

Enabling communities to thrive



**Sustainability Report
2023**

Downer 

Acknowledgement of Country

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

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

Whakatauki

Ko te whānau, ko te manaaki,
ko te kairangatira,
ko te ngākau pono ngā tikanga
tuku iho hei
korowai mo tatou.
Ko te Kauri i whakawhiwhi
haumarū, ko te Rimu i
whakawhiwhi taonga,
ko te Tōtara i whakawhiwhi
whanaungatanga,
ko te Kahikatea i whakawhiwhi
whakaaro matakite.
Ngā pou e whā i aumangea
ai te whakatauki
'Mā te whanaungatanga ka angitū'.
Hui e! Taiki e!

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



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Chairman and CEO message



Mark Menhinnitt



Peter Tompkins

The world has entered a phase of energy transition that is unparalleled in terms of complexity and uncertainty. At Downer, we have a critical role to play in supporting our customers through this transition, and a duty to also make our own operations more sustainable.

In Australia and New Zealand, we are market leaders in many of the sectors that will be central to mitigating the long-term impacts of climate change, and we have a unique mix of capabilities, experience and industry partnerships to help our customers achieve their net zero carbon emissions commitments.

With that in mind, Downer made two important changes in FY23.

Firstly, we launched our new Purpose – ‘Enabling communities to thrive’ – to better articulate our reason for existence and emphasise our important role in shaping a cleaner and greener future. Few companies can directly connect the products and services they deliver to a Purpose such as this, but for Downer, our Purpose is a true reflection of the impact we have on society today and the legacy we will leave.

In conjunction with our new Purpose, we also expanded our first strategic Pillar from Safety to Sustainability to amplify our ambition to leave a positive legacy for future generations. For Downer, where our capability is intrinsically linked to supporting the energy transition, these are meaningful changes that will connect our people to our vision and provide an important touch point for engagement with our customers.

We also understand that our role in enabling communities to thrive goes beyond the services we deliver.

In FY23, we continued to support our communities through a range of partnerships with not-for-profit organisations. Through our workplace giving program, which was launched in 2022, Downer and our employees have donated more than \$360,000 to four charities – Australian Cancer Research Foundation, Greening Australia, TLC for Kids and The Salvation Army’s Family Violence Stream – to help them support millions of Australians. We also extended our partnerships with the Australian Numeracy and Literacy Foundation, The Stars Foundation and NRL Cowboys House to support the education of young Indigenous Australians. In New Zealand, the Downer Donate program provided more than \$200,000 to worthwhile charities selected by our people.

Our commitment to supporting and promoting good mental health is another way we enable communities to thrive. Our accredited Mental Health First Aid program continues to provide our people with the skills to support their own mental health, and also look out for their friends, families and community members, while our successful partnerships with Beyond Blue and the New Zealand

Mental Health Foundation help thousands of Australians and New Zealanders when they need it most. We are very proud of these programs and partnerships, which are making a real difference in communities across Australia and New Zealand.

Downer also understands that, in order to enable communities to thrive, we must be a leader in reducing our own environmental impact.

In FY23, we continued to mature the way in which planning and strategy decisions include energy transition and decarbonisation. Downer has considered and disclosed the risks and opportunities from a climate perspective for many years, and in November 2022, we released our first Climate Change Report, which covers our decarbonisation journey to date, our pathway to net zero, and the pivotal role Downer has the opportunity to play in energy transition. In FY23, Downer also delivered the first projects under our Decarbonisation Fund, which is available to our Business Units to support initiatives that result in structural decarbonisation, and we remain dedicated to investigating and implementing solutions that will support the reduction of our Scope 1 and 2 emissions by 50 per cent and our Scope 3 emissions by 30 per cent by 2032, and achieve net zero by 2050.

Ultimately, it is our people who enable communities to thrive. It is they who will deliver the essential services that support communities now and will make them more resilient in the future. It is essential that we focus on the health and safety of our people as our number one priority, and drive a workplace culture that supports and empowers them.

In FY23, our Total Recordable Injury Frequency Rate and our Lost Time Injury Frequency Rate increased compared to our FY22 performance. While our TRIFR was less than our target of <3.50, the LTIFR exceeded our target of <0.90. Sadly, Downer recorded two fatalities in FY23. An employee in our Utilities business died in December 2022 while undertaking meter reading duties on a property south of Brisbane, and a long-term Downer employee in New Zealand died in August 2022 following a motor vehicle event. Downer operates in sectors that are exposed to high-risk activities and, while we have a history of strong safety performance that exceeds industry benchmarks, we are determined to learn from these tragic losses.

Over the past 12 months, we also rolled out initiatives to improve the employee experience and reinforce Downer’s reputation as an employer of choice. An important initiative is our ‘Own Respect’ program, which was launched in March 2023 and focuses on eliminating discriminatory conduct, including sex discrimination, harassment and victimisation.

Thank you to our people, customers and shareholders for supporting Downer in FY23 and helping us to enable communities to thrive. We hope you enjoy reading this Sustainability Report, and we look forward to engaging with our key stakeholders around sustainability moving forward.

Mark Menhinnitt
Downer Chairman

Peter Tompkins
Downer Chief Executive Officer

Sustainability highlights

⊕ For a further breakdown of Downer's FY23 sustainability performance, please refer to the FY23 data pack on the Downer website.

Governance

3
Male



3
Female



Board of Directors – gender diversity

FY22: 5 Male, 3 Female



100% **22,875**

Senior Managers completed Downer's Financial and Corporate Governance Self-Assessment Surveys in FY23

Employees and contingent workers¹ who completed Standards of Business Conduct training

Environment and climate change

0



Significant Environmental Incidents

FY22: 0

0

Prosecutions, 1 fine

FY22: 1 Prosecution, 2 Fines

Carbon intensity

30.0

(Scope 1 and Scope 2) tonnes CO₂-e/AUD\$m FY22: 31.11

Carbon emissions

378,583

(Scope 1 and Scope 2) tonnes CO₂-e FY22: 372,934

Safety, health and wellbeing

LTIFR

0.90

Downer's Lost Time Injury Frequency Rate (LTIFR) /million hours worked
FY22: 0.82

TRIFR

2.68

Downer's Total Recordable Injury Frequency Rate (TRIFR) /million hours worked
FY22: 2.35

1

Prosecution, 3 fines
FY22: 0 Prosecution, 2 Fines

2

Fatalities
FY22: 0

People

70%
Male



30%
Female



Employees – gender diversity

FY22: 69% Male, 31% Female



20%

Females in Executive roles

FY22: 23%

70%

30%

<1%

Australia

Aotearoa
New Zealand

International

Employees by region

FY22: Australia 71%, Aotearoa New Zealand 28%, International 1%

1. Contingent workers are defined as any account within the Downer Learning management system that does not have an employee ID.

Sustainability snapshot

At Downer, as one of the largest employers across Australia and New Zealand, we are shaping a more sustainable society that uses natural, social and economic resources in a more sustainable manner. Collaboration – with our customers, peers and partners – is essential to this; and further integrating sustainability into the projects we build, operate and maintain.

Downer EDI Limited (ASX: DOW) designs, builds and sustains assets, infrastructure and facilities and we are the leading provider of integrated services in Australia and Aotearoa New Zealand. Our annual Sustainability Report provides our people, customers, investors and other stakeholders with oversight of our sustainability progress. We embed sustainability in the way we deliver our services and operate our business across the Tasman. To Downer, sustainability means being environmentally sustainable; as well as prioritising the safety of our people, sustainable growth, building trusted relationships and ensuring we have a diverse and inclusive workforce.


Sustainability has been a priority at Downer for more than 15 years and the past five years have seen us significantly increase our activity, delivery and performance. Sustainability is more than a compliance or contractual requirement – it is embedded within our Purpose, Promise and Pillars and business activities.

We are committed to a workplace environment where our people return home safely each day, where they feel included and respected, where their health and wellbeing are supported, and where they have opportunities to develop new skills and grow their careers. We also manage the potential impacts of our operations on the environment, and communities in which we operate.

The services Downer delivers for our customers touch the lives of millions of people across Australia and Aotearoa New Zealand every day. However, Downer's impact is deeper than the services we provide. Our size, scope and geographic presence provide us with a platform to create long-term value, leaving a legacy that will enable communities to thrive for generations to come.

Downer believes it is important to support economic growth, social outcomes and environmental sustainability. With a history dating back more than 150 years, Downer has been creating value across a wide range of sectors for multiple generations.

In collaborating with our customers, Downer strives to achieve positive outcomes for our employees and communities, generating long-term and sustainable impact. Downer's creation and distribution of economic value supports stakeholders' right to development.

 For more information on our materiality assessment process, refer to the Downer website

Details of our entities and subsidiaries can be found in the 2023 Annual Report. Our People and Relationships sections of this report and the Annual Report provide greater detail on our economic performance. This includes monetary value added to local economies, employee wages and benefits, taxes, community investment, dividends to shareholders and payments to loan providers.

Materiality assessment

Downer employees, customers, suppliers, communities, investors and partners contribute to our sustainability strategy, response to material sustainability risks and opportunities, and disclosures. This aligns with the focus of the Global Reporting Initiative (GRI 3: Material Topics 2021) and ISSB exposure draft S1¹. Input from these stakeholders has provided a foundation for our materiality assessment, conducted by an independent third party. We adopted the concept of 'double materiality' by assessing materiality from two perspectives:

- Impact of Downer on the economy, environment and people (including their human rights)
- Impact of our sustainability risks and opportunities on Downer's business model, strategy and cash flows.

This Sustainability Report covers the material issues representative of the internal and external stakeholders who participated in the materiality assessment, which are (in alphabetical order):

- Business ethics
- Climate change resilience
- Community engagement
- Data privacy and cybersecurity
- Economic value
- Employee development and engagement
- Employment practices and labour rights
- Governance and transparency
- Greenhouse gas emissions and energy
- Health, safety and wellbeing
- Inclusion and belonging
- Non-discrimination and harassment
- Organisational transformation
- Responsible procurement
- Sustainable products and services

1. <https://www.ifrs.org/content/dam/ifrs/project/general-sustainability-related-disclosures/exposure-draft-ifrs-s1-general-requirements-for-disclosure-of-sustainability-related-financial-information.pdf>

Downer's sustainability commitments

Downer's Board has endorsed the following commitments and targets.



Safety, health and wellbeing

LTIFR target for FY23

<0.90

TRIFR target for FY23

<3.50

Fatalities for FY23

0



Environment and climate change*

By 2032

↓50%

Reduction across Scope 1 and 2 emissions against a 2020 baseline

By 2032

↓30%

Reduction across Scope 3 emissions against a 2020 baseline

By 2050

NET ZERO

Across Scope 1, 2 and 3 emissions



People**

By 2023



30%

Women on the Downer Board



25%

Women in management positions



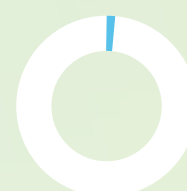
40%

Women in the workforce



25%

Women in executive positions



3%

Aboriginal and Torres Strait Islander employees



Financial

EBITA margin

>4.5%
in FY25

As announced on 27 February 2023

Reset operating model and cost base

>\$100m
in benefits in FY25

* These targets have been set in accordance with the Science Based Target initiative's (SBTi) methodology in line with the Business Ambition for 1.5°C campaign.

** Downer revised its gender diversity targets in June 2023 to apply from FY24-FY26. These targets are referenced on page 34.

Governance

Aspects of Downer's corporate governance practices were subject to internal and external scrutiny in FY23. Downer recognises that corporate governance concerns can negatively impact investors and other stakeholders, including employees and communities in which we operate, and can lead to loss of trust and confidence.


Downer continues to strengthen its internal controls including taking steps to ensure adherence to Downer's Integrated Management System, The Downer Standard (TDS), particularly in areas that have been under scrutiny.

Downer is committed to good corporate governance, which is designed to:

- Achieve our growth potential
- Attain operational excellence and long-term profitability
- Champion integrity, transparency and honesty
- Drive improved contract margins
- Fulfil the expectations of our stakeholders
- Realise value for our investors and shareholders
- Prudently manage risk in the way we operate
- Support informed decision making.

Downer's strategies to realise value for shareholders include its transformed Executive Leadership Team and sector-led operating structure, and the simplification of its portfolio of assets. Downer also has a number of corporate policies that describe how we conduct our business and comply with our legal, regulatory and other obligations, and meet the expectations of our stakeholders. Downer is committed to requiring that all relevant stakeholders act in accordance with these policies.

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

 For further information on Downer's approach to corporate governance please refer to Downer's website.



Transforming Downer

At Downer's Annual General Meeting on 3 November 2022, we committed to exploring strategies to realise better value for shareholders that properly reflects the businesses and capability within our organisation. On 27 February 2023, Downer announced a new Executive Leadership Team and a Group-wide transformation program, to position the company for long-term sustainable success.

Downer's transformation program is targeting benefits of at least \$100 million in FY25.

These benefits are set around several initiatives, one being the integration of our Australian and New Zealand operations, which came into effect on 1 July 2023. The new trans-Tasman sector-led Business Units will create stand-alone Transport, Facilities and Utilities businesses of significant scale, removing cross-geography duplication to accelerate efficiencies and consolidate our technical and management capability into their specialist areas. This will simplify our operations, support sector-led growth, and enable a standardised approach to how we manage our portfolio.

Combining our Corporate Functions in both regions will also eliminate a significant amount of duplicated work and, again, simplify how we support our operational teams.

Other key areas covered as part of this target are fleet optimisation, property footprint and automation initiatives.

A Transformation Office has been established to support the business with the transformation program. The program is more than an operational restructure. It will drive an organisational cultural reset, focused on improving operational excellence and risk management.

Downer has also set a target to improve our average EBITA margin to 4.5% across the business in FY25. Several initiatives are key to this. The \$100 million benefit target is to be delivered by operating efficiencies and synergies is one.

The continued simplification of our portfolio, with a focus on exiting lower-margin operations, is another. Importantly, continued compliance with TDS will also ensure consistency in processes around our project execution, risk management and system efficiency.

For Downer, a successful transformation looks like:

- A simplified business creating greater efficiency
- An environment where everyone is encouraged to look at new ways to solve problems and respectfully challenge each other
- A workplace that taps into trans-Tasman best practice to deliver better outcomes
- A place where initiative is shown, and innovations are shared
- A steadfast focus on operational excellence and a more disciplined approach to risk management
- A culture where everyone is respected, supported and safe to own their differences and contribute to our success – and our customers' success.

Business resilience is critical for the organisation as it adapts to these changes while supporting continuous operations and safeguarding our people, assets and relationships.

This underscores that, for Downer, business resilience is more than just financial resilience – it relates to the resilience of our people, systems and relationships with our stakeholders.



Downer

Board renewal

Downer's Board of Directors underwent significant change in FY23.

On 1 December 2022, Downer announced that, following an extensive succession process, Peter Tompkins (then Downer's Chief Operating Officer) would be appointed Chief Executive Officer and Managing Director of the Downer Group following the retirement of Grant Fenn on 27 February 2023. Mr Tompkins was appointed Executive Director from 1 February 2023.

Non-executive Director, Mark Binns, retired from the Board on 31 January 2023 due to conflicts of interest that became increasingly complex and difficult to manage with Downer's customer base in New Zealand.

On 3 March 2023, Mark Chellew resigned from his role as Independent Non-executive Director and Chairman.

Deputy Chairman, Mark Menhinnitt, was elected as Acting Chairman on 3 March 2023, before being appointed Chairman on 9 March 2023. Mr Menhinnitt joined the Downer Board in March 2022, bringing extensive domestic and international experience in large infrastructure development and urban regeneration, investment management, construction, asset services, operations and maintenance. He held several senior executive roles across a 30-year career with Lendlease, including as CEO of Lendlease Australia.

