

# Corporate Governance

for the year ended 30 June 2018

## Overview

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

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

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

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

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

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

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

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

Before appointing a Director, the Board undertakes appropriate checks and provides shareholders with all material information which is relevant to the decision to elect or re-elect a Director.

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

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

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

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

Downer has written employment agreements with each of its senior executives and the performance of those senior executives is regularly reviewed against appropriate measures, including performance targets linked to the business plan and overall corporate objectives. In 2018, Downer's senior executives participated in periodic performance evaluations where they received feedback on progress against these targets.

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

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

### Diversity at Downer

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

In 2016, Downer launched a revised Diversity Framework. The purpose of this framework is to support the D&I Policy and implementation of Divisional D&I strategies.

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

### ASX diversity recommendations – diversity statement

This diversity statement outlines Downer's performance throughout 2018 with respect to its broader diversity program, but with a particular focus on gender, and specifically includes:

- Details of Downer's key gender representation metrics;
- An overview of the gender diversity initiatives undertaken by Downer throughout 2018; and
- An outline of Downer's measurable gender diversity objectives for 2019.

### Gender representation metrics

As at 30 June 2018, the gender representation metrics were as follows:

- Three of the six Non-executive Directors on the Downer Board are women;
- Women currently make up 21% of Senior Executive<sup>1</sup> roles;
- 17% of Manager<sup>2</sup> roles are held by women; and
- Women constitute approximately 35% of Downer's workforce.

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

<sup>2</sup> For present purposes, "Manager" refers to CEO, KMP, Other Executives/General Managers, Senior Managers and Other Managers as defined in the WGEA Reference Guide.

## **Corporate Governance – continued**

for the year ended 30 June 2018

### **Looking back: 2018 measurable objectives**

<b>Objective</b>	<b>Outcome</b>
Through the Talent Management and Succession Planning process ensure that identified top female talent (across the Divisions) have active performance and development plans that are tracking to plan.	Active performance and development plans are in place for all identified female talent at Downer as part of the annual Performance and Development Review Process.
Develop tools, policies and training in relation to Flexible Work and pilot within the Rail Division to ensure that individual and business needs are met. Set and monitor targets to measure employee engagement in flexible work and report to the GDSC.	In February, a program of work on flexibility was formally launched to Corporate and Rail Division employees based at the North Ryde office. This included supporting resources for managers and employees. Annual measurement of participation in flexible work practices is being managed through Human Resources. Employee attitude and perceptions of flexible work is measured through the annual employee engagement survey.
Review and update Downer's Parental Leave Policy to include employer funded paid parental leave for secondary carers.	A review on Downer's Parental Leave Policy benchmarked against 30+ large Australian based employers was completed. A cost model and recommendations were presented to and endorsed by Divisional Human Resources and Divisional Diversity Steering Committees.
Following the successful delivery of Downers 'Reflect' RAP, draft an 'Innovate' RAP which includes a focus on cultural learning, Aboriginal and Torres Strait Islander employment and supplier diversity.	Downer's second Reconciliation Action Plan (RAP) has been drafted. This RAP is an 'Innovate' RAP and focuses on implementing reconciliation with an emphasis on strengthening relationships.
To continue the association with Jawun in Australia and Māori based leadership programs in New Zealand.	<ul style="list-style-type: none"><li>- Seven employees participated in the Jawun secondelement program in Cape York, West Kimberley, or Inner Sydney this year. Since the program inception, 37 employees have been on secondelement and this represents 222 weeks of secondelement placements allowing Indigenous-led organisations to access Downer's talented employees.</li><li>- 155 employees have participated in our marae-based Maori Leadership program. Through this program Downer continues to see an increase in Maori employees in senior positions.</li></ul>
Establish baseline data on Aboriginal and Torres Strait Islander people working at Downer.	Downer commenced capturing data on Aboriginal and Torres Strait Islander identity when voluntarily provided by new employees. Additionally, Aboriginal and Torres Strait Islander employees have the option to identify their ancestry in the annual employee engagement survey.

