

Sustainability Report

—
2018

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About this report

This Sustainability Report discloses our sustainability-related performance for the financial year ended 30 June 2018 for the activities of businesses within the Downer Group (Downer EDI Limited).

This report has been prepared in accordance with the GRI Standards: Core option, which emphasise the importance of identifying and reporting on issues or concerns that are material to our business and our stakeholders.

Downer has engaged KPMG to provide limited assurance on Downer's application of the Global Reporting Initiative Standards (GRI Standards) for Defining Report Quality and Content as well as on selected sustainability indicators in accordance with the GRI Standard.

These selected sustainability indicators are:

- Lost Time Injury Frequency Rates and Total Recordable Injury Frequency Rates
- Total direct (Scope 1) and indirect (Scope 2) GHG emissions
- Total energy consumption and production
- Any significant environmental incidents or spills
- The total number and value of safety and environmentally related fines or successful prosecutions.

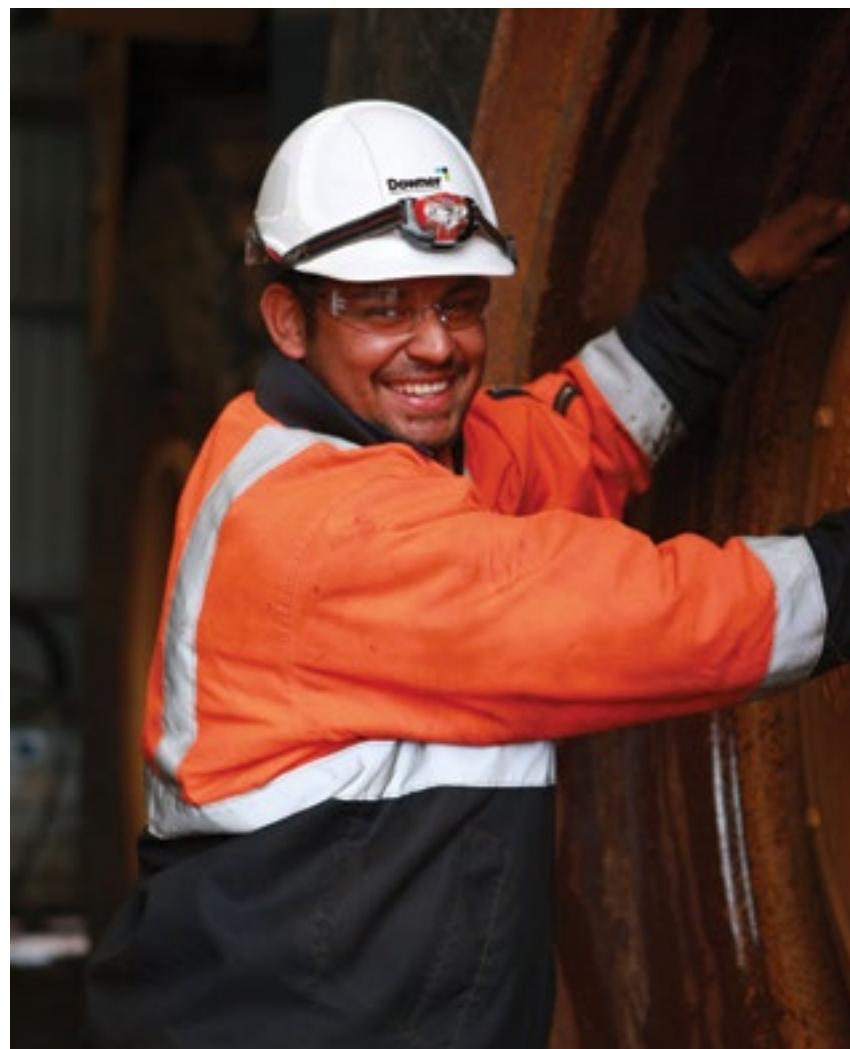
Sustainability performance information relating to Downer entities and joint ventures has been included in the relevant sections of the report as specified by the table below. Joint ventures have been included for environmental energy and GHG emission performance data where Downer is deemed to have operational control as defined by the National Greenhouse Energy Reporting Act. The Health and Safety performance data includes incidents related to Downer employees involved in unincorporated joint ventures/partnerships but excludes incorporated joint ventures. People performance includes only Downer employees involved within unincorporated joint ventures.

Sustainability performance inclusions

	Environment			Health & Safety			People		
Business line	Downer	Contractors	JVs	Downer	Contractors	JVs	Downer	Contractors	JVs
Infrastructure	✓	✓	✓ ¹	✓	✓	✓ ²	✓	✗	✓ ³
Rail	✓	✓	✓ ¹	✓	✓	✓ ²	✓	✗	✓ ³
EC&M	✓	✓	✓ ¹	✓	✓	✓ ²	✓	✗	✓ ³
Mining	✓	✓	✓ ¹	✓	✓	✓ ²	✓	✗	✓ ³
Spotless	✓ ⁴	✓ ⁴	✓ ¹	✗	✗	✗	✓	✗	✗
New Zealand	✓	✗	✗	✓	✓	✓ ²	✓	✗	✗
Hawkins	✗	✗	✗	✗	✗	✗	✓	✗	✗

Further information on joint ventures is detailed in the 2018 Annual Report. Changes to the reporting boundaries or measurement methodologies applied compared to our previous Sustainability Report are addressed in the relevant report sections.

For ease of reference a GRI Standards Content Index is located on [page 77](#) and KPMG's assurance statement is included on [page 68](#).



¹ Where Downer has operational control as defined by National Greenhouse Energy Reporting Act.

² Excludes incorporated joint ventures.

³ Data is included for all employees who are paid by a Downer entity.

⁴ Excluding Spotless NZ.



Our approach to reporting

We have prepared this Report with reference to the Global Reporting Initiative's (GRI) Standards to provide investors with comparable information relating to environmental, social and governance (ESG) performance. Specifically, our approach takes into consideration the GRI's principles for informing report content: materiality, completeness, and sustainability context and stakeholder inclusiveness.

A key focus of this report is to demonstrate how we deliver sustainable returns while managing risk and being responsible in how we operate.

Commitment to reporting and continual improvement

Downer is committed to reporting our sustainability performance annually. To support our commitment, we continue to improve our data and information collection processes to ensure better quality data and insights. We will continue to engage with our internal and external stakeholders to ensure we understand our sustainability risks and opportunities. We are working actively to continually improve our sustainability performance and reporting and to identify ways to address the gaps we have in our current reporting.

What's new?

Some of the new topics discussed in the Sustainability Report this year include:

- Alignment to the GRI Standards from G4
- Alignment of business to the UN Sustainable Development Goals
- Adoption of Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Inclusion of Spotless data (excluding health, safety and environmental data for New Zealand)
- Inclusion of ESG Sustainability Analyst Rating Scores.

ESG Sustainability Ratings Performance

Downer proactively participates in investor surveys and uses these insights to inform our understanding and improve our sustainability performance.

Rating agency



Performance

Achieved Level 1 (the highest) for Governance – Environment – Social



Highest Rating – ‘Leading’ in the Commercial & Professional Services and Supplies sector



Leader in Top 25% of companies analysed globally achieving a AA Rating



DJSI (Dow Jones Sustainability Indices)
In collaboration with RobecoSAM

“Outperformer” Top 10% of the 90 companies analysed



Consistent performance in industry category

Downer's performance for ESG ratings is based on information provided in the FY17 period.

About Downer

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

Our Purpose

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

Our Promise

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

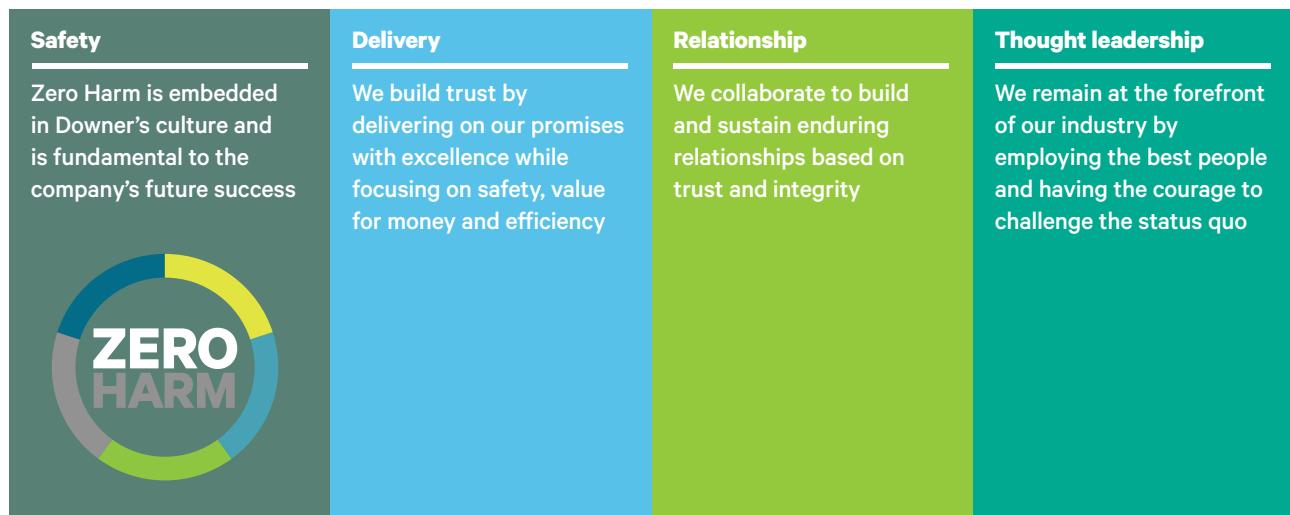
Downer designs, builds and sustains assets, infrastructure and facilities and we are the leading provider of integrated services in Australia and New Zealand.

With a history dating back over 150 years, Downer is listed on the Australian Securities Exchange and New Zealand Stock Exchange as Downer EDI Limited (DOW). We are an ASX 100 company that also owns 88 per cent of Spotless Group Holdings Limited.

Downer employs approximately 56,000 people across more than 300 sites, primarily in Australia and New Zealand, but also in the Asia-Pacific region, South America and Southern Africa.

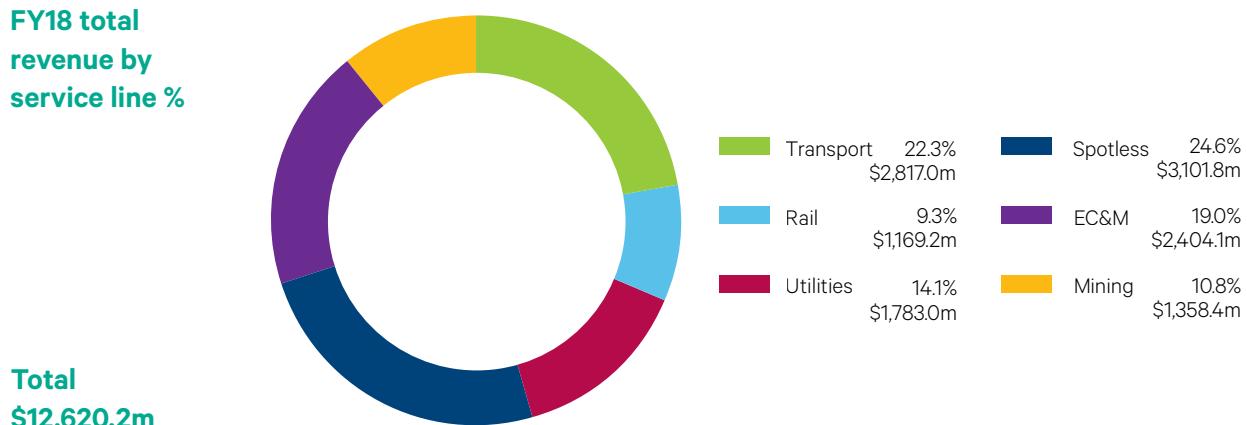


Our Pillars



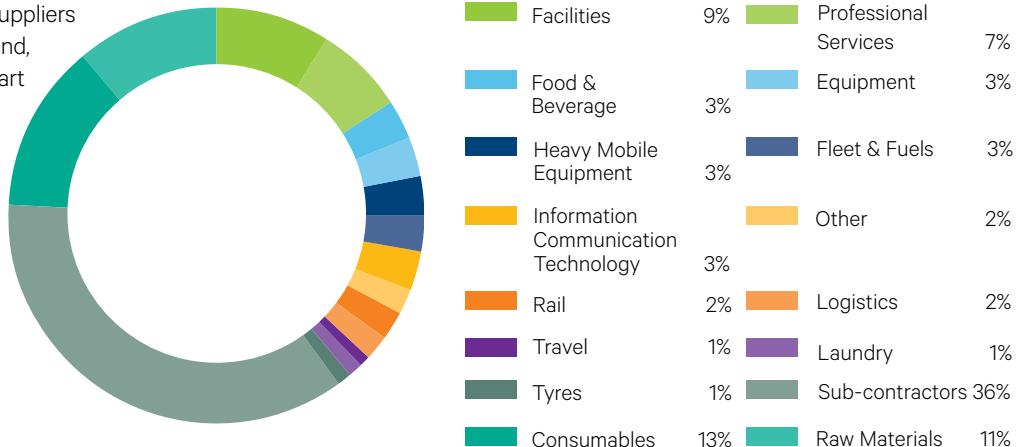
Our services

FY18 total revenue by service line %



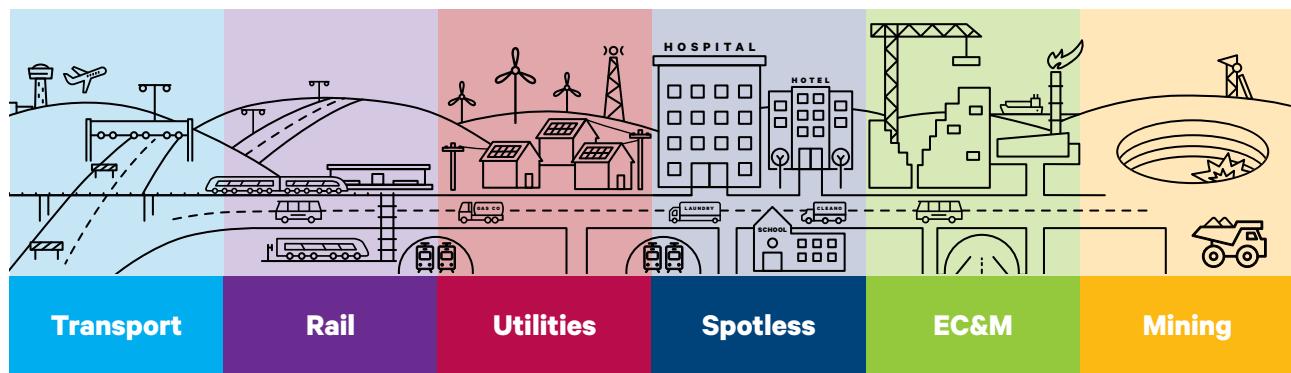
Our supply chains

Downer has over 30,000 suppliers in Australia and New Zealand, including Spotless. The chart shows the percentage of spend by supplier category across the Downer Group.



What we do

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



Reporting division	Key capabilities	Examples/track record
Transport	<ul style="list-style-type: none">▪ Transport infrastructure▪ Rail systems▪ Multi-modal operations, including light rail, bus, ferry▪ Light rail construction and maintenance▪ Station upgrades▪ Road construction and maintenance▪ Bitumen manufacturer and supplier▪ Airport lighting and pavements▪ Port facilities upgrades and services	<ul style="list-style-type: none">▪ Maintain more than 33,000 kilometres of road in Australia and more than 25,000 kilometres in New Zealand▪ Customers include all of Australia's State road authorities, the New Zealand Transport Agency and the majority of local government councils and authorities in both countries▪ Through Keolis Downer JV, Australia's largest provider of multi-modal transport solutions including Yarra Trams in Melbourne, G:link on the Gold Coast and Newcastle's buses, ferries and a new light rail from 2019.
Rail	<ul style="list-style-type: none">▪ Design and manufacture of new passenger rolling stock▪ Through Life Support and front-line maintenance▪ Fleet control – 24-hour one-stop-shop providing technical support, fleet planning and asset management services▪ Overhaul of rolling stock components, including: new build and rotatable parts, refurbishment of existing rolling stock and bogie wheel set overhaul▪ Operations	<ul style="list-style-type: none">▪ Maintain Sydney's Waratah trains fleet (78 eight-car trains)▪ Delivering another 24 Waratah trains by early 2019▪ Maintain Sydney Millennium trains▪ Building Melbourne's fleet of 65 new High Capacity Metro Trains▪ Rail sites in NSW, QLD, VIC and WA

Reporting division	Key capabilities	Examples/track record
Utilities	<ul style="list-style-type: none"> ▪ Planning, designing, constructing, operating, maintaining, managing and decommissioning power and gas network assets ▪ Complete water lifecycle solutions for municipal and industrial water users ▪ Renewable energy, including wind and solar construction, operations and maintenance ▪ Fibre and copper networks ▪ Mobile and radio networks ▪ Internet of Things solutions ▪ Big data automated analytics and visualisation 	<ul style="list-style-type: none"> ▪ Maintain over 62,000 kilometres of electricity and gas networks ▪ Erected over 1,000 steel lattice transmission towers ▪ Connect 35,000 new power and gas customers each year ▪ Sunshine Coast, Clare, Ross River and Beryl solar farms ▪ Ararat and Murra Warra wind farms ▪ Major supplier to both nbn in Australia and Chorus in New Zealand, providing high speed broadband
Spotless	<ul style="list-style-type: none"> ▪ Asset maintenance and management ▪ Utility support services ▪ Catering and hospitality ▪ Facility management ▪ Air-conditioning, mechanical and electrical services ▪ Laundry management ▪ Security and alarm services ▪ Cleaning 	<ul style="list-style-type: none"> ▪ Largest integrated facilities management services provider in Australia and New Zealand ▪ Deliver more than 100 integrated facilities services ▪ Proven long-term partner, with around 15 Public Private Partnership projects across the healthcare, education, defence and leisure sectors
Engineering, Construction and Maintenance	<ul style="list-style-type: none"> ▪ Engineering ▪ Construction ▪ Operations and maintenance ▪ Defence services 	<ul style="list-style-type: none"> ▪ Deliver services for complex oil and gas, mining and industrial and critical infrastructure facilities such as data centres, airports, public transport systems and hospitals ▪ Recognised worldwide leader in mineral and coal separation and processing ▪ Key FY18 contracts: EPC services at the Carrapateena copper gold mine; equipment, engineering and design services at Egyptian Black Sands; construction services for the upgrade of Orbost gas plant; long-term maintenance at Origin's Eraring power station; managing contractor for Shoalwater Bay training area remediation project; and Major Service Provider to Defence's CASG
Mining	<ul style="list-style-type: none"> ▪ Open cut and underground mining ▪ Resource definition, exploration drilling and mine feasibility studies ▪ Drilling, explosive supply, blasting and crushing ▪ Mine rehabilitation and closure ▪ Asset and tyre management 	<ul style="list-style-type: none"> ▪ Serve customers across more than 50 sites in Australia, Papua New Guinea, South America and Southern Africa ▪ Key FY18 contracts: Blackwater coal mine in Central Queensland; Waanyi Downer JV for New Century Resources Limited; underground mining services contract at the Carrapateena copper gold project; mining services at the Gruyere Gold Project

Our approach to sustainability

At Downer, sustainability means delivering financial growth and value to our customers through our supply chain, looking after the health and safety of our people, having a diverse and inclusive workforce, being environmentally sustainable and enhancing the liveability of the communities in which we operate.