On 6 March 2023, Downer announced that Peter Watson would retire from his role as Independent Non-executive Director of the Company. Mr Watson will retire effective 30 September 2023.

On 30 June 2023, Downer announced the appointment of Steven MacDonald as Non-executive Director, effective from 1 September 2023. Mr MacDonald is an experienced non-executive director and senior executive with extensive expertise in the water and power sectors delivering engineering maintenance, services and major infrastructure projects ranging from power plants to tunnels to freeways and rail, and has worked in both Australia and New Zealand.

Further Board renewal is underway, with the current focus being to recruit a New Zealand based Director prior to Downer's 2023 Annual General Meeting on 3 November. As of 30 June 2023, the Downer Board comprises five Independent Non-executive Directors and one Executive Director. 50 per cent of the Board are female. The average Board tenure is three years.

As part of Downer's increased focus on risk management, in FY23 we implemented an enhanced monthly reporting framework and have facilitated more frequent and detailed interactions between our Business Units' Chief Operating Officers and the Board.

Business ethics

Downer's reputation is one of our most important assets and the integrity of our people is critical to our ongoing business success.

We have 32,415 people across Australia and Aotearoa New Zealand representing our organisation in the delivery of critical work for our customers and supporting our operations every day.

For Downer, it is imperative that all of our employees uphold the values and behaviours set out in our Standards of Business Conduct and demonstrate the highest level of integrity.

On 2 March 2023, the Independent Commission Against Corruption (ICAC) announced a public inquiry into the conduct of employees of Inner West Council, Transport for NSW (TfNSW), and others including Downer. ICAC commenced its public inquiry on 20 March 2023.

The scope of the inquiry includes allegations relating to certain Downer employees for dishonest conduct. Downer has a zero-tolerance policy in respect of any such conduct. Those individuals who Counsel Assisting referred to in his Opening Statement as facing specific allegations are no longer employed by Downer.

At Downer, all employees, contractors and agents must comply with Downer's Standards of Business Conduct and corporate policies. Downer is committed to complying with the law in all jurisdictions in which we operate, as well as maintaining the reputation of Downer and our people for ethical practice. All suppliers must comply with Downer's policies on anti-bribery and corruption.

Breaking the law is a serious matter, and will be reported to the appropriate authorities. Disciplinary action including termination for misconduct, will be taken against any person who carries out an action (or fails to carry out an action) which results in breaking the law.

Downer aims to create an environment in which our people can raise concerns about conduct which may be inappropriate, unethical, corrupt or illegal or in breach of the Standards of Business Conduct without fear of reprisal, dismissal or discriminatory treatment. Downer's Business Integrity Policy and Our Voice reporting service are designed to protect individuals who report behaviour that is inappropriate, unethical, corrupt or illegal.

Downer is taking the ICAC enquiry very seriously and has commissioned a review, with the assistance of advice from external independent procurement and probity experts, into the relevant control environment with an emphasis on corruption and fraud prevention. The first phase of the review is already complete. Downer is presently considering areas for continuous improvement and the implementation of appropriate measures to strengthen the control environment. Downer will also consider any recommendations from the ICAC findings, when made available.

Timely, honest and transparent disclosures

Downer is committed to providing timely, full and accurate disclosures to ensure compliance with its legal and regulatory disclosure obligations. In FY23, Downer made 78 announcements and disclosures via the ASX and NZX. Of these, 13 were Directors' interest disclosures.

On 8 December 2022, Downer published an announcement regarding historical misreporting of revenue and work in progress in relation to a maintenance contract in its Australian Utilities business. Downer also provided updated FY23 earnings guidance (assuming no further material COVID-19, weather, labour shortages or other disruptions) and committed to providing a further update at its Half Year results in February 2023.

On 12 December 2022, Downer responded to a request for information on ASX Listing Rule 3.1, relating to continuous disclosure. In this response, Downer provided information on when it was aware of information detailed in its 8 December 2022 ASX announcement, and confirmed that it has complied with, and is complying with, the Listing Rules, and in particular Listing Rule 3.1.

On 27 February 2023, Downer published an announcement which confirmed that:

- The misreporting came about through the misapplication of Downer's revenue recognition policy. At the inception of the contract in 2020, contract management carried across a method of recording revenue at month-end that had been applied to a previous contract with the same customer. The new contract, however, was significantly larger than the preceding contract (it incorporated both new geographic service areas and new services, including increased capital works) with over 9,000 work orders issued in any given month, the vast majority of which are completed within the same month; and the need to apply a different methodology was not identified as necessary
- Downer is heavily focused on the remediation of the contract and a detailed recovery plan is being actioned
- Downer has a comprehensive risk management, internal compliance and control system in place, including a detailed revenue recognition policy, that aligns with AASB 15, and must be followed for each contract
- Additional control measures have also been implemented across the Group for all new material contracts' revenue recognition methodology, requiring the approval of the Tenders and Contracts Committee (TCC) prior to the commencement of the contract
- Downer is confident the misreporting was specific to the contract and not replicated elsewhere after undertaking a review of all contracts with a material work in progress balance in Australia and New Zealand.

In a separate announcement on 27 February 2023, Downer also disclosed a further revision to its FY23 earnings guidance.

Following the above announcements, four class actions were filed against Downer (one in the Victorian Supreme Court and three in the Federal Court although the latter three actions have now been transferred to the Victorian Supreme Court). The proceedings include similar allegations that Downer breached its continuous disclosure obligations in relation to the certain matters the subject of the above announcements. The proceedings were filed on behalf of shareholders who acquired Downer shares across similar periods of time.

The Supreme Court of Victoria is undertaking a process to identify which of these overlapping actions should be permitted to progress.

Downer intends to defend the proceedings.

Data privacy and cybersecurity

Downer's implementation of effective privacy and information security practices (including measures to prevent and/or minimise the impact of cybersecurity incidents) is designed to protect employees, customers and other stakeholders (for example, subcontractors and suppliers). Downer's

information assets include any person from whom Downer has collected personal information (including prospective employees and contractors), customer data, supplier data and Downer's commercial in confidence information. Failure to protect this information may result in reputational and financial damage to Downer, regulatory breach, adverse impacts to the wellbeing of individuals whose personal information has been affected, disruption to delivery of products and services, and financial impacts to affected stakeholders (for example, employees, customers, suppliers and investors).

Downer is committed to complying with its legal obligations on the collection, use, disclosure and processing of personal information. In FY23, Downer undertook a review and consolidation of its privacy policy across Australia and Aotearoa New Zealand.

The adoption of an Information Security Management System (ISMS) at Downer has been a strategic decision of the business and a core component of our Information Security Strategy. This management system of policies, standards and procedures describes a risk-based, systematic and structural approach to the identification and management of risks to critical information assets, whilst providing overarching management framework and focus on continuous improvement. The Downer ISMS is available internally to all employees and achieved ISO 27001:2013 certification in 2022. The transition to ISO 27001:2022 compliance will be complete by 2025.

In an ever-changing environment, Downer is continuously monitoring the threat landscape via a number of avenues, alerts and advisories, cybersecurity partner networks and through membership of key technology and cyber industry bodies, including the Australian Cyber Security Centre (ACSC) Partner network.

Our key strategic focus remains on control uplift and optimisation, effective management of sensitive data and ensuring the safety and stability of our critical vendors and technology supply chain.

Cybersecurity and awareness raising, in parallel with improvements enabling our people to report suspicious emails in a timely manner, remains a priority. Mandatory cyber awareness and phishing simulation programs are well established and being delivered across Downer.

The Audit and Risk Committee is responsible for overseeing the well-established risks associated with information security. The Chief Information Officer and Business Unit Senior Leadership brief the Audit and Risk Committee and the Board on cyber and information technology risks.

Business ethics training and compliance

Downer has made it mandatory for its employees to complete Standards of Business Conduct training (refreshed in FY22), and Workplace Behaviour training every two years from the date of their employment commencing. In FY23, 22,875 employees and contingent workers completed Standards of Business Conduct training, and 22,130 employees and contingent workers completed Workplace Behaviour training. These training courses include elements of business ethics including, but not limited to, anti-bribery and corruption, and discrimination and harassment.

Case study

Downer's commitment to delivery

Delivery is one of Downer's four Pillars, and is enshrined within the business.

We are committed to engaging our people and providing them with the right frameworks and tools to deliver quality work consistently.

Incorporated within The Downer Standard is Downer's Delivery Lifecycle – the process of delivering a contract or project from customer engagement through to close-out and/or renewal, inclusive of continual learning and feedback. The Delivery Management Methodology (DMM) is a key component, which provides delivery teams with a framework to guide them through the successful delivery of their projects and contracts.

In 2022 the Delivery Management Learning Pathway was created for Downer employees, to provide participants with the required competencies necessary to apply the DMM in the most efficient and effective manner.

This pathway is composed of the Delivery Governance and Leadership program (DGL), and the three-block Delivery Management Essentials Program (DMEP), which provides the option for accreditation of either Certificate IV or Diploma of Project Management in Australia.

The program launched across Australia and New Zealand in August 2022, with 808 employees across the organisation attending Block 1 of DMEP training, and 163 employees attending DGL. By investing in our people through the Delivery Management Learning Pathway by continuing to provide them with effective frameworks to manage and govern the delivery of their work, we aim to ensure successful delivery outcomes every time, and promote an engaged and successful workforce.

To monitor the effectiveness of our governance framework, we conduct a biannual assessment of our senior executives and senior managers through the Financial and Corporate Governance Self-Assessment (FCGSA). Downer's senior executives and senior managers are required by the Board to undertake the FCGSA to determine the compliance of their respective areas with financial and corporate governance policies and to provide a declaration on the outcome of this assessment. The surveys were completed by 100 per cent of required senior executives and senior managers.

Tax contributions

Downer believes in transparency about the taxes we pay and our approach to governance and risk management.

Downer makes a vital contribution towards the economic prosperity of the communities in which we operate, employing 32,415 people, primarily in Australia and Aotearoa New Zealand, and supporting communities through partnerships with non-profit organisations. The profits earned by Downer are taxed at the applicable corporate tax rate.

Franking credits are generated from the payment of Australian income tax, which are passed on to shareholders on the distribution of franked dividends. Downer is also subject to fringe benefits tax (FBT), goods and services tax (GST), payroll tax, land tax, stamp duty and other taxes. As well as being subject to these taxes, Downer also collects and remits 'pay as you go' (PAYG) and 'pay as you earn' (PAYE) taxes on behalf of its employees and withholding tax. For further information, refer to our most recent Tax Report.

Risk and opportunity management

Downer's Board and Executive Leadership Team have focused considerable effort throughout FY23 on ensuring our risk management policies are applied consistently across the organisation. To help strengthen Downer's approach to risk and opportunity management, a new Executive role of Chief Risk Officer has been established, with an appointment to be made during FY24. Downer's goal is to manage risks and opportunities in a proactive and effective manner. This increases the likelihood of good business outcomes, protects and creates value, and assists us in meeting our obligations to shareholders, customers, subcontractors, suppliers, employees and the community. Downer's Risk Appetite Standard outlines risk appetite statements and tolerances approved by the Board. Over the past 12 months, Downer's Board and Executive Leadership Team have focused considerable effort on ensuring that our policies are applied consistently across the organisation.

Downer's risk and opportunity management approach was reviewed in FY23, to ensure that it is robust and that roles, responsibilities and accountabilities are clear.

Following this review, Downer is committed to:

- Embedding a robust, structured, consistent and proactive Risk and Opportunity Management Standard that aligns with ISO 31000:2018 and other relevant requirements
- All roles, responsibilities and accountabilities across the three Lines of Defence model for identifying, assessing, managing, monitoring and reporting risks and opportunities being clearly understood and acknowledged
- Its approach reflecting Downer's Pillars and Values, and supporting business objectives and informed decision making
- Improving operational performance and management through effective risk management
- Building a risk-aware culture, and integrating sound risk management practices into strategic planning and day-to-day operations
- Effective risk assessments being conducted when:
 - Developing business plans
 - Managing strategic or operational changes in the business
 - Assessing business development opportunities and tendering
 - Negotiating and executing contracts
 - Planning and executing projects
 - Reviewing projects, contracts and other activities
 - Implementing continuous improvement practices.

In FY23, Downer's Internal Audit and Risk function completed 19 internal audits comprising six project reviews and 13 key business process reviews. There were two audits completed across all Business Units specifically related to Zero Harm, which focused on Subcontractor Management and Vehicle and Mobile Plant Management.

Project and contract management

Downer's Delivery Management Methodology (DMM) sets out the 'Downer Way' of delivering projects and contracts. It consists of the procedures, processes and tools that are designed to make the way we deliver work consistent and repeatable and provides certainty and value for money for our customers.

Implementation of the DMM progressed in FY23, incorporating feedback to improve guidance on its practical implementation. In FY23, Downer also conducted an internal review which identified opportunities for projects to more consistently adhere to the DMM.

In response, we are reinforcing the Three Lines of Defence focus to ensure that, as part of Downer's new trans-Tasman operating model, we have clearly defined organisational accountability at every level; and that risk and opportunity management becomes more embedded in our culture.

The new Chief Risk Officer role will be responsible for overseeing Downer's risk management framework, ensuring more consistent adherence to the DMM and tying in the third Line of Defence functions, including Internal Audit and Assurance.

Environment and climate change

Sustainability is one of Downer's four Pillars, and articulates that minimising harm to the environment and the communities in which we operate is a fundamental value for our business.

The world is facing unprecedented challenges to the natural environment, with threats stemming from climate change, biodiversity loss and resource scarcity. Our stakeholders – including regulators, customers and investors – are demonstrating increased expectations of how companies, such as Downer, minimise and manage their environmental impacts.

Downer consults with industry and regulators to ensure that legislative changes are understood and embedded in The Downer Standard. We recognise that providing our products and services can have both positive and negative impacts on the environment. Primarily, these impacts are:

- Greenhouse gas emissions and energy consumption from our own operations and value chain
- Opportunities to make our operations, activities and products and services more resilient to climate change risks
- Opportunities to support our customers and provide products and services that enable climate change mitigation and adaptation
- Direct impacts to land, air and water from our services, projects, construction activities, assets and operations (for example, offices and depots).

The effective management of our environmental challenges and impacts is fundamental to Downer's approach to the delivery of our services. We place significant emphasis on having effective controls implemented through our Critical Risk program and continuous improvement through lessons learned to sustain the natural environment for future generations.

 For further information on Downer's approach to managing its environmental impacts please refer to Downer's website.



Case study

Protecting biodiversity – from moving mussels to caring for kiwis

Downer places high priority on protecting the environment and strictly adheres to environmental requirements. We work with customers and partners to minimise the impacts of projects on the environment, and contribute positively where we can.



As part of the NEWest Alliance, operating near Perth in Western Australia, Downer participated in the careful relocation and protection of a cluster of rare and environmentally threatened freshwater mussels of the Canning River (Djarlgarra). An environmental survey undertaken before works began on new bridges in the Thornlie area identified the small group of Carter's freshwater mussels on the river's north bank, and the need to relocate them to avoid potential impacts from vibrations during piling. In the presence of Aboriginal observers, ecologists carefully removed the mussels by hand and released them the same day into a suitable habitat further up the river.

Across the Tasman, Downer is also caring for biodiversity as a proud member of the Mt Messenger Alliance. Supporting native species to thrive is among the key goals of Te Ara o Te Ata: Mt Messenger Bypass.

