i>2022 Sustainability Report:</i> About this report – pages 8-11 Health and safety – pages 38-49 Environment – pages 50-71 Governance and ethical conduct – pages 26-37</p> <p><i>Annual Report:</i> Governance and risk management – page 127 TCFD – pages 130-131 ASX Principles – page 132</p>	
102-13	Memberships of associations	<p><i>2022 Sustainability Report:</i> People – pages 72-91</p>	
Strategy			
102-14	Statement from the most senior decision maker	<p><i>2022 Sustainability Report:</i> A word from our Chairman and CEO – page 3</p>	
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	<p><i>2022 Sustainability Report:</i> About Downer – pages 12-19 Governance and ethical conduct – pages 26-37</p> <p><i>Annual Report:</i> Principle 3: Instil a culture of acting lawfully, ethically and responsibly – page 24</p> <p><i>Website content:</i> Governance and ethical conduct 'Our approach' section</p>	<p>Standards of Business Conduct: https://www.downergroup.com/Content/cms/media/2019/Documents/Policies/DOW_Standards_of_Business_Conduct_interactive.pdf</p>
Governance			
102-18	Governance structure (including committees responsible for decision making on economic, environmental and social impacts)	<p><i>2022 Sustainability Report:</i> Health and safety – pages 38-49 Environment – pages 50-71 Governance and ethical conduct – pages 26-37</p> <p><i>Annual Report:</i> ASX Principles – page 132</p> <p><i>Website content:</i> Governance and ethical conduct 'Our approach' section</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>

Indicator	Description	Location of information	Notes
Stakeholder engagement			
102-40	List of stakeholder groups	<i>2022 Sustainability Report:</i> About Downer – pages 12-19 Materiality and stakeholder engagement – pages 20-25	
102-41	Collective bargaining agreements	<i>2022 Sustainability Report:</i> People –pages 72-91 <i>Sustainability Report 2022 Website content:</i> 'Freedom of association and collective bargaining' section	
102-42	Identifying and selecting stakeholders	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section	
102-43	Approach to stakeholder engagement	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section	
102-44	Key topics and concerns raised	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section	
Reporting practice			
102-45	Entities included in the consolidated financial statements	<i>2022 Sustainability Report:</i> About this report – pages 8-11 <i>Annual Report:</i> F3. Controlled entities – pages 109-110	
102-46	Defining report content and topic Boundaries	<i>2022 Sustainability Report:</i> About this report – pages 8-11 About Downer – pages 12-19	
102-47	List of all material topics	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25	
102-48	Restatements of information	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Breakdown of Scope 3 emissions – pages 66-67 Environmental performance data – pages 68-69	Restatement of Scope 3 emissions for FY20 and FY21.
102-49	Changes in reporting	<i>2022 Sustainability Report:</i> About this report – pages 8-11	
102-50	Reporting period	<i>2022 Sustainability Report:</i> About this report – pages 8-11	Reporting period is for financial year 2021-2022.
102-51	Date of most recent report	N/A	2021 Sustainability Report and 2021 Annual Report.

Indicator	Description	Location of information	Notes
Reporting practice			
102-52	Reporting cycle	<i>2022 Sustainability Report:</i> About this report – pages 8-11	Annual
10v2-53	Contact point for questions regarding the report	<i>2022 Sustainability Report:</i> Back cover	Website downergroup.com
102-54	Claims of reporting in accordance with the GRI Standards	<i>2022 Sustainability Report:</i> About this report – pages 8-11	
102-55	GRI Content Index	<i>2022 Sustainability Report:</i> GRI Content Index – pages 111-118	
102-56	External assurance	<i>2022 Sustainability Report:</i> About this report – pages 8-11 KPMG assurance statement – pages 108-110	Independent Limited Assurance Statement included in this report.
GRI 200: Economic			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 <i>Annual Report:</i> Directors' Report – pages 6-51	
201-1	The management approach and its components	<i>2022 Sustainability Report:</i> Sustainability snapshot – pages 4-5 About Downer – pages 12-19 <i>Annual Report:</i> Review of operations – page 10 Consolidated Statements and B1. Segment information – pages 67-70	
GRI 300: Environmental Materials			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 Environment – pages 50-71 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section Environment 'Our approach' section	
301-2	Percentage of materials that are used that are recycled input materials	<i>2022 Sustainability Report:</i> Environment – pages 50-71	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.