## Looking ahead: 2019 measurable objectives

Focus Area	Objective	Targets	Initiatives
Brand & Reputation	To enhance the brand and reputation of Downer Group through partnerships related to our diversity focus areas and to ensure Downer Group continues to be viewed as an organisation that is committed to D&I.	Establish two partnerships with reputable diversity agencies.	<ul style="list-style-type: none"> <li>- Actively consider partnering with the Diversity Council of Australia and/or the Australian Human Rights Commission to strengthen and illustrate Downer's commitment to Diversity and Inclusion.</li> <li>- Build Downer's employee value proposition that builds on employee engagement survey findings – including through regular internal and external messaging focused on an inclusive culture.</li> </ul>
Gender Diversity	To improve opportunities for women to reach their potential through an inclusive work environment while positioning Downer Group as a preferred employer for women in our industry.	37% women in the workforce by 2020.  20% women in management by 2020.	<ul style="list-style-type: none"> <li>- Launch a new Downer paid parental leave policy during the period.</li> <li>- Establish a mentoring program during the period where 15 high performing women are paired with high performing leaders to support their development goals.</li> <li>- Build the executive talent pool of senior females with focused development opportunities including Downer ExeLD program (five places) and targeted external development through Chief Executive Women (three places).</li> <li>- Implementation of a new learning module during the period and to be completed progressively by hiring managers. The module will focus on diversity insights relevant to recruitment processes so that hiring managers are able to apply insights that are focused on achieving improved gender diversity.</li> </ul>
Cultural Diversity	To build on Downer Group's commitment to closing the gap by increasing Indigenous workforce participation and developing strategic partnerships with Indigenous organisations and community groups.	3% Aboriginal and Torres Strait Islander employees by 2020.	<ul style="list-style-type: none"> <li>- Launch Downer Group's second Reconciliation Action Plan during the period to demonstrate the ongoing commitment to reconciliation.</li> <li>- Develop two partnerships with Indigenous pre-employment agencies during the period to support the commitment to closing the gap.</li> <li>- All Supervisors and above will complete cultural awareness training, which will commence during the period.</li> </ul>
Generational Diversity	To establish Downer Group as a sought-after employer for all age-groups and as an organisation that builds a talent pipeline of thought leaders and continues to value experience.	Build our Linked-In ranking (Currently the 12th most sought after business to work for).  Maintain or increase the number of graduate employees year-on-year until 2021.	<ul style="list-style-type: none"> <li>- Build a talent pipeline by investing in youth programs that align to our diversity focus of both female and Aboriginal and Torres Strait Islander priority areas, including:</li> <li>- The Downer Graduate Development Program (Continue to unify a one Downer approach to graduate recruitment).</li> <li>- Establish governance structure and a framework for the Downer Apprentice and Trainee Program that supports strategic attraction and selection.</li> <li>- Develop D&amp;I image guidelines to ensure internal and external collateral covers the broad spectrum of diverse employees (with a focus on generational).</li> </ul>

## Corporate Governance – continued

for the year ended 30 June 2018

### Principle 2: Structure the Board to add value

Throughout the 2018 financial year, the Board was comprised of a majority of independent Directors.

The Board is currently comprised of the Chairman (Mike Harding, an independent, Non-executive Director), five other independent, Non-executive Directors and an Executive Director (the Group CEO, Grant Fenn). Details of the members of the Board, including their skills, experience, status and their term of office are set out in the Directors' Report on pages 2 to 3 and are also available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

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

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

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

The Board considers that an independent Director is a Non-executive Director who is not a member of management and who is free of any business or other relationship that could (or could reasonably be perceived to) materially interfere with the independent exercise of their judgement. The Board regularly assesses the independence of each Director to ensure that each Director has the capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of Downer as a whole.