This is shown in the project's care for kiwi living in the nearby Parininihi Forest. Since the start of the project, ecologists from the Alliance have been finding, monitoring and fitting transmitters to kiwi. This aims to help boost their numbers after many years of population decline and keep them away from construction zones.

The primary cause of decline is the presence of pests in the area – which the Alliance is targeting through ground and future aerial pest management activities. To support kiwi survival, eggs found by the team were taken to offsite sanctuaries. This allows the hatchlings to grow in a predator-free environment and reach a large enough weight to fend for themselves against predators such as stoat. Young birds are then returned to the local forest.

Environmental compliance

In FY23, Downer continued to meet its Group-wide target of zero environmental prosecutions, and zero significant environmental incidents¹.

Regrettably, Downer was issued an Environmental Penalty Infringement Notice (PIN) during FY23, resulting in a fine of \$8,140. The Northern Territory Environment Protection Authority issued the PIN to Downer EDI Works Pty Ltd. The fine was imposed due to a breach of section 80(3) of the *Waste Management and Pollution Control Act 1988*. The incident occurred when one of Downer's work crews, while resurfacing a road bridge, disposed of excess asphalt profilings in the nearby watercourse. The profilings were removed and the watercourse was remediated.

Environmental fines and prosecutions

	2023	2022
Significant incidents ¹	0	0
Fines	1	2
Prosecutions	0	0
Infringement notices (\$AUD)	\$8,140	\$13,617

Climate change

Climate change is a significant global challenge. It is not only an environmental issue, but also a human rights issue, with potential impacts on life, health, food and living standards that threaten the economy, our communities and our future.

At Downer, we are committed to integrating climate change management into our business decisions to enable us to meet our net zero commitments and minimise climate change risks. Downer has considered the risks and opportunities from climate change for many years; formally in our first Taskforce for Climate-related Financial Disclosures (TCFD) analysis in 2018, which was updated in 2022. For further information, [Downer's Climate Change Report](#), released in 2022, provides comprehensive information on Downer's response to the risks that climate change poses and the opportunities that addressing climate change presents. The Climate Change Report aligns with the recommendations of the TCFD, and builds on Downer's earlier disclosures.

Climate change represents both risks and opportunities for Downer, which have the potential to significantly affect our business activities and financial performance, employees and communities. Downer is not exempt from the physical risks of climate change, which according to the science are expected to intensify over time. Extreme weather events, natural disasters

and changing weather patterns have the potential to disrupt our operations, as we have experienced in recent times.

Downer recognises that climate resilience, adaptation and a just transition are key considerations when incorporating climate change within our business strategy and activities. Downer provides essential products and services that positively contribute to society's climate change resilience and response to and mitigation of climate change impacts. Downer is well positioned to play a critical role in the transition to a lower carbon economy and by providing products and services that support our customers to respond to, adapt to and mitigate the impacts of climate change. This includes:

- Supporting and providing lower emissions products and services, R&D and innovation such as alternative fuels, electrification, and lower carbon products (for example, Reconophalt™, Downer's sustainable asphalt product)
- Providing lower emissions design, build, operation and maintenance of assets and infrastructure (for example, energy efficiency, sustainability ratings)
- Adaptation and mitigation services (resilience infrastructure, disaster response, repairs or rebuild).

Downer plays a role in assisting employees and communities that are vulnerable to the effects of a changing climate. Downer provides support to emergency services and communities during extreme weather events, which are expected to increase in severity and frequency as a result of climate change. Downer also performs recovery, rebuild and restoration of community infrastructure through our New Zealand Transport business, Australian Road Services business and Utilities business. This year, both the East Coast of Australia and Aotearoa New Zealand experienced devastating flooding, as well as a significant cyclone in Aotearoa New Zealand – and Downer was proud to assist in the clean-up and repair.

Downer has a leading presence in most of the major sectors critical to the energy transition and has identified significant opportunities to contribute further, while also supporting the net zero commitments of our government and private sector customers. These include:

- Renewables
- Sustainable transport
- Energy/emissions storage
- Alternative fuels
- Energy efficiency
- Land-based solutions
- Electrification
- Lower carbon products.

1. A significant environmental incident or significant environmental spill (≥ Level 4) is any environmental incident or spill where there is significant impact on or material harm to the environment; or an incident or spill that results in a significant impact or material harm; or there is long-term community irritation leading to disruptive actions and requiring continual management attention.

Case study

Responding to transition risks through energy efficiency initiatives

Our Road Science team in New Zealand is dedicated to reducing energy consumption and carbon emissions in our bitumen plants. Our efforts have yielded results, with emissions reductions and a clear demonstration of our commitment to sustainability.

Partnering with the Energy Efficiency and Conservation Authority (EECA) in 2020, a comprehensive carbon reduction roadmap was developed for our Aotearoa New Zealand facilities.

This ongoing initiative helps us overcome challenges such as industry infrastructure limitations and drives our research and implementation of low-carbon technologies in bitumen storage and manufacturing.

In 2022, we electrified a 5.5 million litre bitumen storage tank in Lyttelton. This retrofitting effort reduced carbon emissions by 245 tCO₂-e annually, equivalent to planting 7,500 trees. Continuing our journey in 2023, the Bluff project focuses on hybrid energy solutions and upgrades to further reduce carbon emissions.

Downer has also created a Decarbonisation Fund dedicated to supporting initiatives and projects that are aligned to our plan to achieve net zero by 2050. It is available to Business Units to fund initiatives that result in structural decarbonisation.

In 2023, Downer was proud to see the first project delivered through the Decarbonisation Fund. Our New Energy team, part of the Utilities business, worked closely with the Australian Road Services business to deliver 200kW of rooftop solar at the newly built Brendale Sustainable Road Resource Centre in Queensland. This is designed to deliver savings of approximately 253 tCO₂-e each year. This is the first of a number of facilities that are planned to undergo optimised solar array installations in 2023, with construction already underway at Downer's Bayswater facility.



Case study

Repairing and rebuilding after natural disasters

There is no better example of Downer's role in enabling communities to thrive than in the days and weeks following Cyclone Gabrielle, which devastated New Zealand's North Island East Coast in February 2023.



Our New Zealand team is regularly at the forefront of emergency response to natural disasters. Downer teams mobilised quickly in the days following the cyclone to help restore connections and essential services for the worst-affected communities all over the North Island. This was on top of repairs in the Auckland region, after extensive flooding from the weekend of 28-29 January.

"It makes me incredibly proud that Downer has been able to prioritise the commitment of our people, capabilities, experience and equipment to restore and strengthen critical infrastructure for these East Coast communities as quickly as possible," Downer Group CEO, Peter Tompkins, said.

"We have been part of the recovery since day one – in the immediate response to the cyclone in February, our teams worked tirelessly to restore road, rail and bridge access for communities. But the work is really only just beginning – and it will take years to complete."

Our teams worked to keep people safe during and after the event with clean-up and recovery to re-establish road and utility connections and to support people to be reunited with loved ones. This included repairs to roads, and to utilities including power, water and telecommunications services.

For example, in the direct aftermath of the cyclone, we collaborated with industry partners to open a temporary Bailey bridge in Rissington that connects the community to vital services, after the cyclone devastated the region. The effort involved Downer, industry peers, many subcontractors, and locals who came together to establish a reliable and safe route across the river. Downer manages and installs New Zealand's Bailey bridge stock for Waka Kotahi NZ Transport Agency. Through collaboration between local contractors, we were able to efficiently deliver and install the Bailey bridge over four days. The temporary installation of the bridge provided a safe and reliable access route for the Rissington community, allowing them to connect to vital services.

During these recovery events, the safety of our people was our priority, with all employees accounted for. As many of our depots were severely impacted, fatigue was a critical risk that was proactively managed as the recovery progressed.

Following the immediate recovery efforts, in April 2023 it was announced that Downer had signed an Interim Alliance Agreement to support the long-term rebuilding of critical infrastructure.

Downer's energy consumption and subsequent greenhouse gas emissions contribute to a changing climate. In particular, Downer's emissions-intensive business activities include the manufacture of asphalt and the operation of our fleet to conduct essential works. These are fundamental products and services delivered by Downer, and are therefore important focus areas for the decarbonisation of our operational emissions.

Downer's decarbonisation strategy

Downer's Decarbonisation Strategy consists of seven key areas related to our electricity consumption, use of emissions intensive fuels, and supply chain emissions.



Increasing focus on Urban Services
(Transport, Utilities, Facilities)



Increasing uptake of renewables,
both on and off grid



Continuing focus on energy efficiency
and GHG emissions reductions



Reducing our Scope 3 emissions



Decarbonising fixed assets with
new technology and fuel switching



Offsetting residual emissions¹



Decarbonising our fleet through
EVs and alternate fuel vehicles

In alignment with the commitments outlined in Downer's 2022 [Climate Change Report](#), and as part of our continued commitment to measuring, mitigating and managing climate-related risks, Downer undertook the following actions in FY23:



Continued to prioritise and progress climate-related risks and opportunities and further embedded these within the Group and Business Unit strategies.

Enhanced focus on climate change in Board and Executive Leadership forums and strategic planning sessions.

Continued to embed climate change requirements in the Decarbonisation Plan component of the STI program to operationalise decarbonisation efforts, some of which are detailed below.



Increased uptake of renewables, both on and off grid.

Delivered the first two significant solar projects supported by the Decarbonisation Fund in the Australian Road Services business (Brendale and Bayswater Asphalt Plants)

Endorsed procurement of large-scale generation certificates to support renewable energy consumption commitments in FY24. This will support the direct decarbonisation of Downer's Scope 2 emissions, and our customers' Scope 3 emissions.



Progressed the decarbonisation of our fleet through electric vehicles and alternative fuel vehicles.

Expanded light vehicle fleet decarbonisation initiatives, through the purchase of 314 hybrid and 34 electric vehicles, and launched the Driving Towards Net Zero program in Australia and Idling Reduction program in Aotearoa New Zealand.



Focused on our Scope 3 emissions data.

Continued to participate in the CDP Supply Chain program, where we leveraged Business Unit engagement to collect actual supplier data, where possible.

Joined the Climate Leaders Coalition Scope 3 Working Group to ensure that Downer's approach to data and engagement remains in line with industry standards.



Furthered exploration and integration of climate considerations into capital allocation.

Cross-functional discussions held on the integration of carbon considerations into the financial statements and processes. The discussions included capital allocation, shadow carbon price introduction, and formalisation of the Decarbonisation Fund established in FY22.



Commenced review of key internal documentation.

Reviewed The Downer Standard and communication protocols in relation to physical climate considerations in bids, tenders and contracts.

1. This strategy will not be pursued until 90 per cent of Downer's GHG emissions reductions are achieved in accordance with the SBTi methodology.

Downer's energy and emissions performance

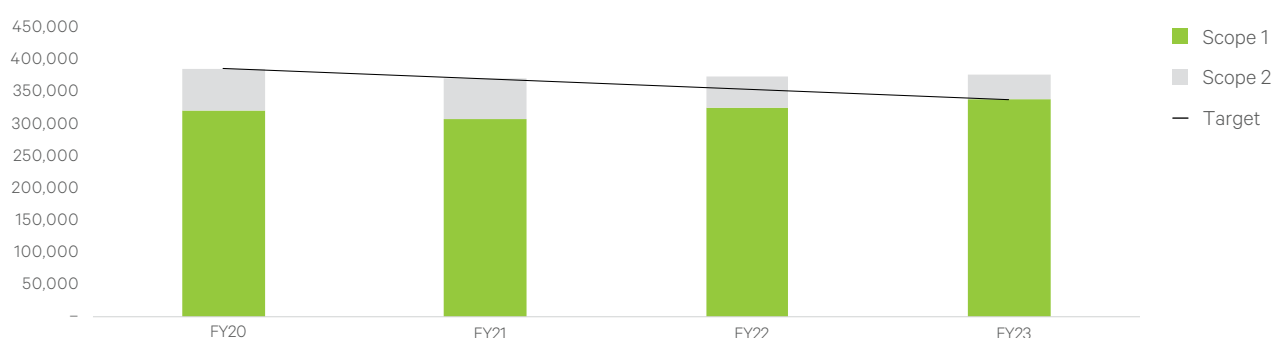
In FY23, Downer's total operational emissions (Scope 1 and 2) was 378,583 tCO₂-e. This increased by two per cent from FY22. This was due to an increase in Scope 1 emissions, largely attributable to increased business activity in our Australian Road Services and New Zealand Transport businesses. As a result, Downer's performance exceeded our Science-Based Aligned Target for FY23 of 336,944 tCO₂-e by 12 per cent.

The target has been restated to account for an alignment to a 1.5°C trajectory, and a 2020 baseline that excludes significant divestments that have subsequently been made (Mining and Laundries). Downer continues to monitor, investigate and implement technologies to decarbonise its direct operations as they become feasible. At present, Downer's major emissions sources in its asphalt plants and fleet have limited lower carbon intensity options to replace fuels at scale.

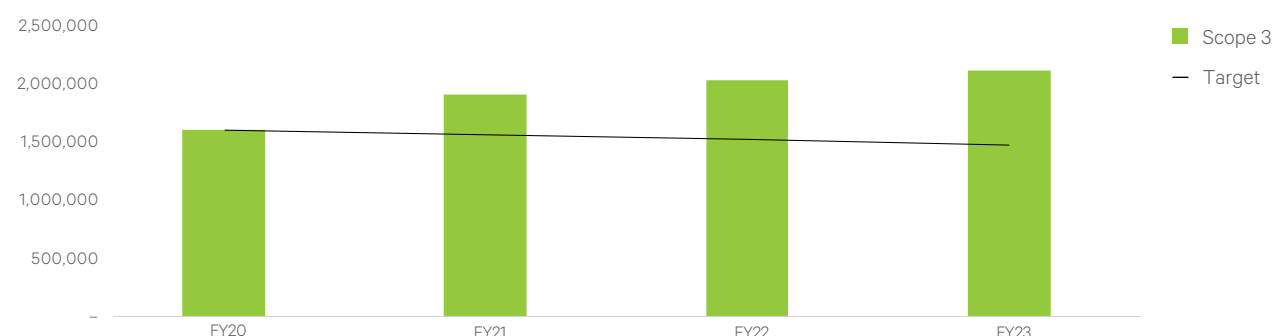
Emissions performance

Metric	2023	2022	% Change
Scope 1 (tCO ₂ -e)	339,179	325,582	4%
Scope 2 (tCO ₂ -e)	39,404	47,352	-17%
Scope 3 (tCO ₂ -e)	2,003,730	1,952,507	3%
Total Scope 1 and 2 (tCO₂-e)	378,583	372,934	2%
Scope 1 and 2 emissions intensity (tCO ₂ -e/\$AUDmil)	30.00	31.11	-4%
Total Scope 1, 2 and 3 (tCO₂-e)	2,760,897	2,325,441	19%

Science-Based Aligned Target performance Scope 1 and 2 – absolute emissions (tCO₂-e)



Science-Based Aligned Target performance Scope 3 – absolute emissions (tCO₂-e)



Downer is also tracking its performance against its Scope 3 Science Based Aligned Target of a 30% reduction by 2032, from a 2020 baseline. While our performance shows that we are exceeding our target in 2023, we are continuing to focus on improving our percentage of actual data collection through engagement with our suppliers, replacing the portion of spend based estimates that currently make up our data. We are particularly focused on sourcing actual data across our materials used in our products, such as asphalt. This will provide Downer with a better feedback loop to track improvements in emissions performance in its value chain.