Downer recognises that sustainability is vital for securing long-term environmental, economic and social viability and understands our role in contributing to a sustainable future for communities to prosper.

Downer is the largest and most diverse services contractor in the Asia-Pacific region with over \$12 billion in annual revenue. This scale and breadth gives Downer greater resilience to withstand economic headwinds when they arise,

and the opportunity to provide a more diverse range of services.

Sustainability is intrinsically linked to Downer's business strategy because the sustainability of Downer's activities is fundamental to the Company's future success.

Downer's business strategy focuses on Zero Harm, driving improvement in the existing business, investing in growth, and creating new positions. Downer's strategic objectives, prospects, and the risks that could adversely affect the achievement of these objectives are set out in the 2018 Annual Report. The strategic objectives are to:

- Maintain focus on Zero Harm
- Improve value and service for customers and their customers
- Improve asset management and data analytics utilisation across the Group
- Position for greater government outsourcing

- Leverage opportunities that will emerge from greater urbanisation in major cities
- Orient Downer's portfolio to growth markets
- Embed operational technology into core service offerings.

Downer's sustainability strategy is shaped by our four Pillars and our commitments to sustainability are outlined in our [policies](#).

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

Our approach to sustainability (cont.)

As an integrated services company, Downer's contribution to sustainability is also achieved by providing our customers with industry leading solutions that drive and provide efficiency, reducing the impact of customers' operations on the environment.

Downer works closely with the local communities in which it operates to achieve better social outcomes, implementing a range of initiatives focusing on social responsibility, local and Indigenous employment, cultural heritage management and stakeholder engagement.

Downer's success is a direct result of the experience, capability and engagement of our people. Downer embraces diversity and inclusiveness in the workplace.

Downer relies on and encourages our people to contribute a diverse range of skills and experiences to deliver the best outcomes for our customers. Downer continues to strengthen our focus on recruiting strategically to increase workforce participation across a range of demographics.



Sustainability snapshot

Highlights

Financial

\$296.5m

Underlying NPATA (Net Profit After Tax before Amortisation of acquired intangible assets)

People



Percentage of women in Downer workforce (including Spotless)

Health & Safety

0

Fatalities

Environment

0

Significant environmental incidents (\geq Level 4)

Financial

Metric	Market guidance	FY18	FY17
Underlying NPATA (Net Profit After Tax before Amortisation of acquired intangible assets)	\$295.0m	\$296.5m	\$186.6m
Underlying NPAT (Net Profit After Tax)	\$251.0m	\$249.7m	\$181.5m
Underlying EBITA (Earnings Before Income and Tax before Amortisation of acquired intangible assets)	n/a	\$479.6m	\$285.2m
Underlying EBIT (Earnings Before Income and Tax)	n/a	\$412.9m	\$277.8m
Total Revenue	n/a	\$12.6b	\$7.8b
Work in hand	n/a	\$42.1b	\$22.5b

People

As at 30 June 2018, the gender diversity metrics for Downer Group were:

Metric	Target ⁵	FY18 (incl Spotless)	FY17 (excl Spotless)	Result
Women in executive roles	No Target	20%	10.8%	n/a
Women in management roles	12% by 2020	17%	11%	✓
Women employed	20% by 2020	35%	11%	✓

Safety

Metric	Target	FY18	FY17	Result
LTIFR⁶	<0.9	0.78	0.55	✓
TRIFR⁷	<4.0	3.27	3.50	✓
Fatalities	0	0	0	✓
Prosecutions	0	1	0	✗



⁵ Due to the acquisition of Spotless, Downer exceeded its gender diversity targets for FY18, which were set prior to the acquisition. New targets for FY19 have been set to reflect the changing nature of the operations and workforce demographics.

⁶ Lost Time Injury Frequency Rate (LTIFR) Lost time injuries (LTIs) are defined as injuries that cause the injured person (employee or contractor) to be unfit to perform any work duties for one whole day or shift, or more, after the shift on which the injury occurred, and any injury that results, directly or indirectly, in the death of the person. The Lost Time Injury Frequency Rate is the number of LTIs per million hours worked.

⁷ Total Recordable Injury Frequency Rate (TRIFR) is the number of lost time injuries plus medically treated injuries (employees and contractors) per million hours worked. Definitions used are based on 18001:2007 and documented in Downer's management system. All incidents are reported and recorded in a hosted database, INX, which covers all operations under Downer's management control.

Environment

Metric	Target	FY18	FY17	Result
Significant environmental incidents (≥ Level 4)	0	0	0	✓
Prosecutions	0	0	0	✓
Infringement Notices (Fines)	<5	4	6	✓
Infringement Notices (Fines) \$AUD	–	AU\$2,720	AU\$36,175	–

Metric	Target	FY18 (incl Spotless AU)	FY18 (excl Spotless AU)	FY17 (excl Spotless AU)	Result
Energy Consumption (TJ)	–	5,753.6	4,653.7	3,843.5	n/a
Scope 1⁸ and Scope 2⁹ greenhouse gas (GHG) emissions compared to previous year (ktCO₂-e)	–	421.2	323.4	263.6	n/a
Annualised GHG Emission Reductions (tCO₂-e)	8,692		12,491	12,315	✓



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

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

A word from our CEO



Downer is the leading provider of integrated services in Australia and New Zealand. We have a diverse portfolio of businesses which allow us to drive growth while continuing to deliver on our Promise to work closely with our customers to help them succeed.

Downer is founded on the deeply held value of Zero Harm as it relates to the safety of our people, the environment, and the communities in which we operate. Our approach to sustainability is critical to the long-term value we create for all our stakeholders and, as we noted last year, customers are increasingly looking to us to lead with best practice sustainability solutions.

We strive to set new benchmarks in sustainability and innovation and I believe we are making strong headway. In June 2018 we opened the Detritus Processing Facility, a new state of the art recycling plant in Rosehill in New South Wales. Unlike many other recycling facilities, it can recycle several different types of materials and Downer has found use for those materials. In total, more than 21,000 tonnes of waste annually can now be diverted from landfill and

then separated, cleaned and sorted into valuable products and materials that can be reused or sold.

Downer has also partnered with Victoria's Hume City Council, as well as resource recovery and recycling companies Close the Loop and RED Group, in an Australian-first trial for the construction of a road made with plastic bags, glass and used toner cartridges. Initial testing shows that this sustainable, cost competitive road has a 65 per cent improvement in fatigue life.

We recognise our success is a direct result of the quality and dedication of our people. We look to our people to bring different and unique views to the table and therefore we continue to strengthen our focus on recruiting strategically to increase workforce participation across a range of diverse demographics.

I would like to take this opportunity to thank our employees, communities, business partners and suppliers for your continued support.

Grant Fenn

Managing Director and
Chief Executive Officer



Materiality and stakeholder inclusiveness

The material issues addressed in this report directly reflect priorities identified for Downer and our stakeholders, in line with GRI Standards requirements.

In 2017, KPMG facilitated a materiality assessment via a series of workshops across the business to identify issues material to Downer. This year a consultative review process was undertaken to confirm and identify any new material priority issues through reviews of risk registers, industry ESG ratings, media analysis and peer reviews and engagement with key stakeholders. This ensures our reporting reflects significant economic, environmental and social issues that may influence the assessments and decisions of stakeholders.

In 2015, the United Nations agreed on 17 Sustainable Development Goals (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 we are well placed within the sectors we service to contribute to the SDGs. In this year's report we have aligned our material issues to the SDGs and demonstrated Downer's contribution to deliver on the SDGs.

Material issues

Material issue	Interest	Issue relevance to broader value chain	Sustainable development goals		
Business Resilience	<ul style="list-style-type: none"> ▪ Financial returns ▪ Operational efficiency and productivity ▪ Sustainable strategic growth ▪ Enduring, collaborative partnerships ▪ JV and overseas risks ▪ Innovation <p>See further details in the 2018 Annual Report.</p>	Suppliers Sub-contractors Customers JVs and alliances Community Investors	 1 NO POVERTY	 8 DECENT WORK AND ECONOMIC GROWTH	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
People	<ul style="list-style-type: none"> ▪ Talent attraction and retention of skilled employees ▪ Diversity and inclusiveness ▪ Employee development and capability ▪ Leadership and knowledge management 	Sub-contractors JVs and alliances Community	 1 NO POVERTY	 4 QUALITY EDUCATION	 5 GENDER EQUALITY
Health and Safety	<ul style="list-style-type: none"> ▪ Managing health and safety risks with a focus on critical risks ▪ Maintaining a high standard Zero Harm culture through accountability ▪ Employee health and wellbeing 	Suppliers Sub-contractors Customers JVs and alliances Regulators Community	 3 GOOD HEALTH AND WELL-BEING		
Environment	<ul style="list-style-type: none"> ▪ Legislative and regulatory compliance and impact minimisation ▪ GHG emission reduction ▪ Climate change related risks ▪ Responding to emerging issues and industry trends 	Suppliers Sub-contractors Customers JVs and alliances Regulators Community	 6 CLEAN WATER AND SANITATION	 7 AFFORDABLE AND CLEAN ENERGY	 13 CLIMATE ACTION
			 14 LIFE BELOW WATER	 15 LIFE ON LAND	

Material issues (cont.)

Material issue	Interest	Issue relevance to broader value chain	Sustainable development goals
Community	<ul style="list-style-type: none"> ▪ Employment and training opportunities ▪ Local purchasing ▪ Community investment ▪ Socio economic benefits 	Suppliers Sub-contractors Customers JVs and alliances Community	 1 NO POVERTY  2 ZERO HUNGER  11 SUSTAINABLE CITIES AND COMMUNITIES  12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Governance	<ul style="list-style-type: none"> ▪ Legislative and regulatory compliance ▪ Risk management ▪ Standards of business conduct ▪ Continuous improvement 	Suppliers Sub-contractors Customers JVs and alliances Investors Regulators	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS  17 PARTNERSHIPS FOR THE GOALS

Downer recognises that our business operations have a direct impact on a wide range of stakeholders. To ensure we are capturing the most relevant material issues in this report, we continually review issues raised by our stakeholders. These reviews inform the issues raised above.



How we engage with our stakeholders

Stakeholder	How we engage
Directly affected	
Customers	Meetings, surveys, joint sustainability initiatives, social media channels
Communities	Project-specific community engagement plans, local media, social media channels, employment opportunities, local supply arrangements, community investment projects
Business partners	Joint venture boards and operating committees, meetings, workshops
Shareholders and investment community	Annual General Meeting, Annual Report, Sustainability Report, ASX releases, half-year and full-year results presentations and webcasts, Investor Day (annually), social media channels (ongoing)
Suppliers	Inductions and training, meetings, contractor Zero Harm Days, tender and contract documents
Actively interested	
Government and regulators	Reporting, meetings
Industry associations	Representation on boards and committees, meetings
Media	Media releases, briefings and interviews, website, social media channels
Non-government organisations	Participation in forums, meetings
Trade unions	Meetings

Material priorities

People

Downer recognises that to create a high-performance culture our employees need to be inspired, engaged and empowered.

We believe that embracing difference fuels innovation and enables more informed decision making, which is why we are committed to diversity and inclusiveness in our workplace. Downer works to foster an environment that facilitates opportunity and respect for all employees. We are committed to developing a workforce comprising engaged employees from a wide pool of talent.

Recruiting and retaining the right people is fundamental to being able to deliver the best service options to our customers and providing a workplace that motivates people to excel. We aim to not only recruit and retain the best talent but also to develop the capability of our people with an emphasis on leadership and the sharing of knowledge.

Zero Harm

Zero Harm means working in an environment that supports the health and safety of our people, allows us to deliver our business activities in an environmentally sustainable manner, and advances the communities in which we operate.

Our Zero Harm culture is built on leading and inspiring, managing risk, rethinking processes, applying lessons learnt, and adopting and adapting practices that aim to achieve zero work-related injuries and minimise environmental harm.

Health and safety

The health and safety of our people and the communities in which we work is our first priority. Our approach to safety is a market differentiator as it enables us to work in industry sectors that may be inherently hazardous.

Environment

We conduct our business in a way that is sustainable, taking into account a range of factors, including climate related risks and opportunities. Developing and delivering environmentally sustainable



solutions for our customers is a priority. While focusing our attention on managing our risks associated with environmental management, we also take advantage of the commercial opportunities this presents for our business.

Communities

Downer is committed to supporting the success of the communities in which we operate, by fostering and maintaining enduring relationships built upon trust.

Downer recognises the significant and lasting socio-economic benefits our presence in the community can bring. For this reason, we seek to engage with local suppliers and contractors, and actively participate in regional business groups and chambers of commerce.

We implement a range of strategies focusing on social responsibility, local and Indigenous employment, cultural heritage management and stakeholder engagement.

Governance

Downer is committed to ensuring that the company maintains an effective system of corporate governance which is an integral part of our culture and business practices.

Downer is committed to the highest level of governance and is committed to building a culture that rewards high ethical standards and personal integrity.

Our corporate governance framework provides the platform from which:

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

People



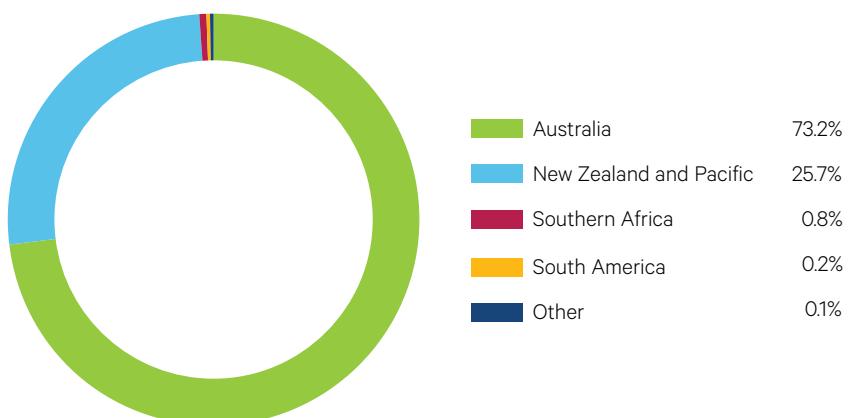
Our approach

Our continued growth is linked to employees that keep the customer at the heart of everything we do. Our high performing culture is a result of teamwork and an enduring focus on safety. We are committed to attracting people that can bring their best each day, while providing our workforce with development opportunities that support their career goals.

Our performance

In FY18 we employed around 56,000 people. Approximately 65 per cent of our employees based in Australia and New Zealand are covered by collective agreements and industry-based awards. We have a wide variety of employment arrangements across the Group, including individual contracts of employment and collective agreements. This reflects the diverse sectors in which we operate.

Workforce breakdown by region



Talent attraction and retention of skilled employees

Talent attraction

Downer understands the importance of identifying, recruiting and developing outstanding people.

Our diversified business operations allow us to provide rich career development opportunities so employees can experience career growth.

Our focus on development opportunities is linked to retaining and developing our skilled workforce. Downer recognises that embracing difference fuels innovation and enables more informed decision making. This approach to diversity and inclusion reflects the customers and communities we serve while building a sustainable business.

This year Downer placed 12th in the LinkedIn Top Companies to work at survey. This achievement is a recognition of our success and commitment to attracting and retaining the best people.

Of Downer's total workforce at our primary locations, Australia and New Zealand, 63 per cent of new hires were men and 37 per cent women.

Talent retention

As part of ongoing development and retention strategies we annually assess performance and potential. This process allows us to create structured career development pathways and enables our people to seek development opportunities that support their career goals. This process is described below.

Development pathways guide career goals as our employees progress in their career. Key pathways include mentoring and coaching, structured formal learning opportunities, on-the-job learning and secondments across the business.

While external talent recruitment is important, we continuously seek to develop talent from within the business. We do this by building and investing in people by supporting various and diverse career paths that:

- Improve our line of sight on development needs and increase the bench strength of the leadership pipeline against internal talent
- Identify talent gaps that can be filled utilising internal capability and skills
- Identify opportunities for targeted development activities
- Ensure we have the best talent engaged within and across the business.

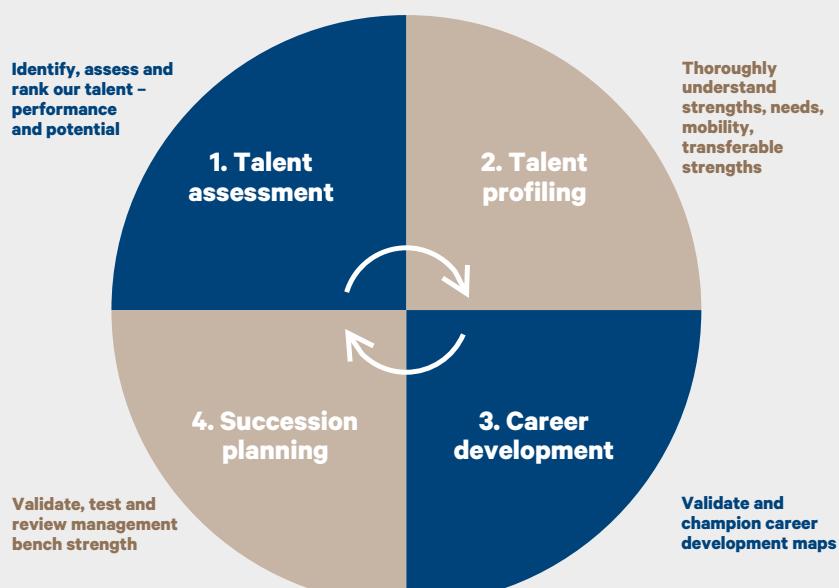
We also ensure succession planning is in place to enable talent development and enhance delivery performance for our customers.