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

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

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

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

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

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

Board Committee	Chairman	Members
Audit and Risk	S A Chaplain	P S Garling T G Handicott N M Hollows C G Thorne
Zero Harm	C G Thorne	S A Chaplain G A Fenn
Nominations and Corporate Governance	R M Harding	S A Chaplain T G Handicott
Remuneration	T G Handicott	P S Garling R M Harding
Disclosure	T G Handicott	G A Fenn R M Harding
Rail Projects	P S Garling	G A Fenn T G Handicott R M Harding
Tender Risk Evaluation	C G Thorne	G A Fenn T G Handicott R M Harding

The names of members of each committee, the number of meetings and the attendances by each of the members of the various committees to which they are appointed is set out in the Directors' Report on page 19.

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

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

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

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

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

The Committee's responsibilities include:

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

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

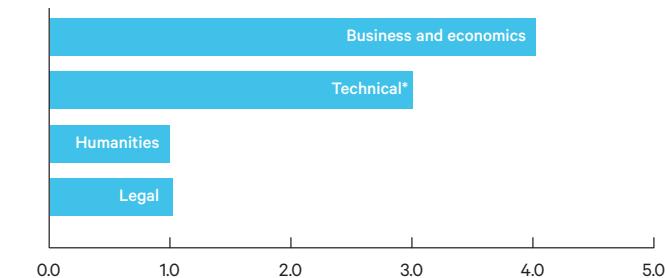
Given the breadth of Downer's service offerings across a range of markets, the Board seeks to ensure that it maintains an appropriate range of technical skills across engineering, geology, construction and scientific disciplines as well as professional services when considering the appointment of a new Director. The Board identified that the review of major tender bids and the successful delivery of major projects in an increasingly complex commercial environment required additional Directors with strong financial acumen. It is for this reason that in undertaking the selection process for its most recently appointed Director, the Board selected a candidate with financial and accounting qualifications and experience as a CFO and CEO of an ASX listed company.

## Corporate Governance – continued

for the year ended 30 June 2018

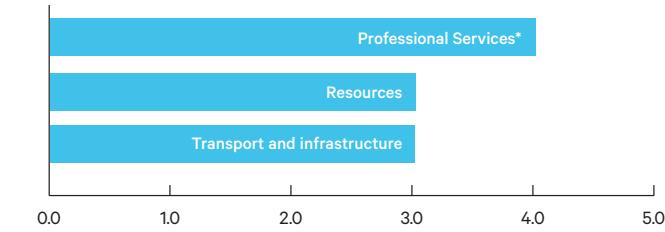
The chart below illustrates the balance achieved with the current Board composition. The Company recognises the value of diversity which has been a component of the appointment process over the past few years.

### Professional qualifications



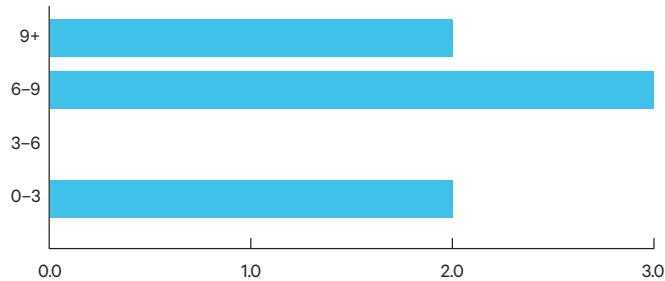
\*Comprises construction, engineering, metallurgy and science.

### Industry experience

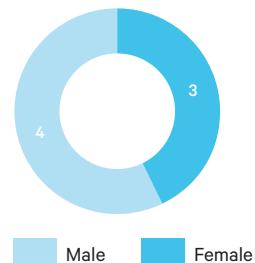


\*Includes banking, finance and legal.

### Tenure



### Gender diversity



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

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

As part of its commitment to leading corporate governance practice, the Board undertakes improvement programs, including externally facilitated periodic reviews of its performance and that of its Committees and Directors. The last review was completed during FY16.