Downer's Scope 1 and 2
emissions in FY23

10%

emissions from electricity

10%

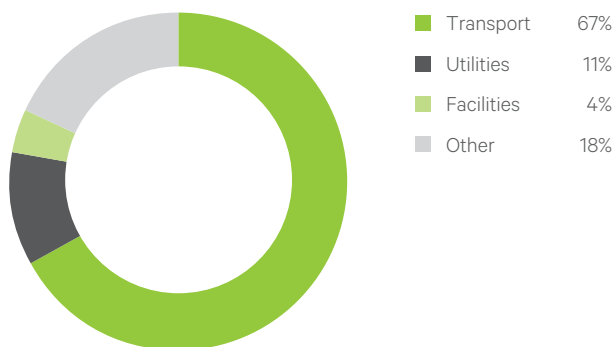
emissions from natural gas

80%

emissions from liquid fuels

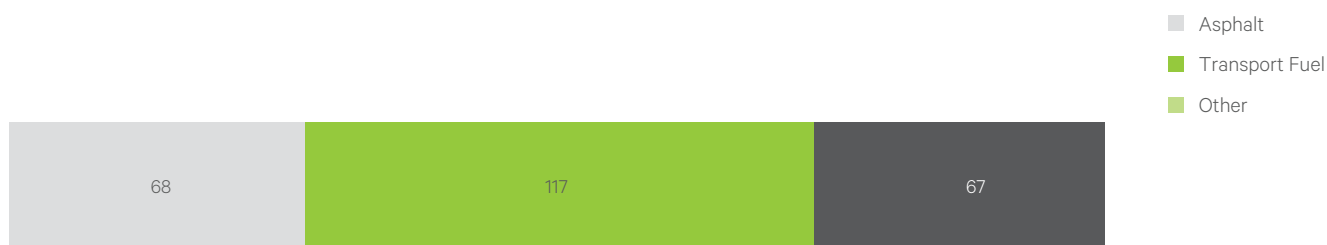


Breakdown of Scope 1 and 2 emissions by sector (%)



The majority of Downer's Scope 1 and 2 emissions is derived from the Transport sector, and the use of liquid and gaseous fuels throughout its light and heavy vehicle fleet, as well as its asphalt, bitumen and concrete plants.

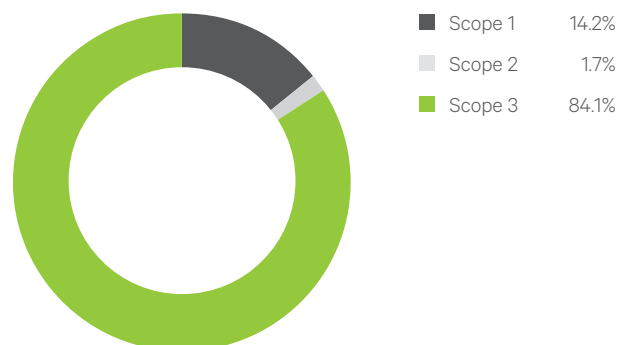
Downer's Scope 1 and 2 emissions profile by use (ktCO₂-e)*



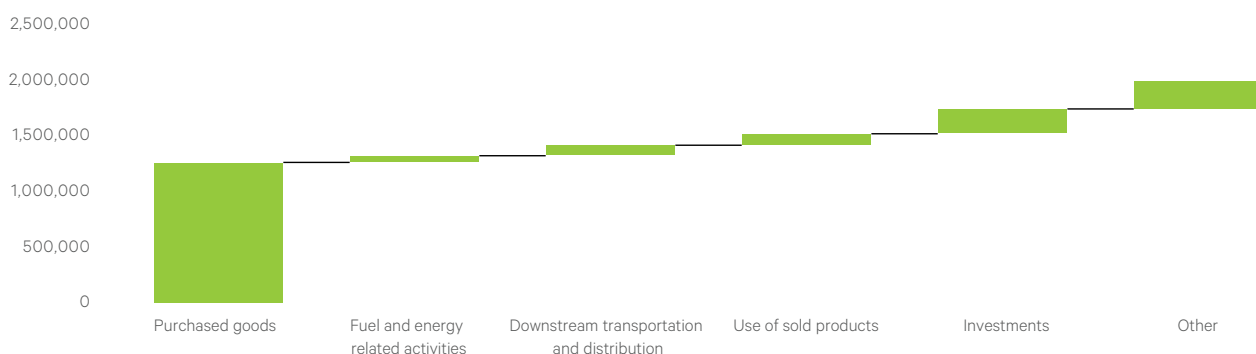
* Excludes subcontractor emissions

Emissions by type (%)

Downer's largest emissions source is Scope 3 emissions, with purchased goods and services our most material Scope 3 emissions source. Other significant sources are lifecycle emissions from asphalt production, downstream emissions from the transport of goods produced by our Minerals Technologies business, emissions from our joint ventures and associates, and the extraction, production, and transportation of fuels and energy purchased by Downer.



Scope 3 emissions by category (tCO₂-e)



Safety, health and wellbeing

The safety, health and wellbeing of our workforce is our first priority. Our workforce has the human right to a safe and healthy work environment. This is fundamental to Downer, as a capable and thriving workforce is key to delivering operational excellence.

We believe that our work can be performed in a way that is safe for our workers, the environment, our business, and the communities in which we operate. This well-established and deeply-held belief is founded on the principle of Zero Harm to our people and communities. For our people and delivery partners, this is a consideration when choosing to work with us. We know that strong health and safety performance is important for the success not only of Downer, but of our customers and our delivery partners. We understand that we have a role in delivering improvements and thought leadership to our industry sectors, to drive advancements in industry performance.

Some of the sectors we work in are regarded as high-risk due to their inherently hazardous nature. However, we have confidence in the content of our ISO 45001 certified management system to give the necessary framework, information and instruction to our people. We also believe in the competence and expertise of our people to deliver safe outcomes on the ground. Downer is committed to continuous improvement and compliance with all relevant work health and safety laws, road and rail safety laws, regulations, codes of practice, licences and project-specific requirements in the jurisdictions in which we operate.

Downer's Lost Time Injury Frequency Rate (LTIFR) for FY23 was above target (<0.9) at 0.90, and was higher than the FY22 result of 0.82. The Total Recordable Injury Frequency Rate (TRIFR) was below target (<3.5) at 2.68 but was higher than our FY22 result of 2.35. The decline in the performance of these lagging indicators in FY23 is due to an overall increase in injuries that required time off work of one or more shifts, primarily in our Facilities and Asset Services business and Australian Road Services business. In addition, our New Zealand Transport, Australian Road Services and Utilities businesses had increases in injuries requiring medical treatment which impacted the TRIFR performance.

Incidents are investigated with actions to prevent recurrence identified and tracked to closure. Relevant lessons are shared across Business Units. Trends are reviewed and addressed at Business Unit level and are considered by Communities of Practice, as relevant. Despite the deterioration in these results, Downer's performance remains superior to industry benchmarks published by Safe Work Australia for all industries in which Downer operates, the lowest of which relates to Architectural, Engineering and Technical Services with an LTIFR benchmark of 1.4¹.

Sadly, in FY23 Downer experienced two workplace employee fatalities. A long-term Downer employee in New Zealand died in August 2022 following a motor vehicle event. Downer is treating this as a workplace fatality, although the employee was assisting a member of the public at the time. This event serves as a reminder of the challenges posed by changing environmental conditions, prompting us to maintain a strong focus on risk management during any activities that may lead to harm. In December 2022, an employee from Downer's Utilities business was undertaking meter reading duties for our customer, Energy Queensland, in a property in Greenbank, south of Brisbane, when fatally attacked by dogs on the property. Downer has extended its sincerest condolences to the employees' families and colleagues, and we continue to support them following these tragic incidents.

Downer Group safety performance

	2023	2022
LTIFR/million hours worked	0.90	0.82
TRIFR/million hours worked	2.68	2.35
Fatalities	2	0 ²

1. 2022 Safe Work Australia Industry Benchmarks <https://www.safeworkaustralia.gov.au/doc/lost-time-injury-frequency-rate-spreadsheet>

2. In FY22, Downer disclosed a reportable fatality in its New Zealand business following an unfortunate fall from height incident. At the time, the cause of death was unconfirmed, and Downer treated this event as a workplace fatality. With the fullness of time, we understand the cause to relate to an unexpected medical event. Therefore, Downer has restated its FY22 safety performance to record zero fatalities.

Case study

Using AI to keep our people and communities safe

What started as a ‘how could we use technology to improve safety?’ conversation between Downer colleagues quickly turned into reality last year, with the piloting of mobile cameras that leverage artificial intelligence to automatically report critical safety risks.

HSE Manager – Northern, Simon Straessle, and Regional Engineering Manager – Northern, Nipun Jayaweera, were at a road site in the Auckland region, when talk turned to how using innovation can help people stay safe and get them home safely.

Downer’s Transport team in New Zealand has built a strong partnership with digital technology expert, RUSH, which is well-known for developing NZ’s COVID-19 Tracer app. They brought together a number of Downer construction and safety experts along with RUSH technology experts to bring their idea to life in the form of R/Vision.

The R/Vision pilot involved mobile cameras that use artificial intelligence to automatically report critical safety risks.

This supplies real-time information to frontline workers to support them to make the right decisions and prevent harm. It also enables adjustments to be made onsite using data and information via alerts, predictive analytics and automated risk assessments. This can create a safer environment for members of the public and crews onsite, while also collecting data and information on our projects.

“This is a great example of how building strong relationships and working in an agile way with the latest technology can produce great results and potential for future growth,”

National Digital Engineering Lead, Cameron Hyndman, said.



Safety compliance

Downer received the following fines in FY23:

- On 4 August 2022, the New Zealand Hawkins business incurred a heavy vehicle Infringement Notice of NZD\$350 for being overloaded on the rear axle.
- On 12 May 2023, the Utilities business received an Infringement Notice of AUD \$3,000. The notice was issued in relation to an incident involving excavation work that led to a strike of an underground electric cable. No one was harmed as a result of the event. The notice was issued for failing to maintain a safe distance during the excavation, which could have prevented the asset strike.

Downer was subject to the following legal proceedings in FY23:

- Downer EDI Works Pty Ltd was prosecuted in the Northern Territory for a breach of the Motor Vehicle (Standards) Regulations for overload of the triaxle by 1.95 tonnes. Downer incurred a fine of AUD \$1,700 and a Victim levy of AUD \$1,000.
- Fowlers Asphaltting was charged with an alleged breach of the Occupational Health and Safety Act 2004. This prosecution relates to technical breaches of the regulations and did not arise from an incident, injury or damage to equipment. A conviction was not recorded for this offence and instead, Fowlers was issued a 12-month good behaviour bond and issued an AUD \$10,000 fine including AUD \$7,934 in prosecution costs.

Safety fines and prosecutions

	2023	2022
Fines	3	2
Prosecutions	1	0



For further information on Downer's approach to safety, health and wellbeing please refer to Downer's website.

Critical risk management

Downer continues to strive to better understand our critical risks and deliver industry-leading risk management. We have made a significant commitment to improving data integrity and analytical capabilities within our Zero Harm digital systems. This aims to provide a robust foundation for enhanced data analytics and reporting. We made strides in harnessing the power of Natural Language Processing (NLP) and other machine-learning techniques in FY23. These advancements were aimed at aiding our Critical Risk Communities of Practice, enabling them to efficiently analyse large data sets that would otherwise require considerable human effort.

Through analysis of incidents with material consequences and high potential incidents, we identified our highest critical risk exposures for FY23:

- Working with Vehicles and Mobile Plant
- Working at Heights
- Working in Vicinity of Existing Services
- Working with Electricity
- Violence and Aggression.

Our critical risk exposure profile is consistent with previous years and driven by the nature of work we do. Working with Vehicles and Mobile Plant combines multiple previous critical risk categories including working with mobile plant or equipment, vehicles and driving and working with live traffic. The addition of violence and aggression reflects an improved understanding of our exposure to violence and aggression (primarily by members of the public towards our employees) across a range of exposure groups, as opposed to a material increase in actual cases of violence and aggression.

Our critical risk program is embedded in our business. Through this program we have identified those risks – and the causal pathways which result in the risks arising – which have the potential to fatally harm or seriously injure our workforce. We focus on eliminating the hazard or the risk arising or putting in place critical controls to prevent the risk arising, and then monitoring the presence and effectiveness of these controls.

In FY23, there were 19 active Communities of Practice. Downer's Community of Practice forums consist of operational personnel with experience in, and who deliver works associated with, a particular critical risk or activity. The forums meet on a monthly basis and harness the expertise of our people and operational requirements.

The key deliverables of these Communities include defining master risks and controls, finalising bowtie consolidations, mapping relevant regulation to controls, conducting gap analyses of TDS standards and procedures, and producing training and awareness packages or collateral.

In FY23, notable outcomes of the Communities of Practice that relate to the highest critical risks exposures included:

- An animated awareness video highlighting two of our greatest risks associated with Vehicles and Mobile Plant; Plant and People Interaction, and Uncontrolled Movement of Vehicles and Mobile Plant
- A short video on the dangers of arc flash which raised awareness about the risks of working in and around energised switchboards
- A unified Portable Ladder Compliance Guideline and Safe Work Method Statement that specifically sets out expectations and requirements for use of all types of portable ladders.

We continue to integrate the outcomes from our Communities of Practice forums, including updates to standards and procedures, inspections and critical control verification activities. Through our Communities of Practice and critical risk management program, we have also:

- Utilised artificial intelligence to:
 - Analyse our incident data for electrical and hazardous chemical risk trends
 - Help with development of generator tools related to our control framework structure
 - Analyse and improve critical risk management
- Collaborated with external experts, on the development of next-generation risk modelling, which explores technology to optimise identification of risk and analyse data utilising situational reasoning, machine learning and artificial intelligence
- Reviewed 90 per cent of our critical control datasheets to define the function of each control, clearly articulate control requirements and provide the business with useful advice on how to apply the control to drive consistent achievement of control functions across the Group.

Downer adopts a continuous improvement mindset and works to improve our safety performance and management of risk. The ongoing use and refinement of our safety management system, training and critical risk management program helps us to improve our performance and the health, safety and wellbeing impacts of our workplace.

We are continuing to improve the accuracy of the machine learning models and are beginning to use them to analyse patterns of incident response actions relating to our critical risks. This seeks to highlight actions that could be implemented to prevent incidents occurring in the first place.





Collaboration and innovation

Downer works closely with our industry and customers to raise awareness of critical risks onsite and to achieve improved health and safety performance and outcomes. For example:

- Our Logan Water Partnership team partnered with local emergency services operators to develop a trench collapse training video. The video featured two team members sharing their personal accounts of experiencing a trench collapse in their workplace. The video also included a mock trench collapse, where a dummy worker is trapped and needs to be carefully rescued, to show the correct safety procedure and ensure our people are equipped to manage high-risk incidents.
- Innovations by the Trentham to Upper Hutt tracking team have been recognised at several industry awards, including Engineering New Zealand's ENVI Innovation Award; RICS Innovation Award; Anthony Harper Innovation Award; and Finalist in the Australasian Rail Industry Awards Innovation and Technology Award. Downer has collaborated with Aurecon and KiwiRail on the digital shield technology innovation, which is designed to help protect overhead power lines and other sensitive areas by locking the controls of excavators if part of the machine makes contact. Digital shields protected workers and kept trains running on KiwiRail lines near Wellington during the delivery of the Trentham to Upper Hutt Project – the first of its kind to harness an invisible digital shield in the railway corridor. The result is increased safety for excavator operators, as well as for the thousands of passengers on their daily commute.