We ensure a robust remuneration and reward strategy that entices and attracts new talent and provides strong recognition of performance for existing talent to remain with Downer. Key factors which are incorporated into our remuneration and rewards system include:

- Benchmarking positions utilising third party market data to provide a comparative analysis of our remuneration offering against industry
- Utilising the outcomes of this benchmarking exercise to develop remuneration packages which attract and retain industry leading talent
- Offering reward opportunities during employment that provide financial and/or team based recognition for employees who exhibit desired behaviours and/or deliver project outcomes
- Offering short-term and long-term incentives where appropriate, with a focus on key roles.

The turnover of employees at Downer's primary locations was less for women than men, with 17 per cent versus 24 per cent turnover respectively over the period.

Talent retention process



Talent attraction and retention of skilled employees (cont.)

Employee benefits

All full time and part time employees at Downer's major Australian and New Zealand sites receive the same benefits including:

- Professional development: study assistance, training, mentoring and secondments
 - Financial and other benefits: salary sacrifice superannuation, novated leasing, leave entitlements, banking discounts and offers
 - Health and wellbeing: flexible work arrangements, discounted health insurance and gym memberships, health check-ups
 - Lifestyle benefits: discounted vehicle rentals, discounted technology products, shopping offers.
- Spotless employees are entitled to paid sick leave and annual leave, however casual employees do not receive these entitlements as they are remunerated at a higher rate of pay instead.
- In addition, Australian and New Zealand employees receive a standard of four weeks' notice for the cessation of employment. Those covered by an Enterprise Bargaining Agreement are governed by the various consultation provisions of their agreement regarding a major change.





Engagement survey

Downer recognises the importance of creating an organisational culture that builds engagement and empowers our workforce. This delivers high-performing individuals who are committed to the company and has a direct impact on how safely they work, the quality of the leadership and supervision they provide, and the development of new initiatives and innovations.

Downer's annual Employee Engagement Survey has been administered for four years and this year Spotless employees also participated. This survey allows us to understand what we do well as a company and where we can improve. It also serves as a channel for honest feedback and a direct line of communication to the CEO, Executive Leadership Team, Downer Board and all employees.

This year Downer achieved an engagement score of 69 per cent, and a progress score of 61 per cent. Consistent with previous results, Downer performed well on questions about teamwork, safety and role clarity. The following represents these key metrics and demonstrates our commitment to our people, their safety and continued success.

- 89 per cent of employees agree that they have good working relationships with their co-workers.
- 87 per cent of employees agree that they are aware of their work health and safety responsibilities.
- 86 per cent of employees agree that they understand how their job contributes to the overall success of the organisation.

Feedback suggests Downer can improve our employee experience by supporting better cross-unit cooperation and supporting innovation. To address this valuable feedback, divisional leaders will work with their teams to identify and implement action plans.

Employee development and capability

Leadership development

Leadership capability remains a key priority and supports our people delivering success for Downer. Our programs are underpinned by the LEaD (Leadership Excellence at Downer) Capability Framework and focus on leaders at all levels of the business.

Downer's Executive Development Framework focuses on the growth of senior leaders within our business. The program provides support to leaders to build capabilities to deliver our current and future business goals. Senior leaders are engaged through annual leadership events, where the alumni come together to challenge current and emerging business requirements and to maintain their formal executive network across the business.

Leadership development remains a key priority for Downer. We recognise that our middle leaders are the vital link between frontline people and our executive leadership teams. Our LEaD2, Leadership Delivering Success program has been developed to meet the needs of our middle leaders and support them to effectively and competently balance their leadership, management and operational responsibilities to elevate our leadership and operational results.

We have also continued to build the Industrial Relations capability of our operational managers through structured training programs. This important lift in capability positions managers and human resources professionals to better support and engage employees, minimise our exposure to industrial disruption, lost time and revenue, and better service our customers.

We have an annual performance and development review process. As part of this our employees plan development goals and activities. Based on this, we identify the formal development needs that include safety, leadership and project management and other capability to increased business performance.

The table below represents Downer's progress completion rate for those employees that have been identified for each capability program.

Environmental awareness training includes:

- 128 employees and a total of 1,024 hours in Accredited Advanced Environmental Awareness training, targeted at Project Managers, Construction Managers, Supervisors and Zero Harm Advisors

- Development of Environment & Sustainability E-Learns on Waste Management (including Hazardous Waste), Water (stormwater, effluent management) and Planning & Approvals.

Downer's strategic capability is underpinned by customised frameworks and programs that support current and future capability and our performance requirements. Our programs align to Downer's Pillars of Safety, Delivery, Relationships and Thought Leadership, and promote behaviours that deliver Downer's Purpose and Promise.

Strategic learning and development goals include:

- To increase leadership capability and build skills to enhance business relationships
- To develop our Zero Harm culture through increased leadership capability and employee knowledge and commitment
- To embed project management excellence and build capability of project management against identified key drivers of business performance
- To increase skills to strengthen business and commercial acumen.

Constantly striving towards achieving these goals ensures our leaders have the skills, knowledge and attitude to deliver our organisational goals.

Capability program	% complete of all identified employees
Executive development	73%
Middle leader	87%
Frontline leader	85%
Emerging leader	88%
Safety leadership	82%
Critical risk	100%
Project management	87%
Security awareness	73%

Employee development and capability (cont.)

Capability development – SAFETY

Downer's key initiative and the foundation of our Zero Harm commitment is 'Our Safety Focus'. Each year employees and contractors undertake the safety training program, which is now in its fifth year. Of participating divisions, we achieved a 95 per cent completion rate across all employees. It reinforces the importance of safety leadership and focus for our key critical risk activities.

This alignment has provided a platform to drive greater focus for the safety of our people and personal accountability to make our workplaces focus on key safety behaviours and actions that are relevant to their work environment. Zero Harm and safety leadership continues to be a key strategic theme across the entire leadership suite of development initiatives.

Capability development – DELIVERY

The 'Fundamentals for Successful Downer Projects' training program began in 2014 and continues to equip project managers with the capability they need to implement Downer's robust project management methodologies for successful project delivery.

Advanced project management skills and knowledge are further developed through our suite of specialist modules and workshops, with an emphasis on the further application of critical elements of project management methodologies required for larger scale project delivery.

Downer's capability frameworks have been developed to provide a common and consistent description of behaviours, skills, knowledge and abilities required for delivery success in any role across the organisation. These frameworks support the development of a highly skilled, capable and engaged workforce for continued success.



Capability development – RELATIONSHIPS

Our teams build relationships that create success and we recognise that we need people at every transaction point to ensure consistent delivery. Successful relationships are not just customer facing. We believe our internal relationships are equally as important.

Downer's capability enables us to unlock value through leveraging the company's leading market position and strong core business. This is achieved by delivering on our commitments to customers, ensuring our service offering aligns to our customer needs, identifying and realising cross divisional opportunities, and adapting our operating model to maintain healthy margins.

The LEaD (Leadership Excellence at Downer) suite of capability development programs directly upskill leaders to build and sustain relationships that create success.

Capability development – THOUGHT LEADERSHIP

This pillar places Downer at the forefront of industry by attracting and developing the best people and empowering them to have the courage to challenge the status quo.

A critical component of this is diversity and inclusion. We continue to invest in and attract a diverse workforce to produce thought leaders. One such initiative is through our Emerging LEaDer's program. This structured development program provides our high potential future leaders with a comprehensive development pathway across the business fostering long-term career growth and success. This provides Downer with a rich and diverse pipeline of future leaders and focuses on business-critical leadership skills, while developing core financial, commercial and business acumen for these rising stars.

Our Thought Leadership approach extends to all levels of the business through our other leadership capability development programs including Jawun, mentoring and executive coaching.

Diversity and inclusiveness

Downer is committed to a workforce that reflects and is informed by the customers and communities we serve while maintaining a sustainable business. We view diversity and inclusion as a competitive advantage and commercial imperative. We are committed to a culture that leverages the skills and insights of our people.

Each year Downer's Board reviews the **Diversity and Inclusiveness Policy** to ensure that it grows and adapts to match contemporary market changes and expectations. This policy helps shape our strategy and subsequent work programs to provide measurable objectives for achieving a diverse and inclusive workforce.

To develop a diverse and inclusive workforce, we are currently focusing on the following areas:

- Gender diversity – equal opportunities irrespective of gender
- Generational diversity – building a continuous pipeline of talent
- Cultural diversity – increase workforce participation of Aboriginal and Torres Strait Islander people through employment outcomes and partnering with community.

In FY18 we leveraged the insights from our Divisional Diversity Steering Committees to promote and support a diverse and inclusive workplace through divisional diversity and inclusion workplans. This allowed for a coordinated and collaborative approach to group-wide objectives while providing divisional flexibility for specific opportunities and outcomes.

Gender diversity

Downer continues to demonstrate our commitment to attracting female participation in our workforce through practical initiatives that attract, support and retain all employees.

Downer is participating in a number of Science, Technology, Engineering and Maths (STEM) initiatives to improve representation of women in the fields of engineering, construction and project management. We work with our industry peers to promote the passion and opportunity available within our industry. Activities include: career guides and attendance at high school and tertiary education career forums. One such example is the Pimlico State High School in Queensland case study under the Our communities section of this report.

Our graduate program reiterates our commitment to a diverse workforce with graduates coming from a variety of disciplines. The rigorous recruitment process ensures we find the best talent across the country and places remain open until we achieve this goal.

An analysis of our recruitment process generated strategies to overcome potential biases and outlined goals for minority shortlisting, interview panel recommendations and a move to focus on competency over sector experience.

Targeted initiatives, such as 'Refer a Female Friend', which have been adopted by a number of our businesses in Australia and New Zealand, have increased the number of female referrals. Industry partnerships encourage our employees to be their best by participating in events and learning opportunities with WIMARQ (Women in Mining and Resources Queensland), WIMWA (Women in Mining WA), NAWIC (National Association for Women in Construction) and NAWO (National Association for Women in Operations).

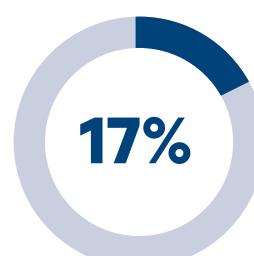
A Group-wide review of the talent management and succession planning process ensured that our identified top female talent have active performance and development plans to support talented females to realise their potential. A continued focus on flexibility in

FY19 will work to enable employees to progress their careers at Downer while managing their personal and professional commitments.

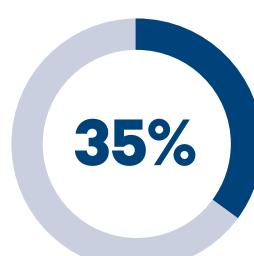
As at 30 June 2018, the gender diversity metrics for Downer Group, including Spotless, were:



Percentage of women in Senior Executive roles



Percentage of women in Management roles



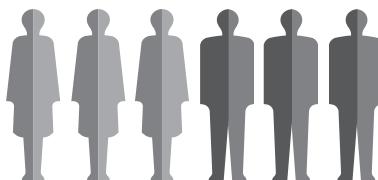
Percentage of women in Downer's entire workforce

Due to the acquisition of Spotless, Downer exceeded its gender diversity targets for FY18, which were set prior to the acquisition. New targets for FY19 have been set to reflect the changing nature of the operations and workforce demographics.

Diversity and inclusiveness (cont.)

Diversity and our Board

Three of the six Non-Executive Directors on the Downer Board are women. One executive member of the Spotless Board is a woman.



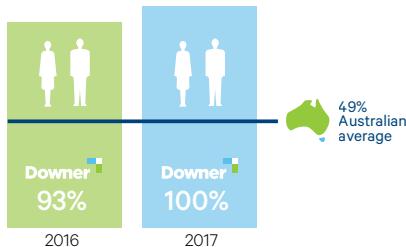
Generational diversity

Downer equally values all generations as being able to deliver the required talent and capability for Downer.

The Emerging LEAders program focuses on building a continuous pipeline of talent to ensure that as people move through their career to retirement the business maintains its leadership bench strength.

Downer has a comprehensive apprenticeship program and currently manages more than 250 apprentices. Downer's Rail Apprentice program achieved an exceptional completion rate of 100 per cent in 2017, compared to the Australian average of 49 per cent.

Apprentice completion rate



Valuing experience

Downer has teamed up with The Adventure Group (TAG) to launch Operation Bellator to help veterans and Defence personnel who may be struggling with the transition from military to civilian life. Operation Bellator is an outdoor experiential dignity and resilience program that takes participating veterans on a two-day outdoor adventure experience run by former SAS instructors, with Downer executives and select corporate partners acting as mentors to the veterans. We have over 150 veterans working in our business and are invested in providing meaningful opportunities to men and women who have served Australia. We benefit from having experienced and Defence-trained personnel across generations form part of our diverse workforce. Further detail is provided in the Operation Bellator case study.

Disadvantaged workers

Evolution Rail (comprising Downer, CRRC Changchun and Plenary) has been engaged by the Victorian Government to deliver the world-class High Capacity Metro Trains (HCMT) Fleet between November 2016 and November 2024.

Evolution Rail's approach to the HCMT Project will transform Melbourne's public transport system with world-class trains while creating a sustainable, globally-competitive manufacturing industry with the capability to export to the world. Representing one of the largest government spends in Victoria, the project will not only deliver much-needed public transport infrastructure, it will also drive jobs, industry development and prosperity for Victoria.

The size and scale of the HCMT Project is enabling the consortium to create meaningful opportunities for regional Australia, and sustainable high-skill, high-value jobs in key regional growth areas such as Newport, Bendigo, Pakenham, Hallam and Morwell. These jobs form part of our Disadvantaged Worker strategy that provides opportunity for redundant auto workers through reskilling and workers with a disability. Further detail is provided in the HCMT case study.

Cultural diversity

Reconciliation Action Plan

In 2018, Downer developed an 'Innovate' Reconciliation Action Plan (RAP) currently with Reconciliation Australia for endorsement. The Innovate RAP will be two years in duration; 2018 – 2020, and moves from scoping reconciliation efforts (as detailed in our 'Reflect' RAP) to implementing reconciliation initiatives.

Key initiatives central to our Innovate RAP:

- Improving employment opportunities for Aboriginal and Torres Strait Islander candidates
- Incorporating Aboriginal and Torres Strait Islander procurement partnerships within our organisation
- Upskilling employees in cultural competency training to facilitate better employee relationships with Aboriginal and Torres Strait Islander employees, contractors, suppliers and customers.

Significant work is currently being undertaken to progress Spotless' Reconciliation Action Plan (RAP) from an Innovate RAP to a Stretch RAP.

Part of Spotless' commitment to reconciliation is as a partner of the Department of Prime Minister and Cabinet's Employment Parity Initiative which provides support to our business to engage, recruit, educate and retain Aboriginal and Torres Strait Islander people. 10,409 employees have successfully completed Spotless' online Cultural Awareness Program – Working with Indigenous Australians.

Diversity and inclusiveness (cont.)

Jawun

Downer has partnered with not-for-profit group Jawun since 2014. Jawun combines the skill and expertise of corporate Australia with Indigenous people to enhance the skills and capabilities of Indigenous Australians and create real change in Indigenous communities.

Downer supports Jawun by seconding employees with the required skills and experience to work with Indigenous communities in the Cape York, Inner Sydney and West Kimberley communities.

We are committed to furthering the advancement of Aboriginal and Torres Strait Islander Australians in these communities. Our participation in the Jawun program provides us with the

opportunity to support Indigenous leaders and the development of Indigenous communities.

Since our partnership began Downer has provided 37 talented employees and 222 weeks of secondment. It has also been supported at the highest levels, with 21 of our executives visiting these communities and experiencing firsthand the difference this program has made to these communities.

Aboriginal and Torres Strait Islander supplier diversity

Downer has demonstrated a commitment to creating opportunities for Aboriginal and Torres Strait Islander peoples and their communities through membership of Supply Nation which directs procurement activities to accredited Aboriginal and Torres Strait Islander-owned businesses.

Knowledge management

Downer recognises the value in effectively managing knowledge. As a learning organisation Downer solves problems systematically, embraces and tests new approaches and methodologies, and learns from past experiences, failures and best practices.

Custodianship of Knowledge Management within Downer is through the Project Management Office (PMO) via the development, maintenance and delivery of process and people capability.

The PMO transfers knowledge throughout Downer by sharing lessons learned and through the learning and development capability of our people.



Our future focus

Focus Area	Objective	Targets	Initiatives
Brand & reputation	To enhance the brand and reputation of the Downer Group through partnerships related to our diversity focus areas and to ensure the 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"> ▪ 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 ▪ 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
Gender diversity	To improve opportunities for women to reach their potential through an inclusive work environment while positioning Downer as a preferred employer for women in our industry	37 per cent women in the workforce by 2020 20 per cent women in management by 2020	<ul style="list-style-type: none"> ▪ Launch a new Downer paid parental leave policy ▪ Establish a mentoring program where 15 high performing women are paired with high performing leaders to support their development goals ▪ 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) ▪ Implement a new learning module 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
Cultural diversity	To build on Downer's commitment to closing the gap by increasing Indigenous workforce participation and developing strategic partnerships with Indigenous organisations and community groups	Three per cent Aboriginal and Torres Strait Islander employees by 2020	<ul style="list-style-type: none"> ▪ Launch Downer's second Reconciliation Action Plan to demonstrate the ongoing commitment to reconciliation ▪ Develop two partnerships with Indigenous pre-employment agencies to support the commitment to closing the gap ▪ All supervisors and above will complete cultural awareness training, which will commence during the period
Generational diversity	To establish Downer 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 LinkedIn 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"> ▪ 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: the Downer Graduate Development Program (continue to unify a one Downer approach to graduate recruitment) ▪ Establish governance structure and a framework for the Downer Apprentice and Trainee Program that supports strategic attraction and selection ▪ Develop D&I image guidelines to ensure internal and external collateral covers the broad spectrum of diverse employees (with a focus on generational)



Managing modern slavery

Downer supports fundamental human rights and preventing modern slavery and human trafficking as set out in international human rights conventions.