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

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

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

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

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

### **Principle 3: Promote ethical and responsible decision-making**

Downer's Purpose, Promise and Pillars define the way Downer manages its business and are the foundations that support Downer's culture. An overview of the Purpose, Promise and Pillars can be found on the Downer website at [www.downergroup.com](http://www.downergroup.com).

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

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

Downer has a formal whistleblower policy and procedures for reporting and investigating breaches of the Standards of Business Conduct. This includes the Our Voice service, an external and independent reporting service which enables employees to anonymously report potential breaches of the Standards of Business Conduct, including misconduct or other unethical behaviour. Reports received through Our Voice are investigated where appropriate, with the Company Secretary overseeing the completion of any remedial action.

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

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

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

Downer has an Anti-Bribery and Corruption Policy which expands upon the prohibition against bribery and corruption currently contained in the Standards of Business Conduct, and which addresses key issues such as working with government, political donations, human rights, conducting business internationally and gifts and benefits. As Downer has operations in foreign jurisdictions, Downer employees are confronted by the challenges of doing business in environments where bribery and corruption are real risks. However, regardless of the country or culture within which its people work, Downer is committed to compliance with the law, as well as maintaining its reputation for ethical practice.

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

### **Principle 4: Safeguard integrity in financial reporting**

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

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

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

The Audit and Risk Committee is structured so that it:

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

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

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

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

## **Corporate Governance – continued**

for the year ended 30 June 2018

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

Information regarding the number of times the Audit and Risk Committee convened in FY18, together with the individual attendances of members at the meetings, is set out in the Directors' Report on page 19.

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

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

The Company's Disclosure Policy sets out processes which assist the Company to ensure that all investors have equal and timely access to material information about the Company and that Company announcements are factual and presented in a clear and balanced way. A copy of the Disclosure Policy is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

The Disclosure Policy also sets out the procedures for identifying and disclosing material and market-sensitive information in accordance with the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

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

### **Principle 6: Respect the rights of shareholders**

Downer empowers its shareholders by:

- Communicating effectively, openly and honestly with shareholders;
- Giving shareholders ready access to balanced and understandable information about the Company and its governance; and
- Making it easy for shareholders to participate in general meetings.

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

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

Downer encourages shareholder participation at AGMs through its use of electronic communication, including by making notices of meetings available on its website and audio casting of general meetings and significant Group presentations.

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

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

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

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

Downer has a Risk Management Framework in place to enable business risks to be identified, evaluated and managed. The Board ratifies Downer's approach to managing risk and oversees Downer's Risk Management Framework, including the Group risk profile and the effectiveness of the systems being implemented to manage risk. The last comprehensive review of the Risk Management Framework was completed in 2016. However, the Board reviews the Group risk profile twice each year, undertakes a facilitated risk workshop annually, and considers other risk matters, such as business resilience, tender review processes, risk appetite, and specific risk areas, on a regular basis, as well as regular reports from senior management, the internal audit team, and the external auditor.

Downer's annual Sustainability Report provides a detailed overview of Downer's approach to managing its environmental sustainability and social sustainability risks. The 2017 Sustainability Report is available on the Downer website at [www.downergroup.com](http://www.downergroup.com).

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

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

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

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

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

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

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

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

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

The Remuneration Committee is structured so that it:

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

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

The maximum aggregate fee approved by shareholders that can be paid to Non-executive Directors is \$2.0 million per annum. This cap was approved by shareholders on 30 October 2008. Further details about remuneration paid to Non-executive Directors are set out in the Remuneration Report at page 21.

Retirement benefits are not paid to Non-executive Directors.

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

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

Executive Directors and senior executives are prohibited from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any of the Company's equity-based remuneration schemes.

Further details about the remuneration of Executive Directors and senior executives are set out in the Remuneration Report at page 21 and details of Downer shares beneficially owned by Directors are provided in the Directors' Report at page 4.