Health and wellbeing services

Since 2018, Downer has taken positive steps to change the conversation around mental health and wellbeing. Downer recognised that mental health is a growing societal issue, and created a dedicated Group Health function and multi-tiered strategy to help Downer employees and their families manage their health and wellbeing. A key element of this strategy is widespread training in accredited Mental Health First Aid (MHFA) across both Australia and Aotearoa New Zealand.

This is helping to develop a more open culture around discussing mental health issues and encouraging help seeking. It also supports awareness that health and wellbeing is an important aspect of keeping our people and our communities safe and thriving. In FY23, Downer trained 625 employees in MHFA across Australia and New Zealand. In July 2022, Downer was proudly awarded 'Skilled Workplace' recognition by MHFA Australia. Of 200 registered workplaces, Downer is one of only 11 Australian companies recognised at this level.

We understand that holistic wellness has a significant impact on an individual's ability to thrive at work, which in turn affects the success of our teams and the overall business. In our modern world, we understand that individuals potentially face many stressors and may be pulled in multiple directions between home and the workplace.

Downer is committed to driving early intervention support services for our people via training in MHFA skills, offering a robust Employee Assistance Program (EAP) and supporting community mental health organisations.

Downer supports the health and wellbeing of our people and broader communities through a range of strategic programs and initiatives. The Group Health function is dedicated to meeting the health and wellbeing goals of our business, workforce, broader stakeholders and their families. Group Health focuses on holistic wellbeing, with a rolling calendar of engagement events and campaigns communicated across the organisation to keep people informed and connected.

As part of our health and wellbeing strategy, Downer also continues to deliver bespoke training to our people on topics including:

- Common mental illnesses and the basic neuroscience behind these illnesses
- De-stigmatisation of mental health issues, while encouraging proactive health and wellbeing
- Empathic leadership, personal resilience and delivering best practice health and wellbeing protective factors.

Registered allied health professionals are also available to provide complex case support and subject matter expertise for Downer management, People & Culture, Zero Harm and Injury Management teams.

These services include, but are not limited to, personal relationships, career and workplace issues, child and family support, financial management, legal advice, conflict, and health and lifestyle support. The service also provides response support following critical incidents. Downer transitioned to a new EAP provider across its Australian business in March 2023. Group Health reviewed and updated all existing EAP related collateral and supported the successful establishment of the new provider throughout the business.

Our dedicated health services are accessible and promoted through Downer's Group Health and Zero Harm professionals and dedicated communication platforms (internal and external webpages, onsite toolbox talks, and through communication campaigns).



Encouragingly, we have seen a number of initiatives across the organisation in FY23 that reflect the momentum being created by the Group Health team, including employee participation and site or office support in:

- Dedicated awareness-raising events such as R U OK? Day
- Fundraising activities such as Movember, push-up challenges, marathons and other sporting events
- Project-facilitated mental health awareness sessions
- Focused campaigns such as team walks and the rollout of eye-catching PPE shirts designed to start conversations on mental health (see case study, page 31).

In Australia, Downer's investment in mental health proudly includes being the Major Partner and Tax Appeal Matched Giving Partner of Beyond Blue. In May 2023, we announced we have extended our partnership into a third year, with Downer again matching all donations during Beyond Blue's Tax Appeal up to \$250,000. In 2021, Downer helped raise \$1,081,061 – Beyond Blue's most successful appeal ever. In 2022 we helped Beyond Blue raise \$1,062,000. And in 2023, Downer's support and contribution helped raise \$810,000. These funds have helped Beyond Blue answer 22,000 calls, web chats and emails from the community each year.

In Aotearoa New Zealand, Downer is midway through a three-year partnership with the Mental Health Foundation of New Zealand. The goal is to support the mental health and wellbeing of Downer employees, and to enable the Mental Health Foundation to do more of its great work and reach out to more people. The partnership involves expanding existing mental health programs and awareness activities with tailored support from the Mental Health Foundation.

Injury prevention

Injury prevention remains a critical part of improving our employees' physical wellbeing. If an employee feels discomfort, Downer supports and encourages them to access healthcare services proactively before an injury occurs. Where an injury has already occurred, Downer's injury management specialists support the employee to return to work at their own pace from both work-related and non-work-related injuries and illnesses. We support the physical wellness of our workforce through a range of programs and initiatives. These include:

- Fatigue management practices
- Work rotation arrangements for repetitive activities to reduce the risks associated with muscle fatigue and repetitive strain injuries
- Early intervention programs such as drug and alcohol testing, and zero tolerance to the presence of these substances in our workforce
- Information on safe lifting and tools and support equipment to reduce manual handling requirements
- Ergonomic office spaces
- Access to end-of-trip or shower facilities in many of our offices to support active transport to work
- Flexible working, and remote working options to better support the balance between work and home commitments and to reduce stress.

Delivering quality and safe products and services

The safety and quality of our products and services is paramount. Any reports of a serious injury, illness or fatality of a non-employee or contractor, associated with Downer products and services (including projects and contracts), is investigated and reported to the appropriate regulatory authority.

Any Downer product or service that is identified as unsafe, faulty or non-compliant with relevant mandatory standards is withdrawn and/or rectified. We also work with our suppliers to support any corrective actions and mitigate recurrences. For specific incidents, we communicate proactively and work with customers, regulators and suppliers to mitigate any associated issues promptly.



Case study

Delivering the mental health message loudly!

It's impossible to miss any of the trained Mental Health First Aiders in our Telecommunications team in Western Australia.



Decked out in their distinctly loud shirts, the team are proud to raise awareness about mental health – and support any colleagues or community members who might be struggling.

Downer provides an accredited course through Mental Health First Aid (MHFA) in Australia and Aotearoa New Zealand, which provides individuals the knowledge and tools to offer initial support to others who may be developing a mental health problem, experience an escalation of an existing mental health condition, or are in a mental health crisis.

The colourful shirts not only clearly identify our trained Mental Health First Aiders for anyone who wants to talk through any issues they are experiencing, they are also a great conversation starter.

"The shirts make it clear who is trained and open to discussing mental health in the field," National Learning and Development Manager, Gavin Heal, says.

"People are constantly asking why we're wearing them, so it's a great segue into discussing mental health. The shirts break down the most difficult barrier, which is asking who they can talk to. It's crucial we break down the stigma around mental health and talking about it in the workplace is the main way we are going to change that."

Downer provides Mental Health First Aid training to help our people support their colleagues and families, as well as members of the communities in which we operate.

"The most touching interaction was with a member from the community we work in," Gavin says. "A lady in line at the shops asked why my shirt was so different, and when I explained it was to identify who our MHFAs were in the field, she went quiet for a few seconds before opening up about how she lost a nephew to suicide and how she wished he knew he had people to talk to. Moments like that matter."

People

Downer is a people business. Our people are talented and committed, respect each other and work hard to deliver outstanding results for our valued customers. They solve complex problems, deliver services and build trusted relationships with our customers.

Our people make Downer what it is today and what it will be in the future. We aspire to sustain a high-performance mindset and culture, underpinned by our Values, Pillars and Standards of Business Conduct, to position Downer to achieve its full potential.

Downer understands that it impacts employee experience and engagement through its workplace culture, approach to training and education, enhancement of employee skills, performance reviews and career development, transition assistance programs, organisational change and the management of retirement or termination. It is for this reason that we place a high priority on providing our people with the skills and experience, systems and support they need to meet their personal and professional goals.

Downer aims to strengthen its reputation as an employer of choice – enabling the attraction and retention of top talent, and delivering the best outcomes for customers and communities despite the challenges of a tight labour market. For FY23, Downer's total workforce was 32,415 which is a reduction of approximately three per cent. This is predominantly due to the exit from hospitality contracts and the sale of the Australian Transport Projects business. Employee groups that saw the largest turnover in FY23 were females, and the Under-30 age group, with both recording a six per cent increase in turnover. These were largely within our Health and Education, and Government and IFM businesses, which consist of roles that are more transitory in nature. This included:

- 67 per cent of people in full-time employment
- 10 per cent in part-time employment
- 23 per cent in casual employment.

Downer's workforce percentage breakdown remained consistent compared to FY22. Downer employees engaged in casual employment were predominantly employed in our Facilities business due to the nature of work performed for our customers.

Employee headcount

Region	2023	% Change compared to FY22
Aotearoa New Zealand	10,160	8%
Australia	22,195	-8%
Other	60	9%

For a further breakdown of our workforce, please see Downer's FY23 sustainability data pack.

 For further information on Downer's approach to managing and supporting its people please refer to Downer's website.

Organisational culture

As Downer embarks on a phase of change through the transformation program (refer to Transforming Downer on page 7), our Purpose, Promise and Pillars will be pivotal in setting a vision for our organisation and our people. With that in mind, we have evolved our Purpose and Promise and updated our Pillars.

We have changed our Purpose to articulate a higher ambition for Downer. With sustainability at the forefront of how organisations build strategy, allocate capital and contribute to achieving a net zero economy, it was important for Downer to articulate our ambition in a way that resonates more meaningfully. Our new Purpose is Enabling communities to thrive. To achieve our Purpose, we must deliver on our Promise, which is that our customers' success is our success – because we believe that when our customers are successful, so is Downer. Alongside our Purpose and Promise, our updated Pillars reflect our new ambition. Delivery, Relationships and Thought Leadership remain the foundations of how we think, plan and solve problems together. We also recognise the importance of Sustainability. Our commitment to safety within this Pillar is the first priority of our business.

Our Pillars are underpinned by our long-standing Values. In Australia, our Values are Trust, Excellence, Collaboration, Integrity and Courage. In Aotearoa New Zealand, our core Downer tikanga (Values) are whānau (Family and Relationships), Manaaki (Care and Respect), Kairangatira (excellence) and Ngākau pono (integrity). In FY24, we will consult our workforce to develop and embed combined Values that align and resonate with our people across both countries.

As Downer transitioned towards its new operating structure on 1 July 2023, it was critical that our teams also remained focused on delivering our FY23 commitments and the reporting of our financial results under existing structures. During this period, members of Downer's Executive Leadership Team committed to supporting a culture based on communication and connecting our people and keeping them informed about what was happening across Downer. Live employee webcasts were held every month, with our CEO and members of the Executive Leadership Team providing business updates and an opportunity for people to ask questions.

During this period of change, Downer employees were encouraged to raise concerns and questions with their manager, HR Business Partner or Mental Health First Aid Peer Support network; or to seek free and confidential support through our EAP. Impacted employees were also able to register for internal redeployment opportunities.

Our Purpose

Enabling communities to thrive.

Our Promise

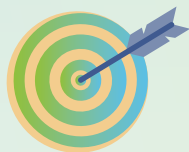
Our customers' success is our success

Our Pillars



Sustainability

Safety is our first priority. Zero Harm to our people, communities and environment is embedded in our culture. We will leave a positive legacy for future generations.



Delivery

We build trust by delivering on our promises with excellence while focusing on sustainability, value for money and efficiency.



Relationships

We collaborate to build and sustain enduring relationships with our customers, our people and our communities based on trust and integrity.



Thought leadership

We remain at the forefront of our industry by employing the best people and having the courage to challenge the status quo.



Non-discrimination and harassment

Downer recognises that non-discrimination is a human right and is committed to protecting our employees from any form of discrimination. Downer's Standards of Business Conduct outlines our zero tolerance for discrimination, bullying and harassment.

In FY23, Downer launched its 'Own Respect' program, which draws upon our positive duty obligations to help eliminate certain discriminatory conduct, including sex discrimination, harassment and victimisation. As part of our commitment to preventing sexual and sex-based harassment, Downer's senior leaders have committed to the following:

- Increasing awareness across our operations of risk factors where the likelihood of sexual or sex-based harassment in our workplaces may be higher
- Training our people on how to be proactive in preventing or escalating high-risk situations
- Educating our people with steps to reduce risk factors for discriminatory conduct
- Ensuring we maintain safe and confidential systems, which enable employees to report their complaints without judgement or victimisation
- Demonstrating confidence in our secure and robust process for tracking and monitoring complaints data
- Upskilling our people on how to have the right conversations to support a proactive culture and zero tolerance to sexual and sex-based harassment in the workplace.

For further information on how Downer respects and protects the human rights of people within its supply chain, see the Relationships section of this report and Downer's most recent [Modern Slavery Statement](#).

Employment practices and labour rights

To ensure ongoing compliance with relevant labour standards and legislation, Downer:

- Has a specialist Industrial Relations team that leads a dedicated IR Compliance working group
- Meets regularly with key stakeholders to review and plan compliance initiatives and audits
- Regularly reviews The Downer Standard practices to ensure they are consistent with developments in case law and legislative change
- Reviews all enterprise agreements and modern award payroll builds against the annual Fair Work Commission Minimum Wage Decision
- Facilitates two-day Employee Relations at Downer training programs for operational leaders and People & Culture team members
- Schedules regular training and briefings for the purposes of educating senior and operational managers (and others) about workplace laws and their impact on Downer's business and employees.

Relevant work conditions include, but are not limited to, hiring practices, compensation, working time, rest periods, leave entitlements, disciplinary and dismissal practices, parental protections, and the workplace environment. It is recognised that labour rights are human rights across our value chain. Downer is also linked to the employment and working conditions through its business relationships including outsourcing partners, joint venture partners, contractors and suppliers. Downer implements contractual terms and monitoring programs to review employment practices and labour rights within these relationships.

Downer respects our people's right to freedom of association and collective bargaining. Of our workforce, 45 per cent are covered by collective agreements across the Australian and New Zealand markets.

Inclusion and belonging

Downer recognises that diversity (for example, age, ethnicity, nationality, religion, disability, gender and sexual orientation), inclusion and belonging, and equal opportunity at work positively affects our employees and communities. This also provides Downer with access to a larger and more diverse talent pool, and benefits society more broadly as equity promotes social stability and supports economic inclusion and development.

We believe that embracing differences fuels innovation and enables more informed decision making, which is why we promote diversity and inclusiveness in our workplace. We recognise that by learning from the many and varied experiences of our people and listening to their feedback and ideas, we will become more resilient and resourceful.

Our investment in inclusion and belonging is designed to sustain a workplace that is diverse, inclusive, respectful and promotes opportunities; including gender, cultural and age diversity. In doing this, we aim to contribute to reducing inequalities. We are also investing in our workplace culture, as the integrity of our people is critical to our ongoing business success.

Downer continues to progress its Inclusion & Belonging Strategy 2022 - 2024 which focuses on:

- Inclusive systems and processes
- Gender diversity
- Aboriginal, Torres Strait Islander and Māori peoples
- Cultural and linguistic diversity
- Generational diversity
- People living with disability and neurodiverse individuals
- LGBTQIA+ diversity.

Across these focus areas, providing education and growth opportunities for our people, building community relationships and developing inclusive internal systems and procedures have been key priorities. An ongoing focus for Downer is talent and sourcing, retention and engagement and developing how we measure and report our progress and accountability.

Gender diversity

A cornerstone of our commitment to gender diversity is our Group-wide THRIVE program, which is a dedicated career development program designed to provide opportunities for women to learn, grow and network and build confidence and career skills. THRIVE is a 12-month program based around five blocks of learning and collaboration. The second cohort of THRIVE graduated in 2023 and consisted of 117 participants. The third cohort and first intake for 2023 commenced in March, with 130 participants. The second intake for 2023 will commence in October. A THRIVE Alumni framework is also being established, to provide extended support and networking opportunities.

In FY21, Downer set gender diversity targets for 2023 of:

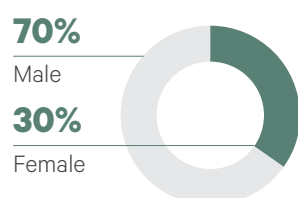
- 40% women in the workforce
- 25% women in management positions
- 25% women in executive positions
- 30% women on the Board.