Indicator	Description	Location of information	Notes
Energy			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 Environment – pages 50-71 <i>Annual Report:</i> TCFD – pages 130-131 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section Environment 'Our approach' section	
302-1	Energy consumption within the organisation	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental performance data – pages 68-69	
302-3	Energy intensity	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental performance data – pages 68-69	
302-4	Reduction of energy consumption	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental performance data – pages 68-69	
Water and Effluents			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 Environment – pages 50-71 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section Environment 'Our approach' section	
303-1	Water withdrawal by source	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Water management – page 60	
Emissions			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 Environment – pages 50-71 <i>Annual Report:</i> TCFD – pages 130-131 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section Environment 'Our approach' section	
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental performance data – pages 68-69	
305-2	Energy indirect GHG emissions (Scope 2)	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental performance data – pages 68-69	

Indicator	Description	Location of information	Notes
Emissions			
305-3	Other indirect GHG emissions (Scope 3)	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental performance data – pages 68-69	
305-4	GHG emissions intensity	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental performance data – pages 68-69	
305-5	Reduction of GHG emissions	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental performance data – pages 68-69 GHG emissions reduction target – page 62	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.
Waste			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 Environment – pages 50-71 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section Environment 'Our approach' section	
306-1	Water discharge by quality and destination	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Water management – page 60	
306-2	Waste by type and disposal method	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Waste management – page 54-55	
306-3	Significant spills	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental compliance – page 52 Sustainability snapshot – pages 4-5	
Environmental compliance			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Governance and ethical conduct – pages 26-37 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section Governance and ethical conduct 'Our approach' section Environment 'Our approach' section	
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	<i>2022 Sustainability Report:</i> Environment – pages 50-71 Environmental compliance – page 52 Sustainability snapshot – pages 4-5	

Indicator	Description	Location of information	Notes
GRI 400: Social Employment			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 People – pages 72-91 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section People 'Our approach' section	
401-1	New employee hires and employee turnover	<i>2022 Sustainability Report:</i> People – pages 72-91 Performance data – pages 74-75	
401-3	Parental Leave	<i>2022 Sustainability Report:</i> People – pages 72-91 Performance data – page 89	
Occupational health and safety			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 Health and safety – pages 38-49 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section Health and safety 'Our approach' section	
403-2	Type of injury and rates of injury, occupational disease, lost days, and absenteeism, and total number of work-related fatalities	<i>2022 Sustainability Report:</i> Health and safety – pages 38-49 Performance data – page 40	Report does not include absenteeism rate.
Training and education			
103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25 People – pages 72-91 Relationships – pages 92-107 <i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section People 'Our approach' section Relationships 'Our approach' section	
404-1	Average hours of training per year per employee	<i>2022 Sustainability Report:</i> People – pages 72-91 Relationships – pages 92-107 Performance data: page 88	

Indicator	Description	Location of information	Notes
Diversity and equal opportunity			
103-1	Explanation of the material topic and its boundary	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25	
103-2	The management approach and its components	People – pages 72-91 Relationships – pages 92-107	
103-3	Evaluation of the management approach	<i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section People 'Our approach' section Relationships 'Our approach' section	
405-1	Diversity of governance bodies and employees	<i>2022 Sustainability Report:</i> People – pages 72-91 Relationships – pages 92-107 Performance data – page 79 <i>Annual Report:</i> Board of Directors – pages 6-9 ASX Principles 1 and 2 – pages 132-140	
Local communities			
103-1	Explanation of the material topic and its boundary	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25	
103-2	The management approach and its components	Relationships – pages 92-107	
103-3	Evaluation of the management approach	<i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section Relationships 'Our approach' section	
413-2	Operations with significant actual and potential negative impacts on local communities	<i>2022 Sustainability Report:</i> Relationships – pages 92-107	Downer considers that all of its operations may have a potential impact on local communities and discloses its community engagement strategy.
Socioeconomic compliance			
103-1	Explanation of the material topic and its boundary	<i>2022 Sustainability Report:</i> Materiality and stakeholder engagement – pages 20-25	
103-2	The management approach and its components	Governance and ethical conduct – pages 26-37 Health and safety – pages 38-49	
103-3	Evaluation of the management approach	<i>Sustainability Report 2022 Website content:</i> Materiality and stakeholder engagement section Health and safety 'Our Approach' section Governance and ethical conduct 'Our Approach' section	
419-1	Non-compliance with laws and regulations in the social and economic area	<i>2022 Sustainability Report:</i> Health and safety – pages 38-49 Performance data – page 40	