We have undertaken a high-level risk assessment of our labour practices including our supply chain and believe that our greatest risk exposure is within our supply chain.

As a result, Downer is currently in the process of reviewing its own labour practices and supply chain through our existing procurement framework and process to take into consideration modern slavery, in accordance with the NSW Modern Slavery Bill 2018 and the Commonwealth's Modern Slavery Act 2018 soon to be introduced to Australia's Federal Parliament.

We are taking steps to strengthen our supplier qualification process to evaluate performances such as employee working conditions and on modern slavery and human trafficking issues. Where suppliers are found to be non-compliant with our Standards of Business Conduct and contract terms, we have established processes to ensure that these suppliers are adequately managed and their risks mitigated.

In addition, our current government contracts require Downer and its subcontractors to demonstrate due diligence in ensuring our operations comply with internationally accepted practices as set out in the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

Ensuring that slavery and human trafficking is not taking place in Downer's supply chain, beyond our direct suppliers, remains a challenge. However, we are committed to continuous improvement through the above measures, including engaging with our direct suppliers to assess and encourage continuous improvement in their own capacity to manage modern slavery risks in their subcontractors and broader supply chain.

Case studies

Case study – Downer Rail apprentices

Downer's Rail business commenced offering apprenticeships for both mechanical and electrical streams in 2015.

Through our partnerships with some of the world's leading technology companies, Downer provides apprentices with the opportunity to contribute to a complete range of rail solutions in rolling stock and infrastructure, technology and process-led innovation and maintenance solutions.

Key outcomes:

Downer has a world's best practice approach for our apprenticeships and won the 'best practice' award in the 2017 Hunter manufacturing awards for excellence in people and skills development.

Downer's Rail business achieved a 93 per cent apprentice completion rate in 2016 and 100 per cent completion rate in 2017, compared to the Australian VET national average completion rate of 49 per cent.

In mid-2018 Downer will be managing 78 rail apprentices nationally, including seven female and three Indigenous apprentices.

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

SUSTAINABLE DEVELOPMENT GOALS

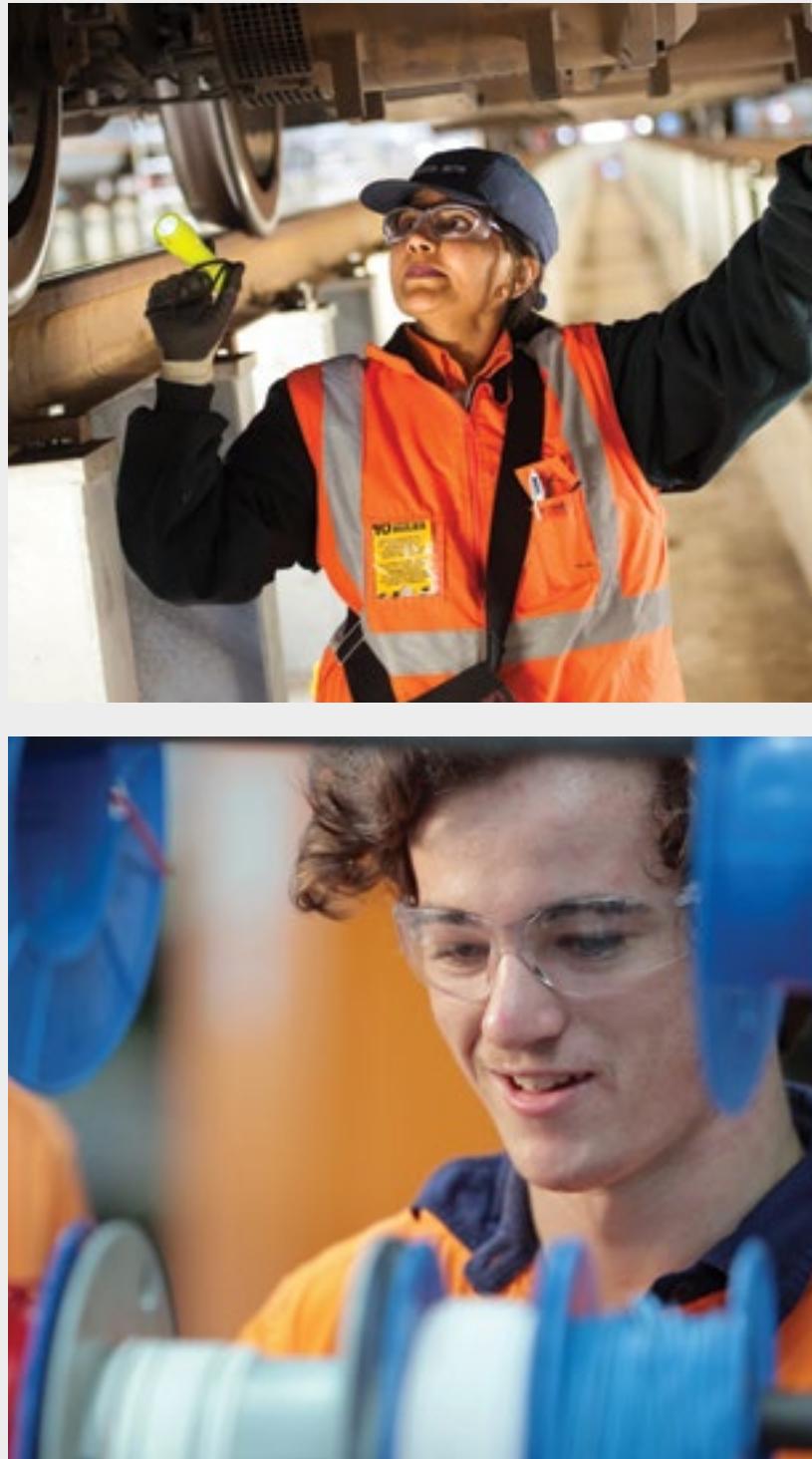
4 QUALITY EDUCATION



9 INDUSTRY INNOVATION AND INFRASTRUCTURE



17 PARTNERSHIPS FOR THE GOALS



Case study – Downer veteran welfare initiative

The shift from military to civilian life can be difficult for many veterans and Defence personnel when they take off their uniform.

In February 2018, Downer teamed up with The Adventure Group (TAG) to launch Operation Bellator, a mentoring program that supports veterans who may be struggling with the transition.

Operation Bellator is a dignity and resilience program that takes participating veterans on a two-day outdoor adventure experience run by former SAS instructors, with Downer executives and select corporate partners acting as mentors to the veterans.

The program includes bushcraft, basic survival and tracking, abseiling, leadership and problem-solving exercises, which provides a strong military theme to connect the veterans back to their former lives. Importantly, beyond the outdoor experiences, Operation Bellator also facilitates an



opportunity for the veterans to build networks with Downer executives and business leaders, providing real world guidance and support to assist in the transition and reintegration into the civilian world.

"As an Army veteran, I know how daunting that transition can be," Downer's Executive General Manager of Defence, Brett Sangster said.

"Downer is proud to support our veterans who have served this nation and need a little assistance to find their way."

"A big part of the program is building connections with Downer executives.

"Through collective networks and associations, Downer and TAG have the ability to bring together a range of people, skills and talents that can provide tangible and lasting support and mentoring capacity for our veterans."

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

SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING 17 PARTNERSHIPS FOR THE GOALS



Case study – Refugee and Asylum Seekers

Spotless was one of the first Australian businesses to sign up to the Friendly Nation Initiative (FNI) led by the Migration Council Australia. FNI encourages business to take an active leadership role to support those displaced by the Syrian war with employment opportunities in Australia.

Spotless engaged with Community Corporate to assist with the realisation of its FNI commitment.

Through the initial pilot program Spotless has supported 32 workers through training and employment in the business. Spotless has committed to employing 100 refugees nationally and has extended the program across



Australia. The pilot program, Spotless 30, was recognised by the South Australian Department of Human Services and Multicultural SA by awarding Spotless the South Australian Governors Multicultural Award 2017.

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



SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



17 PARTNERSHIPS FOR THE GOALS



Case study – Downer High Capacity Metro Trains – Melbourne, Victoria

Maximise opportunities for small to medium enterprises and workforce development

The HCMT Project will deliver up to 1,100 new jobs manufacturing, maintenance and supply chain across Victoria.

Evolution Rail (comprising Downer, CRRC Changchun and Plenary) has been engaged by the Victorian Government to deliver the world-class High Capacity Metro Trains (HCMT) fleet with the first train to enter testing by the end of 2018.

Evolution Rail's approach to the HCMT Project will transform Melbourne's public transport system with world-class trains while creating a sustainable, globally-competitive manufacturing industry with the capability to export to the world. The \$2.3 billion project is the largest single order of trains in Victoria's history and one of the largest government spends in Victoria. The project will not only deliver much-needed public transport infrastructure, it will also drive jobs, industry development and prosperity for Victoria.

Identifying, engaging and procuring from local suppliers

Evolution Rail targeted local suppliers with known capability.

More than 250 representatives from interested businesses participated in information roadshows.

The HCMT project is on track to exceed local business targets of 60 per cent for fleet construction, 87 per cent for depot construction, and 82 per cent during the maintenance phase.

Bendigo-based manufacturer Hofmann Engineering won the contract to manufacture the bogie frames for the HCMT Project and is now preparing to extend their services internationally through the production line of CRRC Changchun.

Partnering with industry bodies and government to support local supplier capability

To fast-track the development of engagement with local suppliers, Evolution Rail actively engaged with Victorian manufacturing groups and government bodies including: South East Melbourne Manufacturing Association (SEMMA); Greater Bendigo Economic Development Unit (GBEDU); Ballarat Manufacturing Productivity Network (BMPN); Industry Capability Network (ICN); Geelong Manufacturing Council (GMC); Invest Victoria; and LaTrobe Valley Regional Development Fund.

Mentoring for apprentices, trainees and under-represented groups

The size and scale of the HCMT Project is enabling the consortium to create meaningful opportunities for regional Australia, and sustainable high-skill, high-value jobs in key regional growth areas such as Newport, Bendigo, Pakenham, Hallam and Morwell.

They are achieving this by:

- Creating an organisational design with a commitment to 15 per cent apprentices, cadets and trainees
- Working closely with State Government and local industry to offer preferential consideration of workers from declining industries, with an emphasis on retraining and reskilling
- Designing and launching a Diversity = Strength workforce employment program, opening the door for women in the rail industry and providing opportunity for Indigenous Australians, workers with a disability

and breaking the long-term unemployment cycle

- Engaging supply chain partners to maximise the total labour hours contributed by Indigenous persons, long-term unemployed and persons with a disability, achieving 2.5 per cent above the requirement.

Disadvantaged workers

The HCMT Project has a commitment to workers facing barriers to employment, with a target of seven per cent of the workforce to comprise Indigenous Australians, the long term unemployed and people with a disability.

We have engaged a support network of specialist providers across the disadvantaged worker sector including the National Disability Recruitment Coordinator and AFL SportsReady.

We have also provided disadvantaged workers with facilitated development opportunities through our Career Start program, offering the opportunity to complete accredited apprenticeships and traineeships. Disadvantaged workers who maintain an existing skill are offered the opportunity to participate in a Career Restart program to assess their current skills and capabilities against a defined role.

Workers with a disability

Downer has partnered with The WorkFocus Group, appointed by the Federal Government as the National Disability Recruitment Coordinator (NDRC). This partnership developed a focus on long-term sustainable changes to employment and workforce practices which will see many candidates enter our workforce.

SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



17 PARTNERSHIPS FOR THE GOALS



Zero Harm



Our approach

At Downer, Zero Harm means working in an environment that supports the health and safety of our people, allows us to deliver our business activities in an environmentally sustainable manner, and advances the communities in which we operate.

Our Zero Harm culture is built on leading and inspiring, managing risk, rethinking processes, applying lessons learnt, and adopting and adapting practices that aim to achieve zero work-related injuries and minimise environmental harm.

Zero Harm is embedded in our culture and is fundamental to our future success. Our business is founded on our deeply held value of Zero Harm. Achieving Zero Harm requires strong leadership and relentless commitment from everyone at Downer.

Our approach to Zero Harm enables us to work safely and responsibly in industry sectors that may be inherently hazardous. We firmly believe that our work can be conducted with zero harm to our people, the environment and the communities within which we operate.

We conduct our business in a way that is sustainable, taking into account a range of factors, including climate-related risks and opportunities. Developing and delivering environmentally sustainable solutions for our customers is a priority. While focusing our attention on managing our risks associated with environmental management and climate change, we also take advantage of the commercial opportunities this presents for our business.

Our commitment to Zero Harm is visible across our business. It is expressed through the behaviours of our leaders and workers and in our Zero Harm performance.

Downer is proud of the strong and resilient Zero Harm culture we have established. We continue to focus on maturing this culture to prepare for the workplace of the future.

Our senior executives and managers actively empower our people to maintain safe, responsible and sustainable working environments and to perform work without harm to ourselves, the environment, or others.

We achieve our Zero Harm culture and strong performance through:

- Visible, caring, informed, involved, evidence-based management
- Setting clear leadership Zero Harm expectations and accountabilities, developing and involving our people, acting with integrity, and ensuring a “just” culture for errors and non-compliance
- Active engagement and involvement with our workforce, with supervisors leading Zero Harm on site
- Information, instruction, training, mentoring, coaching and supervision for competency



Our approach (cont.)

- Identifying opportunities for improvement and empowering our businesses to implement initiatives that improve the safety of our workforce
- Culturally embedded risk management and planning, with consideration of Zero Harm in design, manufacturing, importing, supply, installation and construction
- Encouraging our employees to expand commitment to safety outside of the workplace – we encourage our people to share experiences of working safely at home or in the community
- Widespread knowledge of our critical risks – those that have the potential to cause the most harm, and identifying, supporting, improving and monitoring the controls that manage that risk
- Consolidating, enhancing and focusing work practices around critical risk controls
- High level of reporting and benchmarking, with a focus on lead indicators and communication about lessons learnt
- Continuing to improve and simplify our management systems to increase our efficiency and allow our businesses to focus on the safety needs of the business
- Auditing implementation and effectiveness
- Fighting complacency and fostering “chronic unease”.

Risk management

We have improved our management systems to ensure critical controls are well defined, effective and in place. This has enabled us to enhance the management of risks that carry the potential to cause serious harm.

Downer is continuing to improve upon our Zero Harm performance with a focus on critical risk management. We have maintained our focus on understanding and managing risks that have the potential to cause serious harm to our people.

There have been substantial reductions in the occurrence across all top 10 categories of High Potential Incidents over the past three years, ranging from nine to 100 per cent change in occurrence. In addition, two categories of High Potential Incidents no longer appear amongst the top 10. This reduction demonstrates that the Critical Risk Programs implemented have resulted in a reduction in risk across the business. Even with these positive results incidents have continued to occur, which demonstrates that our focus must remain on these critical risk activities and the relevant programs aimed to address them.

Initiatives are underway which aim to address the top critical risk activities across the Group, which are:

- Working with mobile plant or equipment
- Vehicles and driving
- Working at height
- Working with electricity
- Working with stored hazardous energy
- Falling or dropped objects
- Working in a confined space
- Working in vicinity of existing services
- Working with cranes and lifting equipment
- Working with hazardous substances.

Accountability culture

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

The Board oversees the Company's Zero Harm performance via the Board Zero Harm Committee. **The Board Zero Harm Committee** oversees the development and implementation of strategies, systems and policies to ensure compliance with our legal and regulatory obligations and other commitments. The effectiveness of these systems is monitored through extensive internal and third-party audit programs, with oversight by both the Board Zero Harm and Board Audit and Risk Committees.

Our Executive Team has overall accountability for our Zero Harm performance. It is incumbent on the Executive Team to ensure that robust systems, procedures, processes and practices are in place to enable our people to deliver on our commitments. The Executive Committee has adopted a **Zero Harm Management System Framework** which sets the minimum standard for Zero Harm across all divisions. Downer uses a company-wide Risk Management Framework and divisional integrated management systems to identify and manage Zero Harm risks.

Our divisional and operational managers are accountable and responsible for implementing these and for driving continuous performance improvement. Each division is required to have an

operational Zero Harm Management System that meets Downer's Zero Harm Management Framework. All Downer divisions' Zero Harm management systems are audited by both internal and external independent third parties. All of Downer's divisional systems have been certified (as a minimum) to the following standards: AS/NZS 4801 or OHSAS 18001 (for occupational health and safety management systems), and ISO 14001 environmental management systems.

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

ZERO HARM

10 CARDINAL RULES

WORKPLACE RULES THAT WILL SAVE YOUR LIFE. ALL WORKERS HAVE AN OBLIGATION TO STOP AND REPORT UNSAFE WORK.

1	NEVER WALK DIRECTLY BEHIND OR IN THE PATH OF A REVERSING VEHICLE
2	NEVER WORK AT A HEIGHT WITHOUT FALL PROTECTION
3	NEVER ENTER A DESIGNATED CONFINED SPACE WITHOUT TRAINING AND A PERMIT
4	NEVER BE UNDER A SUSPENDED LOAD
5	NEVER ENTER A DESIGNATED EXCLUSION ZONE WITHOUT AUTHORISATION
6	NEVER WORK ON PLANT AND EQUIPMENT WITHOUT VERIFYING ISOLATION, TAGGING AND TESTING
7	NEVER TAMPER WITH, REMOVE OR BYPASS ANY SAFETY DEVICE
8	NEVER OPERATE PLANT OR MOBILE EQUIPMENT UNLESS LICENSED/COMPETENT OR UNDER SUPERVISED TRAINING
9	NEVER OPERATE A VEHICLE WHILE USING A HANDHELD MOBILE PHONE OR WITHOUT WEARING A SEATBELT, WHERE FITTED
10	NEVER CONSUME OR BE UNDER THE INFLUENCE OF ALCOHOL OR NON-APPROVED DRUGS IN THE WORKPLACE

BREACHES OF THESE RULES WILL PUT YOUR LIFE IN IMMINENT DANGER, WILL BE INVESTIGATED AND MAY RESULT IN DISCIPLINARY ACTION OR DISMISSAL.

Downer
Relationships creating success

Recognising senior leadership

The method for measuring our performance is clearly set out in our governance framework and we offer short-term remuneration incentives for senior managers in relation to our performance against Zero Harm targets.