Downer's total workforce profile is 30 per cent female and 70 per cent male. In FY23, Downer has decreased female participation in the workforce by one per cent. All female participation targets, with the exception of the Board, were not met.

Employees by gender identity

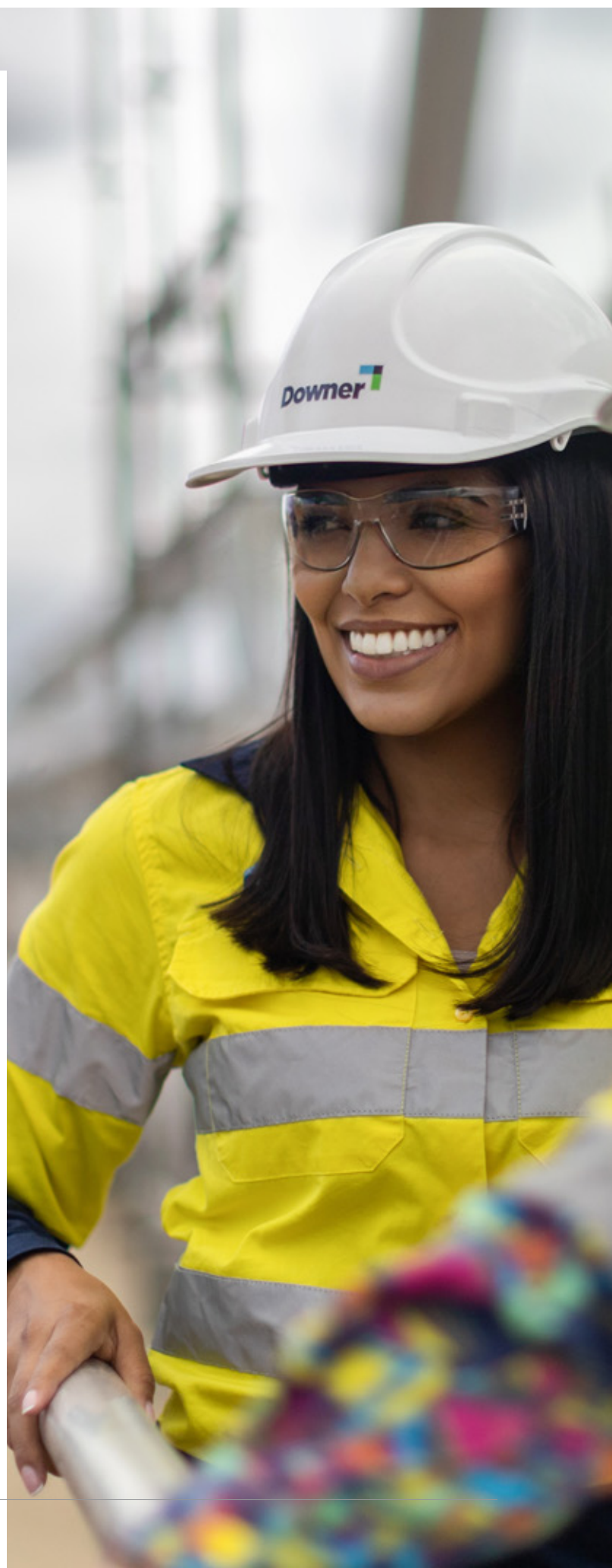
	Female	Male	% Change in female participation from FY22
Board	50%	50%	33%
Executive	20%	80%	-12%
Management	18%	82%	7%
Workforce	30%	70%	-4%

Downer's total workforce profile



In FY23, Downer updated its gender diversity targets as follows:

- 40% women in the workforce by 2026
- 25% women in management positions by 2026
- 28% women in executive positions by 2026.



Case study

Women on-Track

Downer has developed the Women on-Track program, a paid traineeship dedicated to helping women kick-start their careers in the rail industry.



The roles are entry-level positions combining a Certificate II in Electrotechnology with hands-on experience across Downer's flagship rollingstock projects. The program combines paid structured learning with key practical on-the-job experience across some of Downer's Melbourne-based programs, including the manufacture of the High Capacity Metro Trains (HCMTs) at our Newport site, long-term maintenance of the HCMTs at our state-of-the-art Pakenham East Depot, or on the world's largest tram refurbishment project at East Preston.

In its first year in 2021, the program received 120 applications from women for 10 roles. Downer was awarded Highly Commended at the Australasian Rail Industry Awards for Diversity and Inclusion Excellence. Ten women have completed the program and eight graduates have since joined Downer. Nine of the women remain in the rail industry, highlighting a 90 per cent retention rate. Currently, there are four trainees in the program at our Newport Depot undertaking Certificate II Electrotechnology with plans to continue the Women on-Track program into the future.



Aboriginal, Torres Strait Islander and Māori peoples

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

This year, Australia will vote on a referendum to enshrine a First Nations Voice to Parliament in our Constitution. The Voice to Parliament will be an independent, representative advisory body that will enable Aboriginal and Torres Strait Islander people to advise the Federal Government on the issues, policies and laws that affect them.

Downer is committed to Reconciliation and is grateful for the ongoing support from Reconciliation Australia to progress our Innovate Reconciliation Action Plan initiatives.

We aspire to walk alongside Aboriginal and Torres Strait Islander peoples and to stand together with them in their calls for systemic change; however, we do not purport to speak for all Indigenous and non-Indigenous people at Downer.

We recognise and respect the diversity of opinion within Aboriginal and Torres Strait Islander communities as well as non-Indigenous Australians.

We believe that the Voice is about enabling each and every voice to be heard and encourage all people to make their own informed decision independently.

Downer will support our people by sharing resources to provide them with factual information and perspectives from First Nations leaders in our communities to learn more about the Voice.

Downer Group's first Innovate Reconciliation Action Plan (RAP) covering both Downer and Spotless was endorsed by Reconciliation Australia in May 2022 and launched in July 2022. This RAP documents our aims to enhance our existing relationships with Aboriginal and Torres Strait Islander peoples

and foster new opportunities. The implementation and delivery of this RAP affirms our commitment to the reconciliation process and formalises our commitment to support Aboriginal and Torres Strait Islander employees and their communities.

In FY23, Downer extended its partnership agreements with NRL Cowboys House, which is managed by the Cowboys Community Foundation and Stars Foundation, which help support young Indigenous people to thrive and succeed.

We aim to leverage our relationships with both Cowboys House and Stars Foundation to build a talent pipeline of young Indigenous people. Through the Stars Foundation, we have recruited an Indigenous female employee who commenced with Downer Defence in February 2023.

Downer continues to build Indigenous engagement awareness and capability in our people through our Indigenous Cultural Awareness Training. This covers history, cultural norms and protocols of Aboriginal and Torres Strait Islander peoples to help our employees to better support and manage our Indigenous workforce and engage with Indigenous organisations and communities.

In FY23, 3,288 hours of Indigenous Cultural Awareness Training were delivered to Downer employees. Underlining this program's importance to Downer, cultural training hours for Downer employees are one of the three unique KPIs that are attached to Downer's Sustainability Linked Loan facility.

In Aotearoa New Zealand, Downer commits to supporting Māori in their role as Kaitiaki of Aotearoa and to embed Te Ao Māori and tikanga into our business. Downer acknowledges the special place of Māori as tangata whenua (people of the land) in Aotearoa New Zealand, and also acknowledges Te Tiriti o Waitangi/The Treaty of Waitangi as the country's founding document. Downer's vision, or 'matawhānui', is to create an environment where Māori thrive, because it's better for our people, our whanau, our communities, our business and our country. As part of Downer's transformation

program, Executive General Manager Transport New Zealand, Craig West, was appointed as the Aotearoa New Zealand Country Lead, becoming Downer's first Māori leader. A formal pōwhiri (traditional Māori ceremony) was held to officially pass the baton from former Downer NZ CEO, Murray Robertson, to Craig as the leader of Downer in NZ. The ceremony was held to show respect and recognise Craig's mana (authority) as he transitions to the new role. The event was held to not only acknowledge this important milestone, but to also celebrate the great cultural significance of appointing a Māori leader. Craig has been recently given a Māori name – Te Whatu o te Rangataua – that symbolises his new role.

Downer's Aotearoa New Zealand business has a proven record in delivering improved outcomes for Māori through tailored development and leadership initiatives that together provide a proven growth and opportunity pathway. We support Māori and Pacific peoples and offer them training and a career pathway into our sectors, by working with central and local government agencies and our wider supply chain. This is in partnership with our funding partners such as Te Puni Kōkiri, the Ministry of Social Development and the Ministry for Pacific Peoples. These programs continue to include specific programs for school leavers, wahine (women), and senior leaders in partnership with Iwi.

Leadership programs:

- Te Ara Whanake (Māori leadership program)
- Te Hā (female Māori leadership program)
- Te Ara Whanake Ake (senior Māori leadership program)
- Te Ara Māramatanga (understanding Māori tikanga, culture and history).

In FY23, our Te Ara Māramatanga and Te Ara Whanake programs delivered 2,864 hours of cultural competence training in our business.

Career pathway programs:

- Downer Ready program (career readiness program)
- Downer Ready mo Tangata Pasifika (career readiness for Pacific people)
- In-Work Success program (supports our people to maintain employment and maximise successful employment outcomes)
- Te Whanake Timatanga (qualification support).

Youth-specific programs:

- Atia'e le Afolau (Pacific school leavers and young adults)
- Te Rito (career readiness program specifically for female Māori aged between 16-24)
- Toa Takitini (driver licensing for Māori school students)
- Tētēkura (career readiness program for Māori school leavers).

Downer's [website](#) celebrates the stories of our people who have participated in these programs. The Relationships section in this report also details our commitment to these cultures and strengthening relationships within our communities.



6,152

Hours of cultural awareness
training hours delivered in FY23

Case study

Helping Mdad help people

Finding an inclusive employer who values Mdad's skills and experience has given the former job seeker the opportunity he deserves.



The Bangladesh-born father-of-one is highly valued for his calm and professional approach with customers, and the warmth and positivity he brings to his team. But in 2021, he was out of work despite having an impressive resumé and education.

"I speak seven languages including Japanese, Thai, Bengali, Hindu, Urdu and English," he said.

"Recruiters said I had lots of skill and talent. They gave me lots of hope and confidence; but the problem was, I was never sent for interviews."

Mdad had previously owned and operated a successful grocery market in Sydney's west, which employed 15 people. But, after a traumatic armed hold-up in 2016, the ongoing impact on Mdad's health left him unable to return to work. The business was forced to close, adding to his financial pressure.

Mdad's Disability Employment Services provider encouraged him to attend an information session about work opportunities at Downer. Our Customer Contact team was targeting mature-aged candidates and meeting job seekers in an informal group setting.

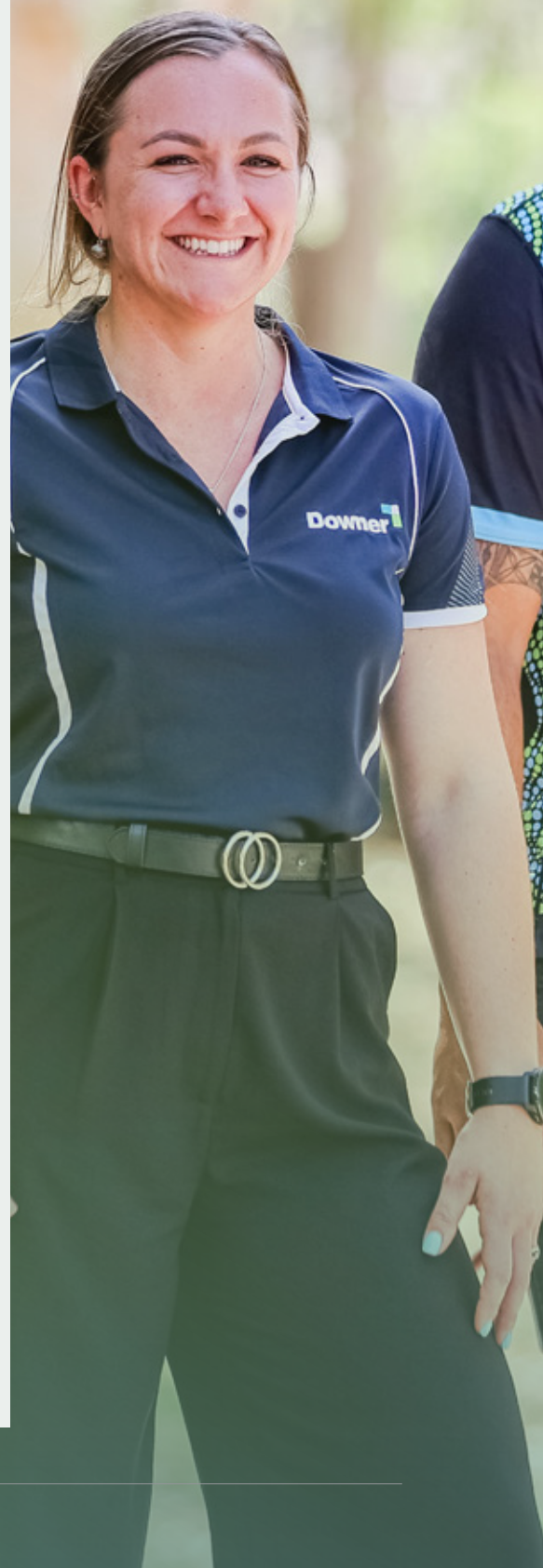
After the positive meeting, Mdad moved forward to interview successfully and became one of three MatchWorks job seekers to secure a Contact Centre role. He commenced work in September 2022, assisting tenants and tradespeople as part of Downer's social housing maintenance contract in New South Wales.

Team Leader, Danielle Skelly, values Mdad's composure on the phone. "It's maturity; we are dealing with tenants and he has had that life experience. He does not take things personally, he works with the customer to resolve the issue," she said.

Mdad credits Downer and his team leaders for investing additional time in his training, helping him to overcome some initial obstacles and to settle in successfully.

He appreciates the stability that his job brings and being able to utilise his strengths at work.

"I like to talk to people. To get to know the people. To help the people – that is my endgame," he said.





Cultural and linguistic diversity

Downer acknowledges that Australia and Aotearoa New Zealand are among the most culturally diverse countries in the world. We are committed to creating a workplace that is inclusive and recognises the value of our diverse workforce.

Last year, our Facilities team at Bendigo Hospital won the 2022 Diverse and Inclusive Workplace Award at the Bendigo Business Excellence Awards. This award honoured the team's efforts and involvement in the GROW Bendigo program. People employed through the program include those with a physical or mental disability, refugees, and migrants from culturally and linguistically diverse backgrounds.

Downer employs more than 500 people in Bendigo, providing integrated facility management services to the hospital. As part of the GROW program, Downer has worked to recruit and train people from diverse backgrounds, providing employment opportunities for more than 70 new employees since 2019.

Generational diversity

It is important to Downer to have a workforce composed of different age demographics, as each generation brings different perspectives and levels of experience to our business. Our commitment to generational diversity is to provide equal opportunity and cater to the different cadence that generational diversity might bring.

In FY23, the distribution of ages across our workforce was:

23%

aged under 30 years

45%

aged between 30 and 50 years

32%

aged over 50 years



Graduates, Cadets and Apprentices

Downer offers a secure pathway to a career within a large and diverse workforce through its graduate, internship, apprenticeship, cadetship and traineeship programs, which provide participants with exposure to work, training and skill development. These programs add to the depth of our generational diversity through enhancing opportunities for younger people; however Downer also recognises that graduates and apprentices may be older people who are, for example, retraining in a new industry.