The Short-Term Incentive remuneration plan for senior managers includes 30 per cent allocated for performance against Zero Harm (safety and environment) related key performance indicators, with a balance of leading and lagging indicators, including:

1. Safety performance – fatal incidents, LTIFR and TRIFR
2. Environment performance – Level 5 and 6 Incidents, GHG emissions reductions
3. Leadership – ensuring a focus on meaningful conversations between senior managers and the frontline employees on critical risk, control verification and cross-divisional information sharing
4. Critical Risk Management Program evolution identifying opportunities to harmonise the way we manage those critical risks that are shared across our service capabilities.

Further details of these Short-Term Incentives can be found in the 2018 Annual Report.

Engaging with our people

We engage with our workers, share information and provide Zero Harm awareness opportunities to our people through the following pathways:

- ‘Pre-start’, ‘toolbox’ and Health and Safety Committee meetings
- ‘Safety moments’ at the beginning of meetings
- Site visits, observations and active engagement by senior management
- The publication of Enviro News, an internal newsletter highlighting our environmental solutions, performance and commendable achievements
- Group wide topical promotions including activities aligned with Earth Hour, National Recycling Week and World Environment Day
- Working with employees to implement popular ideas via Downer’s Innovation Hub including the winning entry from our National Recycling Week Innovation Challenge – hard-hat recycling – which is being rolled out across various sites
- Zero Harm noticeboards
- Our intranet
- Competitions.

These processes are in addition to our more formal consultation processes, such as health and safety committees, engagement with health and safety representatives, one-on-one meetings and performance processes.

Recognition and awards

Downer’s commitment to sustainability, innovation and relationships is recognised by external organisations. Awards achieved this year include:

VEC won the Civil Contractors Federation Earth Award for the successful replacement of the St Paul’s River Bridge near Launceston Tasmania. The Earth Awards celebrate excellence in infrastructure project construction and environmental management. VEC received the Earth Award for projects in the \$5 million-\$10 million category, and was a finalist in three other award categories.

Downer was awarded the first Infrastructure Sustainability Council of Australia’s (ISCA) ‘As Built Infrastructure Sustainability (IS)’ rating to be awarded to a renewable infrastructure project for work on the Ararat Wind Farm. This is Australia’s only comprehensive scheme for evaluating the sustainability of design, construction and operation of infrastructure projects. This award recognises the long-term environmental and social benefits the wind farm brings to Victoria.

Downer’s work with Transport for NSW on the Transport Access Program has been recognised by the awarding of a Precincts and Infrastructure (P&I) Safety Award. It recognises the visible leadership and genuine commitment to the safety and welfare of workers on the project.

Downer Blasting Services has been awarded the Economx Time Saving Initiative Award for its innovative Speedloader, which has reduced the blasting cycle by one hour, increasing productivity by 23 per cent and reducing fleet wear and tear.



Health and Safety

Our approach

Safety is the first of our four Pillars. Our commitment to the health and safety of our people and our communities is expressed in strong safety leadership, engagement with our workforce and stakeholders and a continual focus throughout our organisation of managing risks and aligning our values. Our commitment, and the results we have achieved, is reflected in our success in winning work, and our increased presence as Zero Harm thought leaders. Downer's health and safety commitments are outlined in our Health and Safety Policy.

Wellness in the workplace

Downer understands the wellness of our workers has a significant impact on their safety at work and their ability to thrive within our business.

Injury prevention is a critical part of improving worker wellness. Many workers at Downer engage in manual or repetitive tasks. Downer recognises that these workers may be at risk of degenerative injuries over time and as a result pursues the implementation of more effective controls to safeguard against these types of injury. If a worker starts to

feel discomfort, Downer supports and encourages them to access health care services proactively before a debilitating injury occurs.

Downer also engages in the following, more traditional, ways of supporting the wellness and health of our workers through workplace health programs including:

- 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

- Injury prevention programs such as health assessments, pre-employment screening, industry defined medical assessments and executive medicals
- An Employee Assistance Program (EAP) for employees and their families providing confidential counselling and access to a home doctor service and accredited practising dieticians
- Ergonomic office spaces
- 'Walk to work' programs to encourage workers to meet and walk to work together

Wellness in the workplace (cont.)

- A Manager Assistance service that helps managers and team leaders to manage difficult workplace situations
- Access to education programs specifically developed to support those with supervisory, or leadership responsibilities
- Flexible working arrangements
- Education programs
- Early intervention programs such as drug and alcohol testing, and a zero tolerance to the presence of these substances in our workers
- Fund raising casual clothing days
- Participation in health promotion events, such as Movember, R U OK? Day and Stress Down Day
- Access to fresh fruit in the workplace
- Provision of clean and comfortable facilities to take a break, or enjoy lunch
- Benefits such as discounts on gym memberships, health insurance and holidays.

Our performance

This year we have improved our Total Recordable Injury Frequency Rate (TRIFR) to 3.27 from 3.50 last year. Over the same period the Lost Time Injury Frequency Rate (LTIFR) has remained below target at 0.78. There were no fatal incidents arising from our operations this year, however Downer was prosecuted in relation to an incident which occurred in 2011 that resulted in a fatality. The prosecution was heard by the Courts during 2017 and resulted in a fine of \$1.3 million. Downer was deeply affected by the incident and initiated a number of programs to promote the Zero Harm leadership of supervisors and their ability to supervise traffic control workers. Our roads business also championed our Mission Possible program which expanded existing exclusion zones practices and the risk controls required for work sites which involve mobile plant and pedestrian workers.

The lag indicators demonstrate continued sustained results for a TRIFR below 4.0 and maintenance of LTIFR below 1.0.

Downer's strategic plan for critical risk management continues to be a key focus of our Zero Harm program. The Critical Risk Program has matured within our business; our strategy embraces the opportunity to further standardise the way that shared critical risks are managed throughout our business. This approach provides Downer with opportunities to increase the consistency and efficacy of critical risk management across our business, while continuing our focus on evaluation and assurance of critical controls by multiple layers of management and frontline leaders.

We also continue our focus on increasing the capability of our frontline leaders. We recognise the important role our frontline leaders hold in maintaining a safe workplace and a culture focused on prevention of harm. Our strategy includes refinement of our internal training to incorporate advancements in adult learning methodologies.

In line with our previous reporting practice we have quarantined the safety incident data for acquisitions made during the year, as we use a 12-month rolling average to report our safety performance data. This ensures that management is accountable for the objectives set in the annual business planning process, and in recognition that an integration period during which Downer's Zero Harm framework (including systems, processes, definitions and Mission Possible program measurement and reporting methods) is implemented through the acquired business and is appropriate. Incorporating data from the acquisitions prior to this would include the safety strategies and performance of the business when it was outside of Downer's operational control. Where this transition to Downer's framework takes place over a longer period due to the complexity of the implementation, or the maturity profile of the acquired business, the Board will consider an extension to a more appropriate period.

Consistent with this, Downer has continued to report results from Hawkins and Spotless separately in FY18¹⁰. Both businesses have commenced the integration of Downer's Zero Harm requirements, however their operations differ significantly from the businesses historically undertaken by Downer. Their Zero Harm programs and performance were at different levels of maturity on acquisition, and as a result are subject to detailed transition programs. As a part of this, separate targets and performance monitoring processes are in place and actively monitored by the Downer Executive Team.

¹⁰ Refer to Spotless 2018 Annual Report for Safety Performance results.

Additional safety metrics

The additional safety metrics of severity rate (lost days) and occupational disease rate have been calculated by gender and region for our Australian and New Zealand employees, who comprise 99 per cent of our workforce (excluding Spotless).

Both the TRIFR and severity rate is higher for our male employees in New Zealand than in Australia. The TRIFR and severity rate for our female employees, who account for 13 per cent

of our workforce, 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 these workers. The occupational disease rate is similar for male and female employees in New Zealand, whereas in Australia it is significantly lower for males than for females.

The principal cause of occupational diseases that resulted in medical treatment or lost days (total recordable injuries) was musculoskeletal disorders, which comprised 25 per cent of all

occupational diseases reported. This is consistent with trends published for Australian workplaces and is due to the type of physical work often undertaken in engineering, construction and mining, such as manual handling, twisting, bending, repetitive work and working with vibrating machinery. We are continuing to implement initiatives that are aimed at reducing the incidence and severity of these types of injuries.

Health and Safety (Employees and Contractors)

Safety Performance

	FY18	FY17
LTIFR per million hours worked	0.78	0.55
TRIFR per million hours worked	3.27	3.50
Fatalities	0	0
Fines and prosecutions	1	0

Detailed Safety Performance FY18 (Australia and New Zealand)

	Gender	Australia	New Zealand
TRIFR per million hours worked	Male	3.23	4.66
	Female	0.33	2.67
Occupational disease rate (number of cases per million hours worked)	Male	0.99	0.32
	Female	2.14	0.33
Severity rate (lost days per million hours worked)	Male	13.19	26.12
	Female	0.00	2.00
Fatalities	Male	0	0
	Female	0	0

Our future focus

Significant progress was made this year in delivering on the focus areas that were disclosed in last year's report, in particular the enhancement of the Zero Harm capability of our workforce, embedding our Critical Risk Programs, benchmarking performance against leading and lagging indicators and simplifying our Zero Harm management systems. Building on this, the future areas of focus for health and safety will consist of:

- Extending our Critical Risk Program into recent acquisitions
- Analysing trend data regarding the Critical Risk Program to drive risk and cultural improvements across our business
- Embedding critical control information into site, work planning, training, communication, supervision and incident investigation processes
- Improving reporting processes to include lead critical risk indicators
- Extending the Critical Risk Program into process safety applications
- Reviewing existing safety information management system opportunities with a view to reducing duplication and enhancing consistency across the business
- Initiation of a Zero Harm innovation portal to expand our collaboration capability and share leading initiatives in the business and technological developments
- Improving the functionality and integration technology of our Zero Harm information management systems
- Integrating a mental wellness program across our business and including consideration of non-work-related impacts into decision making regarding wellness
- Analysing suitable technology platforms to improve access to information concerning risk management and Zero Harm matters and better engage with our workers, and to support future training
- Continuing to review, measure and benchmark our performance across a range of leading and lagging indicators to provide assurance that the business has the necessary processes in place to manage Zero Harm risks to minimise the number of incidents
- Improving our training programs and platforms to continue to provide relevant, innovative and leading skill-related leadership and Zero Harm training to employees and contractors.



Case studies



Case study – Downer NZ drives road safety

Our New Zealand business commenced the rollout of EROAD Ehubo2 into its heavy truck and trailer fleet in July 2016, closely followed by the light vehicle fleet during 2017.

In January 2017 the program was expanded to include a driver buddy. The Drive Buddy device provides the driver with instant feedback on their driving, including speed, braking, cornering and acceleration.

Each driver has a secure unique login which they enter via the touch screen.

Messages can also be sent direct to the vehicle, available to drivers when stopped. After each drive the driver gets a score out of 100 for that drive which contributes to their overall star rating.

Drive Buddy has resulted in a significant reduction in speeding and an increase in the number of drivers achieving a five-star rating.

There are approximately 60,000 of these units in New Zealand, and star ratings are based on the performance of all drivers, not just Downer drivers. To achieve a five-star rating you must be in the top 10 per cent of drivers

using the system. Downer New Zealand makes up six per cent of users yet makes up 22 per cent of the five-star vehicle population.

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

SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



Case study – Improving lone worker safety

Our Utilities business is trialling a new mobile application tool to support workers required to work alone. It uses new technology that allows us to monitor our workers in real time and provide them with a 24/7 ability to send an alert for medical attention if required.

People in our Water business are required to activate the application when they are the only person on site, or where they are working in an isolated work area for an hour or more.

Workers respond every 20 minutes to a monitoring welfare check alarm. If the worker fails to respond the application is supported by an escalation process involving calls to the worker. If the worker fails to answer the call, physical attendance at the worker's location takes place. The application contains GPS functionality.

If the person has a medical event requiring attention they can initiate a medical alarm by either shaking the phone or pressing an alarm button.

Workers who were initially hesitant to use the application have now embraced it and provided positive feedback.

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

SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



Case study – Zero Harm reward and recognition initiative

Downer's Otraco business has successfully trialled and implemented an improved and award-winning employee reward and recognition program. The program seeks to harness the innovation, practical skills, experience and problem-solving potential of its workforce by incentivising workers to take ownership of solutions. The program encourages healthy competition across the business for sites to develop innovative solutions to existing health and safety risks, either within the business, or across the industry.

The focus is:

- Recognition of values
- Zero Harm or productivity improvements
- Achieving a specific quarterly challenge to remove or minimise an identified risk.

Key to the program's success has been the championing of the program and support from senior executives, transparent entry and determination criteria and prompt rewarding of successful parties.

The program has resulted in several safety initiatives within the business,

improving not only safety at Otraco, but within the large tyre industry. Examples of these improvements include the development of an inflation tool, redesign of two regularly used tools and a reduction in risk across the large tyre industry reducing risks associated with mistreading.

The program has also had success externally, winning the following awards:

- Winner 2017 NSCA Foundation/GIO Workers Compensation National Safety Awards of Excellence
- Finalist 2017 Australian Mining and Prospect Awards
- Finalist Hunter Safety Awards 2018.

After two years the program is well recognised and embedded within the business and a team is currently reviewing opportunities to expand the program.

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

SUSTAINABLE DEVELOPMENT GOALS



Case study – Mental health in the workplace

Downer's Mining business recognised that factors outside, as well as at work, can influence workers' mental wellness. At times, employees may need additional support to cope with work and lifestyle challenges. To support workers during the challenging time in the Mining industry, Downer introduced a mental health first aid framework. The program was supported by research and developed in collaboration with the Workforce Health Innovation research group at Queensland University of Technology (QUT).

During development of the program, to gain a better understanding of the current mental health status of the workforce, employees were asked to participate in a range of surveys covering lifestyle and behaviours that may link to poor mental health.

Mental health champions were provided with a framework and with mental health first aid training to empower them to engage with workers, provide support and encourage an environment where those experiencing challenges to their mental health would feel comfortable to receive support.

Key components included several toolbox talks and a digital story which showcased an employee's personal journey with depression and suicidal ideation. Resources for families and employees targeting preventative strategies for health and wellbeing were developed and distributed. To support the program, the business appointed two registered mental health professionals to provide more proactive direct mental health support and referral for employees.

Across the mining business almost 60 courses have been conducted since May 2015 and over 400 employees trained. In addition, over 50 family members were invited and completed the training in regions where community mental health services are poor.



Mental health awareness and peer support training has also been delivered with more than 60 employees trained and ready to provide support to colleagues.

On average, the appointed mental health professionals have supported over 300 employees, family members and in-house management per calendar year. Since 2016 multiple employees presented with significant mental health distress and were connected to professional support immediately preventing further potential illness/injury.

The EAP utilisation rate increased from less than three per cent to nearly five per cent in the past 12 months. This demonstrates the effectiveness of the promotion of the service and the internal referral rates from both the appointed mental health professionals and trained supervisors and peer supporters.

The success of the program has meant that mental health first aid training is now mandated for Superintendent roles and above.

Our program has had a demonstrable significant impact on culture and the health and wellbeing of our employees and their families. It has also received multiple public acknowledgements nationally for its innovative and inclusive approach:

- Corporate Health Award 2014 QLD Mining Industry Health & Safety Conference

- Gold Recognition Healthier Happier Workplaces Initiative 2015 QLD Government
- Safety Health & Innovation Award, People 2015 Chamber of Minerals & Energy, WA
- Health Excellence Award 2015 NSW Minerals Council.

Downer's Executive Team recognised the importance of ensuring the mental health and wellbeing of all employees and has supported the introduction of a consistent Group-wide mental health strategy.

Downer is exploring the cross divisional application of this program. Cross divisional training in Mental Health First Aid has begun.

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

SUSTAINABLE DEVELOPMENT GOALS



Case study – Engagement re-imagined

Downer's technology-based Snowden business is using technology to change the game on worker engagement.

Each week a short five-question two-minute survey is emailed to the workforce. Survey questions are based on key engagement metrics identified by the business.

These metrics include:

- Relationships with supervisors and co-workers
- Satisfaction, including remuneration and quality and variety of work
- Wellness matters
- Workplace recognition
- Happiness
- Alignment with workplace values.

Responses to the survey are kept anonymous, unless the worker chooses to identify themselves.

Completion rates within the business have grown and remain high. The program includes the ability to send those workers who have not engaged in the past few surveys an email letting them know their opinion is important.

The ability to analyse the responses by either division, groups, teams, gender or roles has allowed deeper analysis and understanding of responses. For example, why there may have been dips or changes to culture scores or

responses, or why one part of the business may appear more or less engaged than other parts. For ease of review, data can also be presented in a traffic light display. Responses have paved the way for Snowden to develop solutions to issues identified through the survey, and to respond in a more timely manner, to that available through traditional annual engagement surveys. Over the two years the initiative has been running the culture has improved, workers are more open, willing to assist others and collaborate better. The approach is now being assessed for wider application within the Downer business.

The program is available globally and allows Downer to benchmark worldwide with other organisations participating in the program.

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

SUSTAINABLE DEVELOPMENT GOALS



Case study – Leading the way in haul truck tyre safety

Our tyre team has worked closely with an original equipment manufacturer to reduce the risks associated with tyre deflation. Misthreading of the deflation device was common within the industry. When being threaded to the tyre to begin deflation, the internal shaft of the tool can separate and the force of the deflation can make the tool a projectile. We worked closely with the manufacturer for nine months to develop a new tool with a larger bore in the centre. This greatly improved the stability of the tool, reduced the risk of separation and improved safety within the industry.

Continuing to improve safety in the industry, the team has developed an industry-changing tool to reduce the risks associated with changing tyres on mine haul dump trucks. Apart from the easy to identify risks associated with tyre and rim, and tyre inflation, haul truck tyre fitters are exposed to the risks associated with handling tyre cleats. Each cleat can weigh between eight and 35 kilograms, depending on the size of the truck. Often the cleats are located above shoulder height and there may be 12 cleats per tyre to remove.



Solutions to date have been expensive and required the assistance of a crane to support the tool, introducing risks associated with the crane to the task of removing the cleats. Otraco workers have developed a spacer plate tool that removes the need for the crane and allows the workers easier access to the cleats.

The tool has won industry awards including the Best Individual Workplace Health and Safety Achievement Award at the NSCA Safety Awards.

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

SUSTAINABLE DEVELOPMENT GOALS



Environment



Our approach

Downer believes in the pursuit of environmental sustainability excellence, enhancing liveability for all communities in which we influence.

Our purpose is to create and sustain the modern environment by building trusted relationships with our customers. We help our customers succeed by developing and delivering environmentally responsible and sustainable solutions so our business is fit for the future.

Our ability to manage the impacts of our activities on the environment and communities in which we operate is fundamental to our long-term success. Downer remains focused on developing solutions to reduce our energy consumption and GHG emissions, while at the same time increasing our cost competitiveness.

Downer is committed to transitioning to a low carbon economy and focusing our attention on managing the risks associated with environmental management and in particular, climate change, we are also taking advantage of the commercial opportunities this presents for our business.

Our environmental commitments are outlined in Downer's [Environmental Sustainability Policy](#).

Each division is required to have an Environmental Sustainability Action Plan (ESAP) and strategies in place supported by suitably qualified environment and sustainability professionals. The ESAP allocates internal responsibilities for reducing the impact of its operations and business activities on the environment.

The international environmental standard ISO 14001:2015, is used as a benchmark for assessing, improving and maintaining the environmental integrity of its business management systems. The company's divisions also adhere to environmental management requirements established by customers, in addition to all applicable licence and regulatory requirements.

Our [10 Environmental Principles](#) were created as an important central awareness and engagement tool, providing practical messages to assist our frontline workers to achieve environmental compliance across

waste, water, air emissions, hazardous waste and substance, flora and fauna, heritage and environmental incidents. They provide us with the necessary understanding and tools to ensure we conduct our operations and activities in a manner that is environmentally responsible and sustainable.

These principles are critical to ensuring our employees and broader stakeholder groups are engaged and aware of our environmentally sustainable commitments.

We encourage our employees to participate in industry networking events, influencing the adoption of more sustainable practices for example, Sustainable Business Council, Infrastructure Sustainability Council of Australia, Australian Constructors Association, Sustainability Working Group, Minerals Council of Australia, Sustainability Working Group, Civil Construction Federation, Supply Chain Sustainability School and Responsible Construction Leadership Group.

Our performance

As at FY18 environmental performance data contained within the report includes our acquisition of Spotless and excludes Hawkins. The energy and GHG emission data for FY18 includes the acquisition of Spotless in Australia but excludes Spotless NZ and Hawkins. Both Spotless NZ and Hawkins have been quarantined for another 12 months consistent with the safety performance data. Both Spotless NZ and Hawkins have adopted Downer's energy and GHG emission reporting protocols which are consistent with the Australian National Greenhouse and Energy Reporting (NGER) scheme. Both these entities have had limited exposure to the NGER scheme and as a result they are at different levels of maturity when compared to Downer's Australian operations. Transition plans are in place to ensure that their data is at the same level of integrity for reporting in FY19.

Environmental compliance

We record all environmental incidents using a six-level severity rating. Downer achieved its Group-wide target of zero Level 5¹¹ or Level 6¹² environmental incidents.

There were no prosecutions or significant environmental incidents¹³ (\geq Level 4) during the financial year ended 30 June 2018. A total of four 'Notifiable Incidents'¹⁴ were notified to regulators and regrettably, Downer incurred four minor infringement notices (fines) totalling AUD\$2,720 for erosion and sediment control breaches involving the discharge of sediment latent water in its New Zealand operations in FY18. These incidents have resulted in learnings that have been incorporated in the Critical Risk Program and shared across the business.

Metric	Target	FY18	FY17	Result
Significant environmental incidents (\geq Level 4)	0	0	0	✓
Prosecutions	0	0	0	✓
Infringement notices (Fines)	<5	4	6	✓
Infringement notices (Fines) \$	–	\$2,720	\$36,175	n/a

¹¹ 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.

¹² A Level 6 environmental incident is defined as an incident that results in catastrophic widespread impact on the environment, resulting in irreversible damage.

¹³ A significant environmental incident or significant environmental spill (\geq 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.

¹⁴ A Notifiable Incident is where there is a duty to notify the relevant authority of a pollution incident, where 'material harm' defined by the law within the regulatory jurisdiction is caused or threatened.

Climate-related risk and resilience

Climate change impacts present a challenge to sustaining our modern environment, enhancing liveability, the natural environment and our business. While our business portfolio is diverse, we have limited exposure to the effects of climate change impacts on our business through fixed, long lived capital assets. Our diverse portfolio allows us to be flexible and agile to redeploy our assets to high growth areas as markets change. This diversity of portfolio strongly positions us to mitigate and manage our exposure to climate risks and to maximise the business opportunities it presents.

This reporting period, we have conducted a detailed assessment against the Task Force on Climate Related Financial Disclosures (TCFD) framework.

Details of our TCFD disclosures can be found in our 2018 Annual Report. In conducting our assessment, we considered the diversity of our operations and portfolio, in the context of transitional, physical and reputational risks as well as considering opportunities particularly in respect of transport, new markets and technological changes. Our analysis did not identify any material short-term risks to the Downer business in respect of climate change, however risks and opportunities across short, medium and long-term horizons were identified.

We have made significant progress to date in assessing climate-related risks and opportunities and in FY19 we are committed to exploring and disclosing further the material impacts of these items through analysis and identification of appropriate metrics and targets.

Stemming from the risk and opportunity analysis this year, our initial focus for scenario analysis will be in the following areas:

- Outlook for metallurgic and thermal coal
- Impact of extreme weather (increase in rainfall and temperature)
- Energy transition, considering both the impact on energy prices and opportunities for alternative generation sources.

For further information on the TCFD disclosure, including climate-related risks and opportunities, refer to Downer's 2018 Annual Report.



Managing our GHG emissions

This year Downer's GHG emission intensity increased by 7.5 per cent when compared to FY17 levels, primarily due to the growth in our Transport and Utilities businesses where revenue increased by 35 per cent, and the acquisition of Spotless.

In FY18, Downer's energy and emissions changed from FY17 as per table below:

Consumption and emissions increased considerably for the year due to the acquisitions of Spotless and growth in the business. Contractor data is included in our energy data with the exception of Spotless Australia and New Zealand. As a contract service provider operating within carbon-intensive industries, a key challenge for us is the effective management of our carbon-related activities.

Again, the primary source (61 per cent) of our total Scope 1 and 2 GHG emissions is the consumption of liquid fossil derived fuels (mostly diesel oil) used in our transport fleet and the production of stationary energy in our asphalt and other manufacturing plants. Our carbon intensity and energy intensity vary from year to year, due to changes in production, project opportunities and fluctuations in revenue streams.

In FY18, carbon intensity increased by 7.5 per cent and energy intensity increased by 0.9 per cent. During the year, our Scope 1 emissions increased by 49 per cent and our Scope 2 emissions

increased by 122 per cent, as a result of increase in growth and improved data capture and reporting through the implementation of the Envizi platform.

Despite the increase in carbon and energy intensity, we implemented 45 new projects during FY18 with a combined capacity to deliver annualised abatement of over 12,491 tonnes of annualised GHG emission ($\text{CO}_2\text{-e}$) reductions across Scope 1 (natural gas efficiency projects, vehicle replacement and optimisation), Scope 2 (lighting upgrades) and defined Scope 3 (energy consumption for non-operational control projects, substitution and reuse of materials in construction including fly ash, slag, optimising delivery routes for materials).

In FY19, due to the restructure of the business and acquisitions, Downer is resetting the GHG emission baseline year levels to FY18 and each division is developing a three-year GHG reduction plans with new targets for both FY19 and an aspirational target for FY21.

Metric	FY18 (including Spotless AU)	FY18 (excluding Spotless AU)	FY17 (excluding Spotless AU)	% change from FY17 (including Spotless AU)	% change from FY17 (excluding Spotless AU)
Scope 1	334.7 kt $\text{CO}_2\text{-e}$	281.4 kt $\text{CO}_2\text{-e}$	224.7 kt $\text{CO}_2\text{-e}$	49%	25%
Scope 2	86.5 kt $\text{CO}_2\text{-e}$	42.0 kt $\text{CO}_2\text{-e}$	38.9 kt $\text{CO}_2\text{-e}$	122%	8%
Scope 3	426.9 kt $\text{CO}_2\text{-e}$	426.9 kt $\text{CO}_2\text{-e}$	487.4 kt $\text{CO}_2\text{-e}$	-12%	-12%
Emissions intensity	36.2 t $\text{CO}_2\text{-e}/$ \$m AUD	36.2 t $\text{CO}_2\text{-e}/$ \$m AUD	33.7 t $\text{CO}_2\text{-e}/$ \$m AUD	7.5%	7.5%
Energy	5,753.6 TJ	4,653.7 TJ	3,843.56 TJ	50%	21%
Renewable energy consumed	2,141 GJ	532 GJ	0 GJ	-	-
Energy intensity	0.49 TJ/ \$m AUD	0.52 TJ/ \$m AUD	0.49 TJ/ \$m AUD	0.9%	6.4%
Revenue	¹⁵ \$11,637 AUD	¹⁵ \$8,928m AUD	\$7,812m AUD	49%	14%

¹⁵ Revenue figures have been adjusted to exclude Hawkins and Spotless in New Zealand.

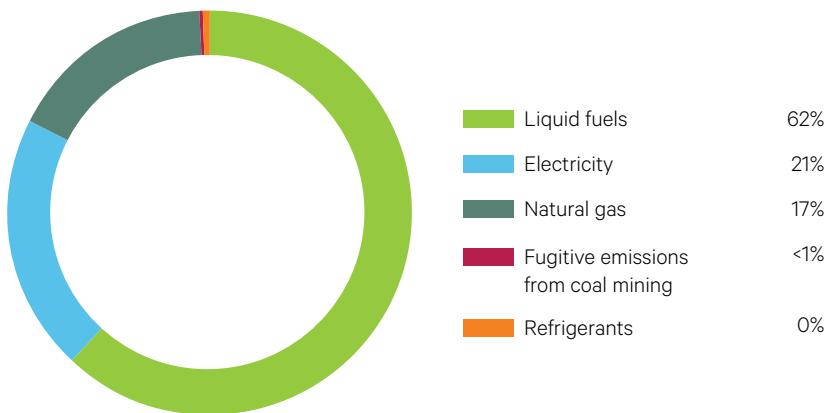
Managing our GHG emissions (cont.)

Scope 1 and 2 Greenhouse Gas Emissions (ktCO₂-e)



GHG emissions: Scope 1, 2 and GHG emissions intensity

Breakdown of Scope 1 and 2 emissions by source (ktCO₂-e)



GHG emissions by source (Natural Gas, Electricity, Liquid Fuels, Fugitive emissions and Refrigerants).

Breakdown of Scope 1 and 2 emissions by Business Line

Infrastructure Services	51%	Mining	6%
Downer NZ	15%	Rail	3%
Group & Services	<1%	Roads	38%
Spotless AU	23%	Projects	2%
EC&M	2%	Utilities	11%



GHG Emissions (Scope 1 and 2) by division

Emerging issues and market trends

As a service provider working across a diverse group of industries, Downer's capability and agility enables us to respond to a wide variety of market trends. Below is a sample of the services we provide in response to emerging issues and market trends.

Waste, recycling and the circular economy

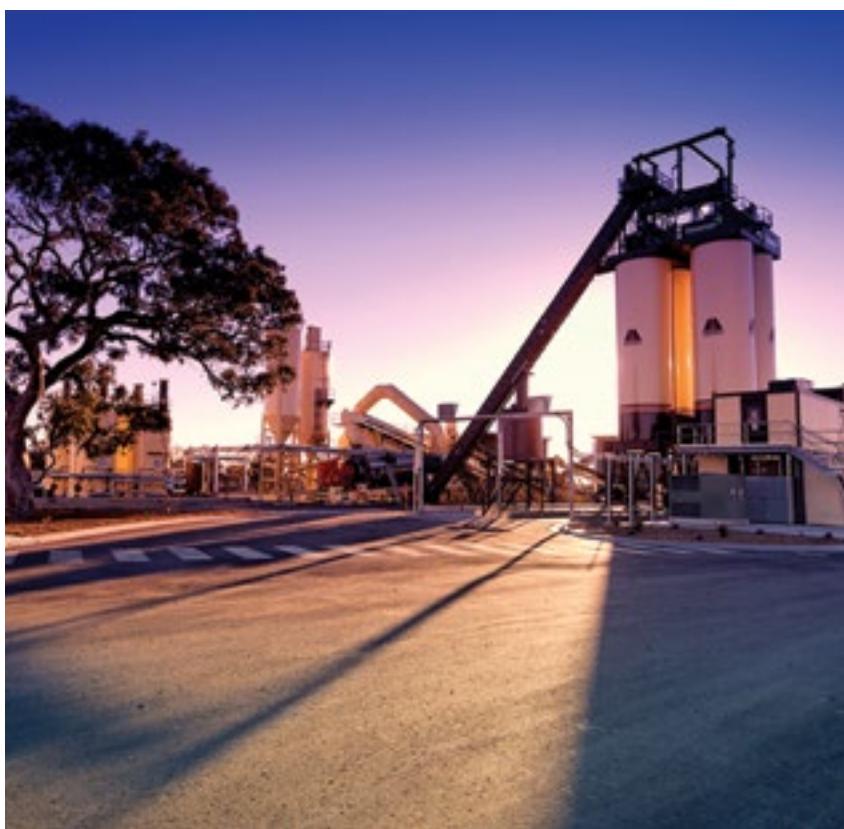
FY18 has seen China's National Sword Policy come into effect triggering a strong interest from industry, government and the general public in waste, recycling and the circular economy with a particular focus on problem wastes such as plastics. Downer's use of waste materials such as glass and printer cartridge toner within its road asphalt products divert these products from landfill. Downer has further increased its recycling footprint with the introduction of a **new asphalt product**, made from recycled plastic, and the construction of the **Rosehill Detritus Plant** which receives street sweepings and processes the material into several recycling streams.

Downer is a leading manufacturer and supplier of bitumen based products, providing our customers with asphalt, blended binders and emulsion products. Downer continues to be an innovator in the sustainable asphalt industry, running plants that use recyclable products and environmentally sustainable methods to produce asphalt. In FY18, 12.71 per cent of total asphalt production in Downer was made up of recycled materials. The consequent greenhouse gas emissions reduction were:



The NZ Spotless laundries team reallocates approximately 35 tonnes of scrap linen each year, by selling or distributing to avoid ending up in landfill. The Dandenong laundry team also donated tens of thousands of linen items to the Taveuni Island Health Care Network in Fiji, through the aid of Boronia Rotary Club and Rotary New Zealand World Community Service.

Reclaimed Asphalt Pavement	28.6%	9,708 tCO ₂ -e
Slag	35.8%	12,160 tCO ₂ -e
Fly Ash	34.7%	11,768 tCO ₂ -e
Glass	0.1%	42 tCO ₂ -e
Toner	0.8%	258 tCO ₂ -e



Infrastructure rating tools

Customers are increasingly specifying ratings for their projects which present us with challenges and opportunities. The application of sustainability rating tools for nominated infrastructure projects allows us to address, mitigate and manage climate-related risks.

Some of Downer's successes in infrastructure sustainability include:

- Ararat Wind Farm – the first renewable project to gain an ISCA rating to complement the Whitsunday water treatment plant which was the first Design and As Built rating to achieve an Excellent rating, and the first operational rating at a water treatment plant at the iconic MCG
- Newcastle Light Rail – great outcomes around heritage components of the project.



Emerging issues and market trends (cont.)

Growth in the renewables industry

Downer remains one of the largest and most experienced providers of design, build and maintenance services to Australia's renewable energy market and 2017 was a record year for renewables growth in Australia with 4,670 MW of new generation capacity added¹⁶. In FY18 Downer had 576 MW of solar and wind under construction. In addition, Downer increased renewable energy consumption to 2141GJ in its own operations primarily from Solar PV on rail maintenance, laundries and educational facilities. For example, Cardiff Rail Maintenance Facility commissioned a 100kW solar PV system to offset grid consumption.

Decarbonising our fleet

Reducing the carbon emissions of fleet is a challenge for many businesses with the switch to low emission and electric vehicles an increasingly available option. At Downer transport fuel (road registered vehicles) accounts for 37 per cent of our carbon emissions, so reducing fuel consumption is key to our carbon strategy.

Influenced by the NZ Government's incentives for electric vehicles, Downer's New Zealand business has had four electric vehicles (EVs) operating across the business since 2016, covering 25,000 kilometres and saving 4.8 tCO₂-e. A combination of fleet upgrades and installation of **EROAD Drive Buddy** resulted in 638 tCO₂-e in fuel savings in FY18.

In Australia the Mining, Energy and Industrial Division purchased four PHEV (plug in hybrid electric vehicles) to trial. The Roads business has saved 2,650 tCO₂-e per annum in diesel in FY18 by upgrading vehicles and rollers.

Increasing use of technology

Automation and the increasing use of technology in the workplace, industry and community is a fact of modern life. Examples of Downer's engagement with smart and automated solutions include:

- **Smart Stormwater Drains**
- In the first project of its kind in Victoria, KeolisDowner is trialling an autonomous shuttle bus in Melbourne's north at La Trobe University's Bundoora campus
- As a transport infrastructure service provider Downer is a partner in the **Sustainable Business Australia (SBA) Sustainable Mobility Project**, a cross-sector collaboration 'to lead an Australian business response to the challenges and opportunities of meeting Australia's mobility needs more sustainably'.

¹⁶ <https://www.cleanenergycouncil.org.au/news/2018/February/reflecting-record-year-renewables.html>



Our future focus

Significant progress was made this year in delivering on the focus areas that were disclosed in last year's report. This year we will continue to focus on driving improvement in our environmental and sustainability performance and risk management while further embedding sustainability within our business through:

- Continuing to diversify our business and providing services to sectors that promote a sustainable future and transition to a low-carbon economy, including renewable energy, facilities management, water treatment, telecommunications, sustainable transport, waste to energy and waste recovery
- Further exploring the impacts of climate-related risks and opportunities through scenario analysis, and development of Science-Based Targets as we progress with the TCFD journey
- Resetting the base year GHG emissions levels, reviewing GHG reduction plans and setting new targets
- Improving and consolidating all our reporting within our sustainability reporting platform, including incorporating water and waste data
- Expanding the scope of GHG emissions reporting to include:
 - Contractor data for New Zealand and Spotless in line with the rest of the business
 - Joint Ventures
- Strengthening our procurement process to ensure alignment with ISO20400, involving engagement with selected key suppliers
- Reviewing our ISO certifications and integrated management systems to align to new business structures
- Further utilisation of low-emission technology across our fleet and machinery to reduce fuel consumption, carbon and air emissions
- Developing Company-wide procedures to ensure a consistent approach to identifying and assessing land contamination at our sites (that we own or have acquired, leased or sub-leased)
- Further developing a suite of learning modules for operational staff on various environmental management and sustainability topics
- Application of LCA (life cycle assessment) to our Transport Division including developing an environmental product declaration for the Sydney Growth Train fleet and LCA for Rosehill Detritus Plant and road maintenance
- Increasing the number of ISCA Infrastructure Sustainability (IS) Ratings for our infrastructure projects to improve our sustainability performance including being the first Tasmanian project to sign up for a rating.