In FY23, Downer welcomed 443 new apprentices, and 66 new graduates into our workforce. Graduates work their way through the two-year program, where they will be provided with many opportunities to engage in numerous development opportunities and learn from on-the-job tasks to unlock their full potential and become future thought leaders.

People living with disability and neurodiverse individuals

Downer will continue to develop and mature a culture of support, inclusion and belonging for people with both visible and non-visible disabilities. We want to ensure that we are creating a supportive, accessible and inclusive environment, where all employees have adequate resources to thrive and fully contribute to the success of their team and Downer. In FY23, Downer's workforce was composed of 0.68 per cent of employees that identified as living with a disability.

LGBTQIA+ diversity

Downer aims to create a welcoming and safe environment where all employees feel comfortable and supported to bring their whole selves to work. Downer looks to provide an environment where employees are not afraid of being bullied or harassed because of their identity or sexual orientation. Downer is committed to increasing awareness, understanding and respect for the LGBTQIA+ (lesbian, gay, bisexual, transgender, queer/questioning, intersex, asexual and others) community in the workplace.

In FY23, Downer's workforce was comprised of 1.33 per cent who identified as being part of the LGBTQIA+ community.

In our New Zealand business, we became RainbowTick certified in 2021 and recertified in 2023, and have tailored initiatives that reflect our commitment to inclusion and belonging. This includes StandOut, Downer's community for employees identifying as LGBTQIA+ (lesbian, gay, bisexual, takatāpui, transgender, queer/questioning, intersex, asexual and others), from urban corporate offices to regional depots. United by their mission, "to support, educate, and advocate for the Rainbow community across Downer" StandOut is dedicated to fostering a safe and inclusive workplace for all. Since launching a register in FY22, StandOut has had over 181 people sign up to their Champions Network made up of members and allies.

StandOut promotes awareness and acceptance of the Rainbow community through member-led initiatives with the support of Executive leaders. StandOut has created a safe space for Rainbow employees to connect and share their experiences, including an inaugural in-person forum and monthly online connection sessions. StandOut's impact extends beyond its community, benefiting all Downer New Zealand employees. Achievements include a national roll-out of rainbow signage with more than 250 stickers on depot front doors, training opportunities for all employees, a dedicated SharePoint site, and gender-inclusive policy updates. There have been several celebratory pride events including ambassador and New Zealand rugby union legend, Ruby Tui, speaking about her experiences being a Rainbow member in professional sport, and a photo competition showcasing employees' support for the rainbow community. StandOut has also raised more than \$8,000 to support the mental and physical health of Rainbow communities in Aotearoa.

Employee development and engagement

Downer operates in sectors that are subject to highly competitive labour markets, making employee retention and attraction an important strategic focus across the organisation. Downer’s strategy for employee development and engagement is based on providing opportunities for career growth, offering competitive benefits, and creating channels for worker engagement and feedback. Downer also acknowledges that, as a large employer, we have a responsibility to our people and communities to create an inclusive culture where they can develop their skills and careers.

Downer aspires to be an organisation that has the best people, who are engaged and motivated. Recruiting and retaining the right people is fundamental to being able to deliver the best services to our customers and providing a workplace that supports people to excel.

Employee Engagement

Every May, Downer runs our annual Employee Engagement Survey. In 2023, this survey was conducted during a period of change and evolution for our organisation, through our transformation program. As we progressed through these changes, it was important to gauge the sentiment and engagement of our people. In 2023, Downer’s overall employee engagement decreased by three percentage points to 67 per cent.

The survey results provided valuable insights into our workplace culture and showed that Health and safety remains our highest-performing area, with 84 per cent of our people agreeing this is a priority focus for Downer. Job satisfaction and Teamwork were also high-scoring areas, indicating that our people enjoy the work they do and feel supported by their colleagues.

It was also very pleasing to see that Respect has improved over the past year, reflecting Downer’s focus on this important aspect of workplace culture through the Own Respect program (see page 33).

Priority areas to improve employee engagement are career opportunities, recruitment and selection, and recognition.

Downer is committed to acting on the feedback our employees provide through the survey. In response to feedback in the 2022 survey, Downer implemented ‘Own Career’, an employee-led development program. The program was launched in the Corporate Services function in October 2022, followed by Infrastructure Projects and Road Services in late 2022. As part of the program, we ran sessions for employees and managers that included discussions on how to have a successful career conversation, why career conversations matter, and instructions on how to use the new program platform.

Learning and career development

We take great pride in our ability to provide opportunities that enable both our people and communities to thrive. At Downer, we build strategic capability to ensure our people have the right skills and attitudes to deliver results for our customers safely and efficiently. This reflects our belief in the value of investing in our people through training to build their capability, confidence and knowledge.



Downer’s training offering commences as part of the onboarding process, with Downer system inductions and introductory e-learns. This supports new employees and their managers during the first week at Downer, and aims to ensure that our people are confident in using Downer’s solutions efficiently and effectively.

The training is also available to existing team members who wish to refresh their knowledge or develop new skills to support their career progression. A variety of learning styles are supported by offering e-learns, quick reference guides, detailed work instructions, system embedded training, learning bites (30-minute virtual sessions) and facilitated courses (offered virtually and in-person).

In FY23, we achieved the following:

- 2,515 team members attended instructor-led business as usual training
- 639 business as usual and project training courses delivered
- 17,278 team members completed online training content using Downer’s Learning Management Systems
- Maintenance of more than 1,200 training resources.

Through our dedicated Learning and Development teams and Downer’s Talent Management and Succession Planning framework and programs, we are responsive to our current business needs and focused on future capability drivers for performance. We invest in our workforce through ongoing learning, development and training programs across our organisation. Our people may be assigned programs based on their role and training needs or self-enrol in programs that interest them and their career goals.

In FY23, Downer employees completed, on average, 7.2 hours of training.

Employee training by gender

Gender	Female	Male
Average hours of training	6.2	8.1

Relationships

Achieving Downer's Purpose, 'Enabling communities to thrive' cannot be done without strong relationships throughout the entire value chain. We understand that our presence provides a unique platform to drive real change in the communities we operate in.

Downer brings significant and lasting socioeconomic benefits to our communities. We engage with our customers, local suppliers, contractors and industry organisations, and actively promote our presence in Australia and Aotearoa New Zealand.


We have significant social impact through our employees, supply chain, and directly to our community through philanthropic initiatives. Through our people, supply chain and our communities, we aim to contribute to a greater distribution of economic value and sustainable development. Our presence and procurement practices also bring socioeconomic benefits as we are deeply embedded in our communities and have a responsibility to support their success and provide an enduring legacy. We also implement a range of strategies focusing on social responsibility, cultural heritage management and stakeholder engagement.

Through the strength of our relationships, capability, collaboration, safety and innovation, we deliver high-performing, efficient, sustainable and resilient solutions for our customers across Australia, Aotearoa New Zealand and the Pacific.

Our relationships support the future of our business and enable us to realise greater opportunities and benefits to Downer, our people, our environment and our communities. These relationships enable Downer to leave a positive legacy for a sustainable future.

Establishing a timely and effective stakeholder identification and engagement process is important to understanding local communities, their vulnerabilities and how they might be affected or impacted by Downer's activities. Our presence also brings socioeconomic benefits as we are deeply embedded in our communities and have a responsibility to help them thrive and provide an enduring legacy. Downer honours this responsibility and aims to make a difference and positive impact by providing funds and practical support through our employees, partnerships and programs, sponsorships and donations.

Downer proactively engages with stakeholders across our value chain including Government, customers, trade unions, regulators, suppliers and communities to ensure open, two-way communication and to build trusted relationships. In FY23, Downer has undertaken significant, targeted engagement with our stakeholders on our organisational transformation and corporate governance practices.

 For further information on Downer's approach to forming and maintaining strong relationships please refer to Downer's website.

Community relationships

Corporate philanthropy

Downer honours its responsibility to enable communities to thrive and aims to make a difference by providing funds and practical support through our employees, commercial partnerships and programs, sponsorships and in-kind donations. In FY23, Downer provided more than \$1.3 million in philanthropic contributions.

Downer Donate

In Aotearoa New Zealand, we established Downer Donate, a program to support local community-based activities that are important to our whānau. In FY23, the program funded \$200,000 worth of projects across Aotearoa.

Downer team members drive this initiative by nominating causes or charities that matter to them and need support. Each month we donate up to \$15,000 from the fund to a selection of causes. Donation recipients have included:

- **Riding for Disabled, Levin:** A volunteer organisation providing therapeutic horse-riding programs for people with disabilities. Having recently found a new home after eight months, they needed a water connection installed to provide water for the horses. With our donation, they were able to do so.
- **Te Mehuri Mentoring Academy, Palmerston North:** This organisation supports eight-to-13-year-old boys from troubled backgrounds, mentoring them over a 12-month period teaching them life skills and identity through a range of activities.
- **Insert Coin to Play, Invercargill:** A gaming space for youth to come together and socialise, aiming to address feelings of isolation and improve mental health. Our donation helped a number of young people to participate in events for free.
- **Taranaki Retreat, New Plymouth:** Our donation went to the small and dedicated team running a suicide prevention initiative that does incredible work with both outreach and in-house services in their local community.



Downer Giving

Downer Giving is the collective name given to all of Downer's philanthropic activities in Australia. The key areas of focus for Downer Giving are: health and wellbeing; the environment and climate change; education and employment; and the local communities where we operate.

These efforts concentrate on vulnerable groups (including Aboriginal and Torres Strait Islanders, veterans and their families, women and at-risk families), and community resilience. We have selected these focus areas based on the geographic locations where we operate and to support Downer's corporate sustainability objectives as well as the United Nations' Sustainable Development Goals.

There are four streams that underpin our corporate philanthropy strategy:

- **Our employees:** Our workplace giving program, called 'Down2You', enables employees to make regular donations from their pre-tax pay, which are matched by Downer. As at 30 June 2023, the workplace giving program has raised \$369,198.96
- including Downer's matching co-contribution amount. The number of Downer employees regularly donating to the program has increased by more than 115 per cent since November 2022. In addition, other fundraising initiatives have raised more than \$13,000 in funds and goods for the charity partners. We also encourage and support our employees to give back and contribute to activities that are important to them through volunteering.
- **Community partners and programs:** Our community partnerships provide sustained support to local communities and organisations supporting young people, education, veterans and Indigenous communities.
- **Sponsorships:** Downer supports communities through sponsorships that have a positive impact and align with our focus areas. For example, Downer's Tasmanian business is a major sponsor of Cancer Council Tasmania's Relay for Life. Downer entered two teams in relay events in 2023 and together they raised just over \$12,000.
- **Donations:** Downer has a proud tradition of supporting the communities in which we operate through donations. For example, in recent years following natural disasters in Australia, Downer has pledged its support the Business Council of Australia's Community Rebuilding Initiative, which has been established to build a permanent capability to mobilise and coordinate the business community's response in times of tragedy and to act as an interface with Federal and State authorities and established recovery agencies.

Community engagement

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

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

During the planning phase of all Downer projects and services, a stakeholder assessment is completed. This assessment informs the development of appropriate community and stakeholder engagement strategies and is important in understanding concerns around potential negative impacts.

For example, in Queensland, the Downer WSP JV program is constructing a pump station in Redbank Plains – which was expedited months ahead of schedule. The Community Engagement team recognised the need to pivot from their standard approach in order to engage meaningfully and build trust with the community prior to construction commencing.

The team, alongside our customer Urban Utilities, developed a proactive engagement strategy ensuring a 'no surprises' approach was adopted while completing investigations to gain a deeper understanding of the Redbank Plains demographic.

This research revealed that Redbank Plains identified as being a culturally diverse region with a variety of languages other than English spoken at home.

We identified the three most spoken languages (other than English) were Samoan, Dinka and Swahili. Using this information, we enlisted a translator to interpret our project factsheet into these three languages. QR code links to the translated information were included in our factsheet. The multilingual messaging was also used for other public-facing collateral including our site fence wrap and online communication. In doing this, we were able to immerse ourselves in the neighbourhood and encourage belonging and inclusivity between Downer, the customer and our communities.



Cultural engagement

Community engagement also means respecting the cultural heritage of all sites we work on.

In Aotearoa New Zealand, we undertake our work respectfully and that includes liaising with relevant iwi in the area we plan to do work before we undertake that work. We also learn from those who are on the same journey as we are, and seek renewed collaboration with other businesses, local government, iwi, community groups and technically skilled organisations.

For example, the Downer Open Space Management team developed a fit-for-purpose program for Kaipara District Council, that works in partnership to best serve its local communities. As a result, the Open Space team works closely with mana whenua to identify and integrate measures to restore mauri (the essential quality and vitality of a being or entity), improve local ecological outcomes and build better understanding of local climate, flora and fauna, and culturally sensitive places. The stakeholder management approach places kaitiakitanga (guardianship) at the heart of the greenspace management work and promotes manaakitanga (hospitality/kindness) and community wellbeing. The integrated Kaipara District Council Greenspace partnership is a great example of how to deliver positive benefits to local communities in the form of ongoing job opportunities and ensuring local community groups and mana whenua have a clear voice and influence on their local amenities and environment.

In Australia, we are committed to ensuring we play a role in building more relationships that help Aboriginal and Torres Strait Islander peoples succeed. Our operations are deeply embedded in local communities, and we are committed to developing genuine long-term relationships and working closely with Traditional Owners to ensure we respect their traditional lands that we work on.

Downer is completing the design, procurement and construction of a new 330kV and 275kV high voltage transmission line for customer, ElectraNet, to connect the South Australian and New South Wales power grids.

Downer worked in partnership with three Traditional Owner groups along the path of the 206 kilometre transmission line stretching from the New South Wales border to beyond Robertstown in South Australia, to engage Cultural Heritage monitors early to observe and identify artefacts and areas of significance along the construction zone, ensuring sensitive areas are physically identified for no-go zones.

Cultural heritage sites that are identified through survey works are marked out to ensure we do not enter or damage them. The sites are also monitored for any artefact finds as we go along the project.

Downer works directly with groups like River Murray Mallee Aboriginal Corporation (RMMAC), First Peoples and Ngadjuri Nation, which provides an opportunity to learn the cultural significance and share in traditional customs as we traverse the land. Our team of dedicated Cultural Heritage Officers ensures the voices of Traditional Owner groups are key to making the decisions that impact on their regions.

Eric Cook, Administrator/Coordinator from RMMAC, said there were seven tribes that lived and gathered along the river region between South Australia, New South Wales and Victoria.

“Working with Downer as part of this project, it’s inspiring for our younger monitors to have their voices heard. It helps them to make contact with the past and understand how their ancestors roamed this Country,” Eric said.

Case study

Supporting the success of the Darumbal people

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

The project was launched in late 2021 at the Shoalwater Bay Training Area (SWBTA) in Central Queensland and, at a landmark event in December 2022, the inaugural cohort of Darumbal Trainee Rangers graduated from their year-long traineeship.

The trainee program is a collaboration between the Department of Defence, Downer Defence, the Darumbal People Aboriginal Corporation RNTBC, TAFE Queensland and Downer's Service Delivery Partner, Ecosure, a specialist environmental consultancy.

The program provides training and opportunities for Darumbal, the local Traditional Custodians, in the land management, revegetation and conservation of a variety of ecosystem types across their Country at SWBTA – one of the Australian Defence Force's (ADF) prime training areas.

"This traineeship is an important partnership created to protect and sustain Defence land and provide meaningful opportunities for Indigenous communities on Country,"

Chief Operating Officer of Downer's Social Infrastructure & Citizen Services Business Unit, Jacob Bonisch, said.