Case studies



Case study – Downer achieves Australian first for renewable project

Downer was awarded the Infrastructure Sustainability Council of Australia's (ISCA) first 'As Built' Infrastructure Sustainability rating for the Ararat Wind Farm. This is the first IS rating to be awarded to a renewable infrastructure project.

The Ararat Wind Farm is the third largest wind farm in Australia, generating electricity to power over 120,000 Victorian homes each year.

The ISCA's Infrastructure Sustainability (IS) rating scheme is Australia's only comprehensive scheme for evaluating the sustainability of the design, construction and operation of infrastructure projects.

The rating recognises that the project has implemented long-term economic, social and environmental benefits to the local Victorian community.

Some of the initiatives Downer implemented on the project are:

- Used a 40 per cent flyash/Portland cement blend to replace the reliance on Portland cement
- Encouraged our waste supplier to invest in a mulcher to turn timber pallets into mulch for use in gardens around Ararat, reducing weeds and water loss
- Engaged with schools, civic organisations and professional groups to help raise awareness of the role renewable energy plays in tackling climate change.

Downer also supported Ararat City Council's Strategic Plan to improve the region's economy and residents' lifestyle by engaging the local community to help construct the wind farm.

We estimate more than \$20 million of goods and services associated with construction have been procured from local suppliers. Council's annual revenue in the previous financial year was \$32.96 million.

Downer employed 400 people on the project, a significant number of which were local residents, and worked with 17 separate landholders in the development of the wind farm. We maintained a mutually-beneficial relationship with the landholders, helping improve access roads and fencing and installed solar-powered remote gates to save time and reduce fuel use. Downer also installed permanent water infrastructure – large dams to capture rainwater and bore water infrastructure – to help drought-proof the area against climate extremes.

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

SUSTAINABLE DEVELOPMENT GOALS



7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS





Case study – Rosehill Detritus Plant, a repurposing facility

On 5 June 2018, World Environment Day, Downer opened the Rosehill Detritus Plant, a repurposing facility which is capable of cost effectively processing, separating and cleaning of upwards of 40,000 tonnes annually from street sweepings and stormwater pits. Approximately 85 per cent can be converted into meaningful streams of material for reuse such as organic matter, sand, gravel, metals and plastic.

The new state of the art facility that sets a new benchmark in sustainability and innovation in Australia is unlike many other recycling plants as it can separate waste into several materials for reuse. These products have the potential to be utilised in asphalt production for roads that Downer builds and other building materials.

The plant services Sydney's metropolitan road network and is open 24/7. The plant also helps to optimise street sweeping operations by enabling street sweepers to complete more than one load in a shift, with shorter distances travelled to empty their loads. This in turn allows for improved productivity, reduced fuel consumption and longer equipment life.

Downer's Rosehill Detritus Plant operates in full compliance with Environment Protection Authority (EPA) requirements and industry best practices. This project was supported by the Environmental Trust as part of the NSW EPA's Waste Less, Recycle More initiative, funded from the waste levy.

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

SUSTAINABLE DEVELOPMENT GOALS

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION





Case study – Launch of recycled asphalt

In May 2018, Downer's Infrastructure Services roads business launched a new recycled asphalt product to join the series of our recycled road products.

Downer and our customer, Hume City Council, partnered with Close the Loop and RED Group to build the first ever Australian road with soft plastics and glass. Soft plastics from approximately 200,000 plastic bags and packaging, 63,000 glass bottle equivalents, toner from 4,500 used printer cartridges and

50 tonnes of recycled asphalt were used to build the road in Craigieburn, located in Melbourne's north.

This initiative represents Downer's commitment to thought leadership and a determined effort to make a positive difference. It sets a new benchmark in road construction by creating a new avenue to recycle and repurpose waste materials. This new product has a 65 per cent improvement in fatigue life and a superior resistance to deformation and hence makes the road last longer and allows it to better handle heavy vehicle traffic.

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

SUSTAINABLE DEVELOPMENT GOALS

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



Case study – Smart stormwater drains

The Smart Drains project is a cross-sectoral collaboration with Downer, Yarra Valley Ranges Council, Fujitsu and EYEFi, which aims to provide a solution to the increasing number of local floods and drainage challenges. The “smart device” has the capacity to considerably reduce the risk of flooding caused by overflows from stormwater drains.

The Smart Drains solution incorporates a network of sonar and camera sensors, technology and software to monitor water levels and potential flow rate within roadside stormwater drains. It delivers alerts for rising water every 15 minutes to response and maintenance teams, removing the need for manual inspections. The dashboard view of input offered by all sensors allows management to have a precise view of drain infrastructure to identify areas of focus to tackle blockages and prevent inundations and complications.

The project was developed through a co-creation initiative where Downer, Fujitsu and EYEFi invested in the development of the “smart solution” with a view to wider deployment to reduce the risk of flooding across Australia.

The pilot is observing the ability of Artificial Intelligence, Industrial Internet of Things (IoT) technology, cloud and security to innovate and reduce flooding events.

This solution is piloted on Downer works for the Yarra Ranges Council in Victoria, as an Australian first. If the results are positive, it will be adopted through the municipality.

The Yarra Ranges Council faces several local flood management and drainage challenges; over 4,900 properties are known to be at risk of flooding from waterways or underground drains. Also, urban consolidation and increase in rainfall intensity jeopardise seven per cent of flood-prone properties within the Yarra Ranges Council, adding long-term pressure to improve the existing drainage system.

The project relies on co-creation and innovation to contribute to end-to-end remote monitoring and intelligence gathering solution.

The Downer, EYEFi, Fujitsu investment in IoT solutions supports the creation of smarter cities. Meanwhile, the adaptation of Industrial IoT technology solves numerous significant problems for end users and opens the path for contemplating investment in technology solutions.

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

SUSTAINABLE GOALS

6 CLEAN WATER AND SANITATION



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS





Case study – Spotless leads the way in water conservation

Spotless' laundries business has saved over 290 million litres of water, equivalent to 116 Olympic swimming pools, by refining its filtration process.

With water being a critical component of laundry operations, water conservation is one of the biggest environmental challenges Spotless faces.

In 2017, Spotless installed Blue Ocean filtration units, providing a refined filtration process designed to harvest water from specific parts of the wash cycle and insert it into other wash stages to reduce water and energy use. Spotless has installed this unit at its five largest laundries:

Abbotsford (Victoria), Dudley Park (South Australia), Rosebery (New South Wales), North Rocks (New South Wales) and Murdoch (Western Australia).

To further improve its conservation of water, Spotless has implemented water management plans, rainwater harvesting and installed new water-efficient washers.

These initiatives have reduced water use by 80 per cent in the laundries business.

Spotless is the only national operator of health care linen services Australia-wide and is an industry leader in water conservation.

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

SUSTAINABLE DEVELOPMENT GOALS

6 CLEAN WATER AND SANITATION



9 INDUSTRY INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Case study – Downer lights the way

At Downer, we are committed to reducing our carbon footprint and being a sustainable company that considers the social, environmental, ethical, cultural and economic spheres.

For Earth Hour 2018, held on 24 March, Downer participated in the SolarBuddy challenge, a program that pairs employees with disadvantaged children living in energy poverty.

Downer ordered 200 solar light units, which employees assembled and sent to school children in developing countries such as Papua New Guinea where there is limited access to electricity.

“The solar lights are a sustainable means of light that enable the children to do basic things such as read books before they go to bed or navigate their way around their house or backyard at night,” Downer’s General Manager of Environment Operations, Ricky Bridge, said.



Pictured: Downer employees from the Tauranga depot in New Zealand, who arranged a working bee to build 50 lights for their SolarBuddies.

Downer’s Zero Harm Administrator and participant in the SolarBuddy challenge, Michelle Kelly, said the program was a humbling experience.

“To be a part of this Earth Hour program was a beautiful opportunity,” Michelle said. “To know our efforts will go into helping children overseas,

allowing them to read their books and progress their education is humbling. Renewable energy programs fit well in terms of the passion we have at the Tauranga depot in New Zealand and within Downer as a whole.”

Communities

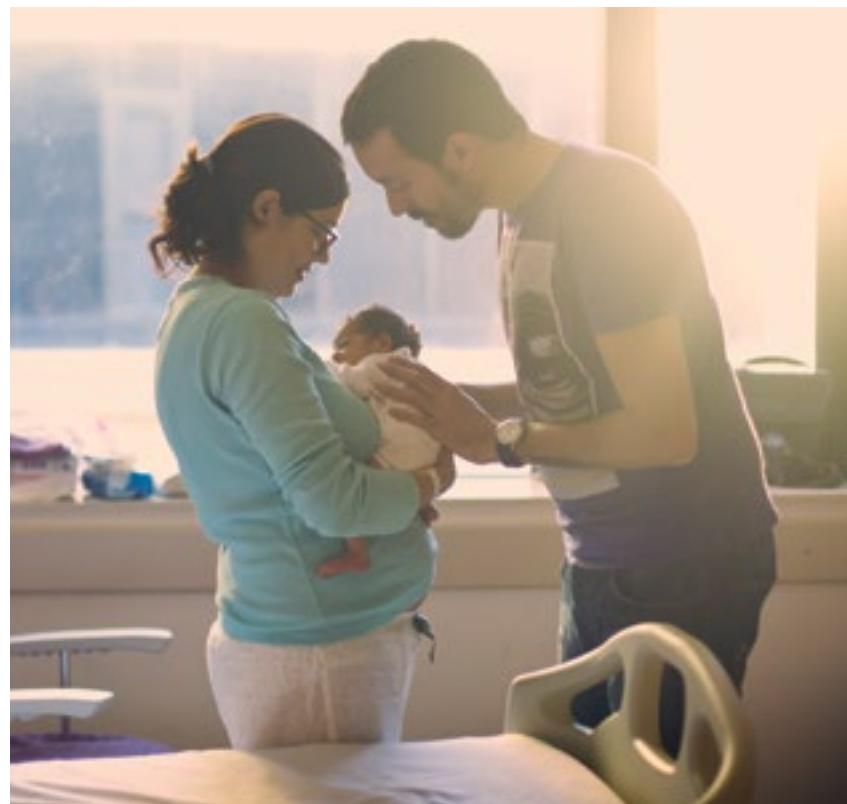
Our approach

Downer is committed to supporting the success of the communities in which we operate by fostering and maintaining enduring relationships built upon trust. We have a commitment to open and transparent communication and recognise our responsibility to contribute positively to society.

As we work in regional and remote locations, we actively implement a range of strategies focusing on local and Indigenous employment, cultural heritage management and stakeholder engagement.

In addition to providing local employment opportunities, Downer is also focused on making a difference through partnerships, sponsorships and donations.

Our community initiatives support our business strategy goal of driving growth in core markets which are achieved through a range of initiatives, including community and Indigenous partnerships.



Our performance

In Australia, Downer supports:

Wall of Hands (Australian Literacy & Numeracy Foundation)

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

Wandering Warriors

Downer supports the **Wandering Warriors**, a fundraising initiative run by the Australian Special Air Service Association. It comprises mainly ex-servicemen and women, who are committed to the care and support of our veterans. The organisation provides mentoring, education, coaching and employment opportunities to veterans through their transition from military to civilian life.

Wandering Warriors provides a platform for prominent business and military leaders to step into non-executive support roles. Downer's Executive General Manager of Defence, Brett Sangster, is proud to be a team member and ambassador for the Wandering Warriors.

Great Barrier Reef Foundation

Downer supports the **Great Barrier Reef Foundation**, which was established in 1999 to fund vital research to protect and preserve Australia's Great Barrier Reef.

It is the lead charity dedicated to protecting the Great Barrier Reef through funding solutions grounded in science, technology, engineering and on-ground action to ensure their long-term conservation.

In New Zealand Downer supports:

Genesis Youth Trust

The Trust aims to reduce the levels of youth-offending in New Zealand's most affected communities (principally within the wider Auckland Region) in a cost-effective manner through enabling youth at risk to profoundly transform their lives for the benefit of themselves, their whanau and their community. Downer is a First Foundation Scholarship Partner and provides financial assistance towards tertiary fees for selected high school students who are the first in their family to attend university.

#BuildAKL

The #BuildAKL campaign has been developed by construction and infrastructure sector employers, in partnership with Auckland Tourism, Events and Economic Development, and aims to get Auckland's young people into employment in the construction and infrastructure industry. Downer is a key partner for the program.



Community sponsorships

Downer is the Major Partner of **Sunshine Coast Lightning**, one of eight professional teams competing in Suncorp Super Netball, Australia's national women's netball competition.

The team is based at the Sunshine Coast, Queensland, and formed in 2017.

In the inaugural year of both the team and the competition, Sunshine Coast Lightning won the Grand Final and were crowned Suncorp Super Netball champion for 2017. On 26 August 2018, the Lightning defended its title and won its second successive championship. The team is a joint venture owned by the **Melbourne Storm** and **University of Sunshine Coast**.

Our future focus

Progress has been made on last year's focus areas and this year we will focus on:

- Further developing the framework for strengthening our relationships with the communities in which we operate.
- Year on year increase employee involvement in community activities and partnerships.

Case studies

Case study – Local community training program

The Waanyi Downer Joint Venture (WDJV) is a 50:50 joint venture between Waanyi Enterprises, which represents local Traditional Owners, and Downer. The JV has been awarded a contract to provide training to Aboriginal and Torres Strait Islander people near the Century Mine in Lawn Hill, Queensland.

The Century Mine is a large, open cut zinc, lead and silver mine located in north-west Queensland. Owned by New Century Resources, the mine was built on the land of the Waanyi People and the WDJV acts as an organisation to represent these people and engage them in work on the mine.

Under the new contract, the WDJV will conduct a broad community training program to prepare potential employees for entry into the workforce and, in some cases, for specific operational roles at the Century Mine.

Downer CEO Mining, Energy and Industrial, Brendan Petersen, said: “Downer is committed to supporting the success of the communities in which we operate and we are well placed to provide sustainable opportunities for local economic participation through employment, skills development and enterprise. The training contract with New Century Resources is an excellent example of this commitment and we look forward to working with all parties to benefit local communities.”



Since July 2016, WDJV has been carrying out care and maintenance activities at Century Mine, with 40 per cent of the workforce being Waanyi personnel.

New Century Resources and WDJV together recognise the unique diversity of Aboriginal and Torres Strait Islander peoples and their communities and their spiritual, physical, social and cultural connection to the land.

Through the association with Downer, the WDJV has a long and successful history of providing local employment opportunities through Aboriginal and Torres Strait Islander employment programs and traineeships.

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

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY



4 QUALITY EDUCATION



10 REDUCED INEQUALITIES



17 PARTNERSHIPS FOR THE GOALS



Case study – Teaching STEM to schoolkids

High school students took their first steps towards a career in the resources sector when they attended the Downer-sponsored ‘Toolkit 4 schoolkids’ and ‘STEM 4 schoolkids’ workshops at Pimlico State High School in Queensland.

Sixty Pimlico and Thuringowa State High School students tried their hands at trades and operational and professional roles during the Queensland Minerals and Energy Academy (QMEA) workshops.

Mentored by staff from Downer and other corporate partners, the students completed a series of challenges and practical activities based on jobs in the sector.

Clare Hudson, Downer’s General Manager Talent, said supporting QMEA helps ensure that the resources sector has the skilled people it needs for the future.



“It’s important that we encourage students to continue with STEM subjects, particularly young females and Indigenous students, so that the vast range of career opportunities in this sector is accessible to everyone,” she said.

The QMEA is a partnership between the Queensland Resources Council (QRC) and the Queensland Government under its Gateway to Industry Schools program. It has a

membership of 46 schools across Queensland.

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



Case study – Indigenous employment and training program award

Downer was awarded ‘Best Company Indigenous Employment and Training’ at the Queensland Resources Council (QRC) 2018 Annual Indigenous Awards.

The team from Blackwater mine has been recognised for its successful Work Readiness and Training Program, in partnership with the Blackwater Police and Community Youth Club (PCYC), which encourages local Aboriginal and Torres Strait Islander people to prepare for a career in the mining industry.



This year saw a record number of entries. For Downer to be recognised by the QRC as part of this competitive industry awards program is a significant achievement and a reflection of the dedication and teamwork from all those who have been involved in the program.

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



Governance



Our approach

Downer is committed to the highest level of governance and to building a culture that rewards high ethical standards and personal integrity.

Our Board provides strategic direction for the responsible growth of our company. It expects the highest standards of corporate behaviour and endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – the benchmark for good governance in Australia.

Downer's Corporate Governance Statement for the year ending 30 June 2018 (in which we report against these principles) is included in our 2018 Annual Report.

We are focused on creating a risk-aware culture, as reflected in our Risk Management Framework. It allows us to identify risks and emerging issues effectively. It incorporates evaluation and continuous improvement metrics in line with the principles, framework and processes set out in the international standard ISO 31000:2009 Risk management – Principles and guidelines.

At Downer, multiple Board Committees assist the Board of Directors in managing its responsibilities. All charters for the Board and these Committees are available on our website in the [Corporate Governance](#) section.

Ethical standards

Downer's expectations of how our people should conduct themselves when representing Downer is set out in our Standards of Business Conduct. Approved by our Board, it is formally administered by Downer's Group General Counsel and Company Secretary.

Downer's Standards of Business Conduct applies to all our people, inclusive of contractors and agents representing Downer and its subsidiary companies throughout the world. It stipulates what is required in relation to:

- Workplace behaviour
- Diversity and inclusiveness
- Corporate governance
- Engaging with stakeholders
- Sustainability
- Workplace safety.

Upon commencing employment with Downer, our employees are required to read over and agree to the Standards of Business Conduct as part of their induction process. For Directors and business partners, refresher training must be undertaken at least every two years.



Reporting breaches of the Standards of Business Conduct

Downer has a formal ‘whistle-blower’ policy in place. Downer has both internal and external processes that allow for the reporting of breaches which includes the ‘Our Voice’ service. It is an external and independent service that allows employees to anonymously report potential breaches of the Standards of Business Conduct.

Influencing policies on sustainability

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

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

Downer also has representation on the Boards of the ACA, MCA, CMEWA and AMMA Board Reference Group.

Our future focus

Downer will conduct a review of and update its Standards of Business Conduct in 2019, and will continue to review its membership of peak bodies and industry associations.

KPMG Assurance Statement



Independent Limited Assurance Report to the Directors of Downer EDI Ltd

Conclusion

Based on the procedures performed, and the evidence obtained, for the year ended 30 June 2018:

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

Information subject to assurance

The Selected Sustainability Information, as presented in the Downer EDI Ltd (Downer) Sustainability Report 2018, comprised the following:

Selected Sustainability Information	Value assured	
	FY18 incl. Spotless	FY18 excl. Spotless
Direct emissions of greenhouse gases (scope 1) – kilotonnes of CO ₂ -e	334.7	281.4
Indirect emissions of greenhouse gases (scope 2) – kilotonnes of CO ₂ -e	86.5	42
Energy consumed – terajoules	5,753.6	4,653.7
Energy produced – terajoules	100,546.4	100,544.8
Number of significant environmental incidents	0	0
Number of environmental fines	4	4
Number of environmental prosecutions	0	0
Value of environmental fines or prosecutions – \$	2,720	2,720
Number of safety fines		0
Number of safety prosecutions		1
Value of safety fines or prosecutions – \$m		1.3
Total Recordable Injury Frequency Rate (TRIFR) – per million hours worked		3.27
Lost Time Injury Frequency Rate (LTIFR) – per million hours worked		0.78

Criteria used as the basis of reporting

The criteria used in relation to the Sustainability Report content are the GRI Standards for Defining Report Content and Quality and in relation to the Selected Sustainability Information the criteria are the GRI Standards and Downer's policies, procedures and methodologies.

Basis for conclusion

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

KPMG Assurance Statement (cont.)



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

Summary of procedures performed

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

- enquiries with relevant Downer staff, and review of selected documentation, to assess the appropriateness of Downer's process for the application of GRI Standards for Defining Report Content and Quality;
- enquiries with relevant Downer personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- review and challenge of Downer's materiality assessment process;
- analytical procedures and sample testing over the Selected Sustainability Information;
- site visit to Downer New Zealand head office
- site visit to Rosehill asphalt plant
- site visit to Commodore mine
- walkthroughs of the Selected Sustainability Information to source documentation; and
- review of the Downer Sustainability Report 2018 in its entirety to ensure it is consistent with our assurance work.

How the Standard defines limited assurance and material misstatement

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

Greenhouse gas reporting

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

Use of this Assurance Report

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

Management responsibility

Management are responsible for:

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

KPMG Assurance Statement (cont.)

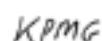


Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 30 June 2018, and to issue an assurance report that includes our conclusion.

Our independence and quality control

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



KPMG

Melbourne

4 October 2018



Sustainability Performance Data and GRI

People

Employees by region and gender FY18

Region	Total %	Male %	Female %
Australia	73.2	87%	13%
NZ and Pacific	25.7	16.09%	83.91%
Southern Africa	0.8	93.9%	6.1%
South America	0.2	88.5%	14.5%
Other	0.1	89%	11%

Employees by category and diversity – Australia and New Zealand only

	Male %	Female %
Senior executives	79	21
Total managers	80	20
Employees	66	34

People (cont.)

New employee hires and turnover

Metric	Downer Australia and New Zealand Totals (incl Spotless Aus)	
	Male	Female
Total number and rate of new employee hires during the reporting period	13,157 23.5%	7,621 13.6%
Total number and rate of employee turnover during the reporting period	13,598 24.3%	9,328 16.6%

Gender diversity

Metric	Target ¹⁷	FY18 (incl. Spotless)	FY17 (excl. Spotless)	Result
Women in executive roles	No Target Set	20%	10.8%	✓
Women in management roles	12% by 2020	17%	11%	✓
Women employed	20% by 2020	35%	11%	✓

¹⁷ Due to the acquisition of Spotless, Downer exceeded its gender diversity targets for FY18, which were set prior to the acquisition. New targets for FY19 have been set to reflect the changing nature of the operations and workforce demographics.

Safety

Health and Safety

(Employees and Contractors)

Safety Performance

FY18

FY17

LTIFR per million hours worked	0.78	0.55
TRIFR per million hours worked	3.27	3.50
Fatalities	0	0
Fines and prosecutions	1	0

Environment

Environmental Compliance

Metric	Unit	Target	FY18	FY17	Result
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Significant environmental incidents (\geq Level 4)

Prosecutions

Infringement Notices (Fines)

Infringement Notices (Fines)

Number	0	0	0	✓
Number	0	0	0	✓
Number	1	4	6	✓
AUD \$	-	\$2,720	\$36,175	-

Environment (cont.)

GHG Emissions	Unit	FY18 incl. Spotless	FY18 excl. Spotless	FY17	FY16	Variation from FY17	
						Incl. Spotless	Excl. Spotless
Scope 1 – Direct GHG emissions	kilotonnes CO ₂ -e	334.7	281.4	224.7	218.9	49%	25%
Scope 2 – Indirect GHG emissions	kilotonnes CO ₂ -e	86.5	42.0	38.9	43.4	122%	8%
Scope 3 – Indirect GHG emissions	kilotonnes CO ₂ -e	426.9	426.9	487.5	806.6	-12%	-12%
Total GHG emissions (Scope 1 + 2 + 3)	kilotonnes CO ₂ -e	848.1	750.3	751.1	1,068.9	13%	0%
Total GHG emissions (Scope 1 + 2)	kilotonnes CO ₂ -e	421.2	323.4	263.6	262.3	60%	23%
Intensity (Scope 1 + 2)	tonnes CO ₂ -e AUD \$m	36.2	36.2	33.7	35.5	7.5%	7.5%

GHG emissions (Scope 1 and 2) by sources	Unit	FY18 incl. Spotless	FY18 excl. Spotless	FY17	FY16	Variation from FY17	
						Incl. Spotless	Excl. Spotless
Electricity used by facilities	kilotonnes CO ₂ -e	86.5	42.0	38.9	43.4	122%	8%
Liquid fuels	kilotonnes CO ₂ -e	261.2	238.6	186.6	189.4	40%	28%
Natural gas	kilotonnes CO ₂ -e	70.3	41.0	36.5	27.8	92%	12%
Fugitive emissions from coal mining	kilotonnes CO ₂ -e	1.8	1.8	1.5	1.6	20%	20%
Refrigerants	kKilotonnes CO ₂ -e	1.4	–	0.1	0.1	1300%	–
Total Scope 1 and 2 GHG emissions	kilotonnes CO ₂ -e	421.2	323.4	263.6	262.3	60%	23%

Environment (cont.)

GHG emissions Scope 3	Unit	FY18 (incl. Spotless)	FY18 (excl. Spotless)	FY17	FY16	Variation from FY17	
						Incl. Spotless	Excl. Spotless
Emissions from contract mining operations not under Downer's operational control	kilotonnes CO ₂ -e	360.9	360.9	434.6	741.9	-17%	-17%
Emissions from construction and rail projects not under Downer's operational control	kilotonnes CO ₂ -e	19.7	19.7	6.6	9.2	198%	198%
Air travel – business flights for Australia and New Zealand based employees	kilotonnes CO ₂ -e	46.3	46.3	46.3	55.5	0%	0%
Total Scope 3 GHG emissions	kilotonnes CO ₂ -e	426.9	426.9	487.5	806.6	-12%	-12%
Energy	Unit	FY18 (incl. Spotless)	FY18 (excl. Spotless)	FY17	FY16	Variation from FY17	
						Incl. Spotless	Excl. Spotless
Energy consumption – liquid fuels	terajoules	3,961.1	3,633.2	2,901.4	2,979.9	37%	25%
Energy consumption – natural gas	terajoules	1,359.5	791.6	704.4	535.8	93%	12%
Energy consumption – electricity	terajoules	430.9	228.4	214.6	224.6	101%	6%
Energy consumption – other substances	terajoules	–	–	23.2	12.2	-100%	-100%
Energy consumption – renewables	terajoules	2.1	0.5	–	–	–	–

Environment (cont.)

Energy (cont.)	Unit	FY18 (incl. Spotless)	FY18 (excl. Spotless)	FY17	FY16	Variation from FY17	
						Incl. Spotless	Excl. Spotless
Energy consumption – total	terajoules	5,753.6	4,653.7	3,843.5	3,752.5	50%	21%
Energy intensity	terajoules – AUD \$m	0.49	0.52	0.49	0.51	0.9%	6.4%
Energy production (Solar PV)	terajoules	2.1	0.5			100%	100%
Energy production (saleable coal)	terajoules	100,544.3	100,544.3	93,476.0	95,386.0	8%	8%
Energy production – total	terajoules	100,546.4	100,544.8	93,476.0	95,386.0	8%	8%



GRI Standard Content Index

Indicator	Description	Location of information	Notes
GRI 102: GENERAL DISCLOSURES			
1. ORGANISATIONAL PROFILE			
102-1	Name of the organisation	About this report – page 1	
102-2	Activities, brands, products and services	About Downer – pages 5-8	
102-3	Location of headquarters	Back cover	
102-4	Location of operations (number of countries where organisation operates and names of countries with significant operations)	About Downer – page 5 Annual Report: F4. Controlled entities – pages 104-106	
102-5	Nature of ownership and legal form	Annual Report: F. Group structure – pages 96-106 Information for investors – pages 137-138	
102-6	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	About Downer – pages 5-8 Annual Report: Review of operations – pages 4-11 B1. Segment information – pages 68-70	
102-7	Scale of the organisation (number of employees, operations, net sales, total capitalisation, quantity of products/services)	About Downer – pages 5-8 Annual Report: Review of operations – pages 4-11 Consolidated statements and B1. Segment information 62-70	Quantity of products and services not identified
102-8	Information on employees and other workers (total workforce by employment contract, type, gender and region)	People – page 20 Performance data – pages 71-76	Employment contract and type not identified
102-9	Supply chain (description as it relates to activities, brands, products and services)	About Downer Our Supply Chain – page 6	

GRI Standard Content Index (cont.)

Indicator	Description	Location of information	Notes
102-10	Significant changes to the organisation and its supply chain (organisation's size, structure, ownership or its supply chain)	<u>Annual Report:</u> <u>E. Capital structure and financing – pages 89-95</u> <u>F. Group structure – pages 96-106</u>	
102-11	Is the precautionary approach or principle addressed and, if so, how?	<u>About Downer: Our Promise – page 5</u> <u>Governance – pages 66-67</u> <u>Annual Report:</u> <u>Business strategies – pages 14-15</u> <u>Principle 7: Recognise and manage risk – page 134</u>	The precautionary principle is an intrinsic component of our operational risk management approach
102-12	External initiatives (externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses)	<u>About this report – pages 1-4</u> <u>Health and Safety – pages 38-47</u> <u>Environment – pages 48-61</u> <u>Governance – pages 66-67</u> <u>Annual Report:</u> <u>Governance and risk management – page 122</u> <u>TCFD – pages 124-126</u> <u>ASX Principles – pages 127-135</u>	
102-13	Memberships of associations	<u>Governance – page 67</u>	

2. STRATEGY

102-14	Statement from the most senior decision-maker	<u>A word from our CEO – page 14</u>
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3. ETHICS AND INTEGRITY

102-16	Values, principles, standards and norms of behaviour	<u>About Downer – pages 5-6</u> <u>Governance – pages 66-67</u> <u>Annual Report:</u> <u>Principle 3: Promote ethical & responsible decision-making – page 133</u>	Standards of Business Conduct
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GRI Standard Content Index (cont.)

Indicator	Description	Location of information	Notes
4. GOVERNANCE			
102-18	Governance structure (including committees responsible for decision-making on economic, environmental and social impacts)	Health and Safety – pages 38-47 Environment – pages 48-61 Governance – pages 66-67 Annual Report: ASX Principles – pages 127-135	Board and Committee Structure Accountability for good governance and sustainability performance are embedded in short-term incentive plans for senior managers Board Zero Harm Committee Charter
5. STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Materiality and stakeholder inclusiveness – pages 15-19	
102-41	Collective bargaining agreements	Our people – page 22	
102-42	Identifying and selecting stakeholders	Materiality and stakeholder inclusiveness – pages 15-19	
102-43	Approach to stakeholder engagement	Materiality issues and stakeholder inclusiveness – pages 15-19	
102-44	Key topics and concerns raised	Materiality issues and stakeholder inclusiveness – pages 15-19	
6. REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	About this report – pages 1-4 Annual Report: F4. Controlled entities – pages 104-106	Each section specifies if Spotless and Hawkins are included
102-46	Defining report content and topic Boundaries	About this report – pages 1-4 About Downer – pages 5-7	
102-47	List of all material topics	Materiality and stakeholder inclusiveness – pages 15-19	

GRI Standard Content Index (cont.)

Indicator	Description	Location of information	Notes
102-48	Restatements of information		No restatements
102-49	Changes in reporting	About this report – page 1	
102-50	Reporting period	About this report – page 1	Reporting period is for financial year 2017-18
102-51	Date of most recent report	About this report – page 1	2017 Sustainability Report and 2017 Annual Report
102-52	Reporting cycle	About this report – page 1	Annual
102-53	Contact point for questions regarding the report	Back cover	
102-54	Claims of reporting in accordance with the GRI Standards	About this report – page 1	
102-55	GRI Content Index	GRI Content Index – pages 77-83	
102-56	External assurance	About this report – page 1 KPMG assurance statement – page 68-70	Independent Limited Assurance Statement included in this report

SPECIFIC STANDARD DISCLOSURES

200 ECONOMIC TOPICS

GRI 201: ECONOMIC PERFORMANCE

103-1	Explanation of the material topic and its boundary	Annual Report:	
103-2	The management approach and its components	Directors' Report – pages 11-12, 14-15	
103-3	Evaluation of the management approach		
201-1	The management approach and its components	Sustainability snapshot – pages 11-13 About Downer – pages 5-8 Annual Report: Review of Operations – pages 4-13 Consolidated Financial Statements – pages 62-65	Community investment expenditure is not reported. Community partnerships discussed pages 37-38. Sourcing of contractors, plant, equipment, raw materials, consumables etc. mostly through Australian and New Zealand suppliers

GRI Standard Content Index (cont.)

Indicator	Description	Location of information	Notes
300 ENVIRONMENTAL TOPICS			
GRI 301: MATERIALS			
103-1	Explanation of the material topic and its boundary	Environment – pages 48-61	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
301-2	Percentage of materials that are used that are recycled input materials	Environment – page 53	Data not currently collected at Group level. Downer provides products and services with increased efficiency of resource use and greater use of recycled or re-purposed materials which reduces costs for customers
GRI 302: ENERGY			
103-1	Explanation of the material topic and its boundary	Environment – pages 48-61	
103-2	The management approach and its components	Annual Report: TCFD – pages 124-126	
103-3	Evaluation of the management approach		
302-1	Energy consumption within the organisation	Environment – pages 48-61 Performance data – page 75	
302-3	Energy intensity	Environment – pages 48-61 Performance data – page 76	
302-4	Reduction of energy consumption	Environment – pages 49-54 Performance data – page 73	
GRI 305: EMISSIONS			
103-1	Explanation of the material topic and its boundary	Environment – pages 48-61	
103-2	The management approach and its components	Annual Report: TCFD – pages 124-126	
103-3	Evaluation of the management approach		

GRI Standard Content Index (cont.)

Indicator	Description	Location of information	Notes
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment – pages 48-61 Performance data – pages 71-76	
305-2	Energy indirect GHG emissions (Scope 2)	Environment – pages 48-61 Performance data – pages 71-76	
305-3	Other indirect GHG emissions (Scope 3)	Environment – pages 48-61 Performance data – pages 71-76	
305-4	GHG emissions intensity	Environment – pages 48-61 Performance data – pages 71-76	
305-5	Reduction of GHG emissions	Environment – pages 48-61 Performance data – pages 71-76	Reduction of GHG emissions from products and services to meet customer requirements of lower carbon and lower costs

GRI 306: EFFLUENTS AND WASTE

103-1	Explanation of the material topic and its boundary	Environment – page 48
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
306-3	Significant spills	Environment – page 9 Performance data – pages 71-76

GRI 307: COMPLIANCE

103-1	Explanation of the material topic and its boundary	Environment – page 48
103-2	The management approach and its components	Governance – pages 66-67
103-3	Evaluation of the management approach	
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environment – page 49 Performance data – pages 71-76

GRI Standard Content Index (cont.)

Indicator	Description	Location of information	Notes
400 SOCIAL TOPICS			
GRI 401: EMPLOYMENT			
103-1	Explanation of the material topic and its boundary	People – pages 20-23	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
401-1	New employee hires and employee turnover	People – pages 21-22 Performance data – pages 71-73	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
103-1	Explanation of the material topic and its boundary	Zero Harm – pages 34-37	
103-2	The management approach and its components	Health and Safety – pages 38-47	
103-3	Evaluation of the management approach		
403-2	Type of injury and rates of injury, occupational disease, lost days, and absenteeism, and total number of work-related fatalities	Health and Safety – pages 38-47 Performance data – pages 71-76	Report does not include absenteeism rate
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
103-1	Explanation of the material topic and its boundary	People – pages 26-30	
103-2	The management approach and its components	Communities – pages 62-65	
103-3	Evaluation of the management approach		
405-1	Diversity of governance bodies and employees	People – pages 26-30 Community – pages 62-65 Performance data – pages 71-76 Annual Report: Board of Directors – pages 2-3 ASX Principles 1 & 2 – pages 127-132	

GRI Standard Content Index (cont.)

Indicator	Description	Location of information	Notes
GRI 419-1: COMPLIANCE			
103-1	Explanation of the material topic and its boundary	Governance – pages 66-67	
103-2	The management approach	Zero Harm – pages 34-37	
103-3	and its components	Health and Safety – pages 38-47	
	Evaluation of the management approach		
419-1	Non-compliance with laws and regulations in the social and economic area	Environment - page 49 Health and Safety – pages 38-47 Performance data – pages 71-76	



Downer EDI Limited

Level 2, Triniti III
Triniti Business Campus
39 Delhi Road
North Ryde NSW 2113
Australia

T +61 2 9468 9700
F +61 2 9813 8915

ABN 97 003 872 848

www.downergroup.com