"These 450,000 hectares are important to the Darumbal people, and this partnership has demonstrated what can be achieved with the right intent."

Darumbal Traditional Custodian Malcolm Mann stated: "These are the sorts of commitments that give us an opportunity to advance our capability in land and sea Country management.

"We have a custodial responsibility to our Country and commit to look after our land and sea Country. It is a credit to all involved that 100 per cent of the cohort are successfully graduating – not an easy feat. The trainees have learned Downer Defence's and the ADF's ways of doing their business and applying their knowledge. We have found our partners at Shoalwater Bay Training Area equally eager to learn more about connection to Country that Darumbal people have had for over 2,000 generations."

The eight trainees who comprised the first intake learned natural resource management skills as they completed their Certificate III in Conservation and Ecosystem Management via TAFE Queensland.

The graduation event included a ceremony on Country at SWBTA, attended by the graduates' colleagues and family, followed by a welcome ceremony to introduce the next cohort – an all-female group – to the 2023 Darumbal Ranger Traineeship program.

"Downer Defence has spent years developing this program with Defence and the Darumbal peoples, creating meaningful connection in our role managing Defence bases and estates with the Traditional Custodians of the Country on which we operate," Jacob said.

"This traineeship proves that we can learn from each other, and we can keep working together to develop this kind of specialised capability across this area, and potentially across other Defence assets around Australia."





Customer relationships

Sustainable products and services

At Downer, customers are at the heart of everything we do. Downer's employees are highly skilled and solve complex problems to deliver critical, economic enabling infrastructure for our customers and maintain vital assets that enable communities to thrive.

We also recognise that customers, investors and end users need accessible and accurate information about the impacts of Downer's products and services, including environmental (for example, emissions intensity, 'green' credentials) and social (health and safety, quality, inclusion).

Downer provides our customers with products and services that support their policy priorities and sustainable development needs and deliver positive environmental and social impacts. These include:

- Delivery, maintenance and operation of public transport vehicles and infrastructure
- Renewable energy projects
- High voltage transmission and distribution networks
- Manufacture of recycled aggregate, concrete, rock and asphalt product
- Construction and maintenance of social infrastructure
- Construction of and/or related services for water infrastructure and water treatment plants
- End-of-life asset management, asset re-life planning and just transition.

Downer also implements water and waste efficiency initiatives in construction processes and improvements to the energy efficiency of customer buildings and rail assets. Downer's services also positively impact water management through design, construction, operations and maintenance services across water and wastewater treatment, water and wastewater networks and biosolids management.

We also partner with our customers to drive best practice sustainability solutions. For example, Downer is an alliance partner on the City Rail Link (CRL) project, which is the largest transport infrastructure project ever undertaken in Aotearoa New Zealand. In May 2023, the CRL team in Auckland was awarded an Infrastructure Sustainability Council (ISC) 'Leading' IS Design Rating, with a score of 93.03. This is the highest design rating in Aotearoa New Zealand and the third-highest in Australasia. The ISC's independent assessors highlighted three critical innovations:

- The incorporation of Māori cultural values into the IS framework
- Using the Building Information Model (BIM) to track the carbon footprint during design
- The use of battery-powered multi-service vehicles with regenerative braking (which converts the kinetic energy lost during deceleration into stored energy in the vehicle's battery).

Case study

Delivering energy efficiency solutions on the Queensland Train Manufacturing Program

In June 2023, Downer was awarded the contract to deliver the Queensland Train Manufacturing Program (QTMP), the largest investment in new rollingstock in Queensland's history.



The QTMP is a State-shaping project, which will support rail manufacturing in Queensland, as well as the Cross River Rail project and the 2032 Brisbane Olympic and Paralympic Games.

Under the contract, Downer will deliver:

- Design, manufacture and commissioning of 65 six-car passenger trains
- Design and build of two training simulators
- Design, construction and commissioning of a purpose-built train manufacturing facility at Torbanlea, in the Fraser Coast region
- Design, construction and commissioning of a maintenance facility and stabling yards at Ormeau, in the Gold Coast region
- Maintenance of the new rollingstock fleet, simulators and the Ormeau maintenance facility for an initial term of 15 years and a maximum term of 35 years.

The project itself supports the expansion of low-carbon transport throughout Queensland, which is backed up by a Green Performance Guarantee, a further commitment to sustainable financing by Downer, complementing Downer's corporate Sustainability Linked Loan.

“Downer is proud of its reputation as an innovator in working with partners on sustainable financing solutions for its projects,” Downer Group Chief Executive Officer, Peter Tompkins, said.

“This facility is another important demonstration of Downer's commitment to decarbonisation and the value we can bring to our customers.”

“Downer has a critical role to play in the transition to a low-carbon future. We have the unique skillsets, expertise and experience to help our customers' journeys towards achieving their net zero commitments – and we look forward to delivering a number of energy efficiency solutions across the QTMP project.”

In addition, as the Managing Contractor, Downer will oversee its delivery partners in achieving an 'Excellent' Design and As-Built ISC rating, representing a significant sustainability ambition in the delivery of the project. The ISC rating encompasses targets around embodied carbon, Aboriginal and Torres Strait Islander employment and supplier spend, waste, renewable energy and water.

Engaging with customers

Seeking and capturing customer feedback enables Downer to adapt and evolve with our customers' changing needs, while maintaining and strengthening our relationships.

Throughout the past 12 months, we have continued to monitor customer satisfaction with Downer's performance through a range of survey and feedback approaches, including:

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

In New Zealand, Downer's Transport business has implemented its Voice of Customer program over the past three years. They apply a consistent and structured approach aimed at developing and maintaining critical customer relationships. Through annual engagement with more than 250 individuals across 25 customers, we evaluate performance, identify challenges, and uncover opportunities for growth. Frequent customer feedback has proven valuable in building a comprehensive understanding of our customers and the relationships we have. The Net Promoter Score (NPS) is used as the primary metric for measuring and monitoring customer experiences, guiding efforts in sustaining relationships and ensuring the continuity of contracts. As a part of our Voice of Customer program, each account team is provided with a customised report, which includes an analysis of success factors and recommendations. Support is extended through action planning sessions which are led by a Customer Experience Manager and supporting teams to develop strategies for addressing the identified opportunities. Following Downer's change to a trans-Tasman operating model, the Customer Experience team will broaden its scope to the entire Downer Group across Australia and New Zealand.

In May-June 2023, Downer engaged an external corporate reputation research expert to conduct a diagnostic review of Downer's brand and reputation among customers.

The qualitative research program encompassed in-depth interviews with key customers. These interviews were used to comprehensively explore attitudes and perceptions and test key assumptions and hypotheses. The research provided a clear view of where Downer's reputation stands among key customers.

Following the conclusion of this bespoke research program, Downer was provided with a baseline to track shifts in customer sentiment as an indicator of performance. Downer's newly created Group Customer Experience team will track customer perception and provide the business with strategic advice on how to capitalise on positive changes or respond to negative changes.



Partnering for sustainable development

Downer supports the UN SDGs and we recognise that through our presence, our employees and relationships, we are in a strong position to contribute towards achieving these goals and their related targets. Downer contributes to the SDGs in four important ways:

- Through our services and products
- By responsibly operating our business
- Through our capability and thought leadership
- Through our social responsibility, partnerships and community involvement.

Downer also recognises that we cannot affect sustainable outcomes without partnering with other organisations. In FY23, we partnered with a range of organisations to support sustainable development. This includes:

- Diversity and mental health and wellbeing organisations (for example, Diversity Works, Mental Health Foundation of New Zealand, Beyond Blue)
- Iwi and Māori organisations
- Sporting organisations and tournaments (including Sunshine Coast Lightning Super Netball team, NZ Masters Games)
- Indigenous organisations (for example, Stars Foundation, North Queensland Cowboys House)
- Government (for example, Te Puni Kōkiri, Ministry of Social Development, Transport authorities)
- Social procurement organisations (for example, Supply Nation, Amotai)
- Industry groups (including Construction Sector Accord, Business Council of Australia, Sustainable Business Council NZ, Australasian Railway Association)
- Decarbonisation enablers (for example, Energy NZ)
- Circular economy partners (for example, Upparel)
- Consulting partners (for example, IBM).

Supplier relationships

Responsible procurement

Downer is committed to respecting the human rights of every person within our supply chain. Downer's supply chain of more than 25,000 suppliers is diverse and consists of indirect and direct suppliers.

Downer spent \$7.9 billion with suppliers in FY23, with the top three spend categories being subcontractors, project materials, and fleet and fuels. It is important to Downer that our suppliers and contractors share our values and reflect our expectations when doing business with and for us. It is critical that credibility, reliability and trust are the foundations of our supplier relationships.

Through our supply chain and business relationships, Downer potentially causes or contributes to supply chain environmental impacts (for example, carbon emissions, natural resource degradation, pollution, water management and biodiversity or nature impacts) and social impacts (for example, employment and working conditions, human rights).

Downer's supplier sourcing tool includes filters for social, economic, governance and environmental factors alongside the typical procurement considerations such as price and quality. Downer's prequalification process is designed to ensure our suppliers and contractors meet our Standards of Business Conduct. This includes checks on health and safety standards and policies, environmental policies, and adherence to Downer's terms and conditions.

Downer's standardised Procurement Framework is closely aligned to the principles of ISO 20400 – Sustainable Procurement, and is supported by a range of tools and platforms. The framework is designed to ensure we are engaging with the right suppliers and subcontractors to achieve our business, ethical, environmental, safety and social objectives. Downer provides relevant employees who perform complex procurement functions with targeted training. The program trains employees on key procurement aspects. In addition, regular updates to the framework occur to continuously improve our procurement practices. In FY23, the following were updated:

- Supplier Subcontractor Tendering Procedure
- Construction Contractor Checklist
- Maintenance Contracts Checklist
- Facilities Management Contract Checklist
- Modern Slavery Supplier and Subcontractor Checklist
- Modern Slavery Due Diligence Procedure.

In FY23, we engaged a third party to assist with developing a social and sustainable procurement strategy. The objective of this strategy is to maximise social engagement and reduce

environmental impacts through long-term sustainable partnerships with suppliers and subcontractors focused on measuring and acting on their impacts.

The strategy comes with a five-year plan of opportunities for action. Those actions are focused around four UN SDGs:

- SDG 5 Gender equality
- SDG 8 Decent work and economic growth
- SDG 11 Sustainable cities and communities
- SDG 13 Climate action.

Downer is committed to implementing a robust modern slavery framework and in FY23 engaged a third party to assist with a current state assessment and a high-risk supplier identification exercise. This engagement included interviews with key internal stakeholders in all Business Units in addition to the identification of potential high-risk suppliers in Downer's supply chain.

Local suppliers

Downer recognises that our procurement practices can support sustainable development by engaging local suppliers, Indigenous, Māori and Pasifika or women-owned businesses.

Supplier diversity is a key strategy in Aotearoa New Zealand to create an equitable and prosperous Aotearoa. Downer is focused on establishing a diverse supplier base, which strengthens our business and supports a thriving Māori and Pasifika business community. Downer is a member of Amotai – Supplier Diversity Aotearoa, which supports the engagement of a network of Māori and Pasifika owned businesses across the country. In FY23, \$55.5 million was spent through Māori and Pasifika businesses within our supply chain.

In Australia, Downer has undertaken a comprehensive review of our Indigenous procurement processes to ensure we are engaging verified businesses. This includes working with Supply Nation, Australia's leading directory of verified Indigenous businesses. In FY23, \$94.6 million was spent through Indigenous businesses within our supply chain.

Supplier spend

	2023	2022
Annual spend with Indigenous suppliers (\$AUD million)	\$94.6	\$87.5
Annual spend with Māori and Pasifika suppliers (\$NZD million)	\$55.5	\$26.3
Annual spend with Social Enterprises (\$AUD million)	\$11.7	\$9.2

Social procurement

Downer partners with Social Traders, Supply Nation and Kinaway to support positive social outcomes through our procurement activities. We continue to review our spend categories to identify opportunities for long-term partnerships with social enterprises and Indigenous businesses.

Supply chain engagement

Downer continues to leverage our involvement in the Sedex and Carbon Disclosure Project (CDP) supply chain programs to engage with our suppliers.

Sedex is a not-for-profit organisation that aims to improve ethical and responsible business practices in global supply chains. Downer uses the Sedex platform, tools and services to help guide our approach to modern slavery risk in our supply chain and operations.

Sustainability expectations are increasing upstream and downstream, driving the need for organisations like Downer to support suppliers to understand their emissions profiles and plan to reduce them.

Carbon Disclosure Project is a not-for-profit organisation focused on connecting companies like Downer with their suppliers to understand their broader value chain emissions.

This year, Downer engaged 142 suppliers and received a response from 54 per cent. Downer's approach to the CDP Supply Chain program in FY23 was two-fold:

- Increase the percentage of suppliers who respond to the survey and collect emissions data across their organisations
- Directly engage with suppliers to form partnerships that will ultimately assist in reducing emissions across our value chain.

Refer to Downer's 2022 [Modern Slavery Statement](#) for more information on how Downer manages the risk of modern slavery in its supply chain.





Independent Limited Assurance Report to the Directors of Downer EDI Limited

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Selected Sustainability Information, which has been prepared by Downer EDI Limited in accordance with management measurement methodologies and in accordance with the GRI Standards 2021 for the year ended 30 June 2023.

Information Subject to Assurance

The Selected Sustainability Information, as presented in the Downer EDI Limited (Downer) Sustainability Report 2023 (the Sustainability Report) and data pack, and available on Downer's website, comprised the following:

Selected Sustainability Information	Value assured FY23
Environmental	
Scope 1 Emissions (tCO ₂ e)	339,179
Scope 2 Emissions (tCO ₂ e)	39,404
Energy consumed (GJ)	5,397,458
Energy produced (GJ)	2,460
Number of significant environmental incidents	0
Number of environmental fines and prosecutions	1
Environmental fines or prosecutions paid (\$AUD)	8,140
Zero Harm	
Number of safety fines and prosecutions	4
Safety fines or prosecutions paid (\$AUD)	15,020
Lost Time Injury Frequency Rate (LTIFR) per million hours worked	0.90
Total Recordable Injury Frequency Rate (TRIFR) per million hours worked	2.68
Sustainability Linked Loan	
Science Based Target (SBT) Scope 1 & 2 Greenhouse Gas Emissions Intensity (tCO ₂ e/AU\$m)	30.00
Indigenous Cultural Awareness Training, Te Ara Whanake & Te Ara Maramatanga Training (hours delivered)	6,152
Mental Health First Aid Training (# of employees trained annually)	625

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Criteria Used as the Basis of Reporting

The criteria used in relation to the Selected Sustainability Information are the Global Reporting Initiative (GRI) Standards 2021 and Downer's management measurement methodologies (the Criteria).

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* (Standards). In accordance with the Standards we have:

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

Summary of Procedures Performed

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

- enquiries with relevant Downer personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- reviews of relevant documentation including Downer's management measurement methodologies, the GRI Standards 2021 and relevant NGER legislation;
- analytical procedures over the Selected Sustainability Information;
- site visits to selected Downer locations and facilities;
- walkthroughs of the Selected Sustainability Information to source documentation;
- evaluating the appropriateness of the criteria with respect to the Selected Sustainability Information; and
- reviewed the Sustainability Report 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, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Downer.

Inherent Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and



because of this, it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the period that is the subject of the engagement and the procedures performed on a test basis.

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

Use of this Assurance Report

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

Management's responsibility

Management are responsible for:

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

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 30 June 2023, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.

KPMG
Sydney
10 August 2023

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