

Sustainability Report





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Karakia Māori

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

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

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.



A word from the Chairman and CEO

The 2020 financial year tested the resilience of our business, the character of our people, and the spirit of our communities.

Australia's bushfires and floods, New Zealand's floods, landslides and volcanic eruptions and the COVID-19 pandemic resulted in extraordinary and unexpected challenges.

We can all be proud of the way our organisation and people adapted and responded.

Downer's robust governance models guided the business through these unpredictable circumstances and our strong Zero Harm culture meant our people adapted well and quickly to the new health controls put in place to slow the transmission of COVID-19. We implemented programs to support our people through worrying and uncertain times and stood by our communities in their time of need.

While some of our planned initiatives for FY20 were disrupted by COVID-19, we have continued to make progress against our sustainability goals and improved our disclosure.

In FY19, Downer announced an ambitious long-term greenhouse gas (GHG) emissions reduction target that aligns with the 2015 Paris Agreement goals to pursue efforts to limit the temperature increase to 1.5°C by the end of this century. The catastrophic weather events in Australia and New Zealand during the year reinforced the importance of this commitment. In February 2020, Downer announced we would shift our focus from high capital intensive activities to lower capital intensive and lower carbon activities, in line with our Urban Services strategy. This strategic shift will support Downer's decarbonisation pathway. We have also increased our utilisation of low emissions technology across our fleet, plant and equipment to reduce fuel consumption as well as carbon and air emissions.

Our customers and communities are placing increasing value in the circular economy to reduce waste being sent to landfill, and Downer continues to be an industry leader in this space. In June 2020 we celebrated the second anniversary of Australia's first road laid with Reconophalt™, Downer's sustainable asphalt product. Over the past two years Downer has laid over 77,000 tonnes of roads in six Australian States

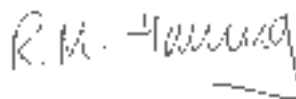
and Territories, using soft plastics from 46.1 million plastic bags and packaging equivalents, toner from 1.3 million used toner cartridges, glass from 11.5 million glass bottle equivalents and 20,500 tonnes of reclaimed asphalt.

We made good progress on a number of diversity and inclusion initiatives this year. We became a Workplace Gender Equity Agency (WGEA) pay ambassador, partnered with Engineering Australia's campaign to promote gender equality and launched our Indigenous Cultural Awareness Training. In FY20, Downer's Australian Operations spent \$47.3 million with Indigenous suppliers, which is a 92 per cent increase compared to FY19 – an excellent result.

Cybersecurity is a growing challenge for companies around the world, and these risks have intensified during COVID-19. Downer responded by deploying a number of programs to ensure our people can continue to securely work remotely.

Sadly, there was a fatality in our Otraco business in Chile in July 2019. At Downer, the health and safety of our people is paramount. We operate in a number of sectors that are exposed to high-risk activities and, while we have a history of strong safety performance, this tragic incident is a sobering reminder that we must keep safety front of mind in everything we do, every day.

Thank you to all our employees, customers, communities, business partners, contractors and suppliers for your continued support through what has been an extremely challenging 12 months.



Mike Harding
Chairman



Grant Fenn
Managing Director and
Chief Executive Officer

Sustainability snapshot

Financial



<h3>\$13.4b</h3> <hr/> <p>Revenue</p> <p>FY19: \$13.4b</p>	<h3>\$416m</h3> <hr/> <p>Underlying earnings before interest, tax and amortisation (EBITA)</p> <p>FY19: \$560.6m</p>	<h3>\$215.1m</h3> <hr/> <p>Underlying net profit after tax and before amortisation of acquired intangible assets (NPATA)</p> <p>FY19: \$340.1m</p>	<h3>\$42.2b</h3> <hr/> <p>Work in hand</p> <p>FY19: \$44.3b</p>
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Governance



<p>Board of Directors – gender diversity</p> <p>FY19: 5 Male 3 Female</p>	<h3>300+</h3> <hr/> <p>Senior executives who completed Downer’s Financial and Corporate Governance Self-Assessment surveys in FY20 (100 per cent completion rate)</p>	<h3>56</h3> <hr/> <p>Announcements made to the ASX and NZX with zero breaches of continuous disclosure</p>
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Health and safety



<h3>0.67</h3> <hr/> <p>Downer’s Lost Time Injury Frequency Rate (LTIFR)/million hours worked</p> <p>FY19: 0.57</p>	<h3>2.88</h3> <hr/> <p>Downer’s Total Recordable Injury Frequency Rate (TRIFR)/million hours worked</p> <p>FY19: 2.70</p>	<h3>1</h3> <hr/> <p>Fatality FY19: Zero</p>
		<h3>ZERO</h3> <hr/> <p>Prosecutions</p> <p>7 Fines FY19: Zero Fines</p>

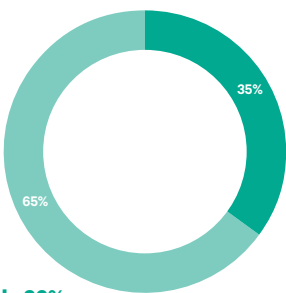


Environment

<p>ZERO</p> <p>Significant environmental incidents</p> <p>FY19: Zero</p>	<p>ZERO Prosecutions</p> <p>4 Fines FY19: 11 Fines</p>	<p>0.49 FY19: 0.47</p> <p>Energy intensity (TJ/AUD\$m)</p>
	<p>35.5 FY19: 33.9</p> <p>Carbon intensity (Scope 1 and Scope 2) tonnes CO₂-e/AUD\$m</p>	<p>5,114 tCO₂-e FY19: 9,678</p> <p>Annualised GHG emissions reductions (Scope 1, 2 and defined Scope 3)</p>





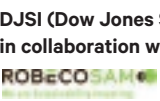



People

<p>Employees – gender diversity</p>  <p>FY19: Male 64% Female 36%</p>	<p>23%</p> <p>Females in management roles</p> <p>FY19: 22%</p>	<p>\$47.3m</p> <p>Overall Indigenous supplier spend within Downer’s Australian operations</p> <p>FY19: \$24.6m</p>	<p>Employees by region</p> <p>Australia 76% New Zealand 23% International 1%</p>
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ESG sustainability ratings performance*

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

Rating	Performance*
	Achieved Level 1 (the highest) for Governance and Environment, and Level 2 for Social.
	Highest rating – ‘Leading’ – in the Commercial and Professional Services sector.
	Ranked as a ‘Leader’ with a AA rating, placing Downer in the top 30 per cent of companies analysed globally.
	Achieved a ‘Low’ risk rating and ranked in the top 16 percentile globally.
	Consistent performance in industry category. Ranked 11th of 27 of companies assessed – the 62nd percentile.
	Achieved a grading of ‘B’ for Climate Change, ahead of the global average (C). Achieved a grading of B for Supplier Engagement, ahead of the global average (C).

* Downer’s performance for ESG ratings is based on information provided in the FY19 period.

An aerial photograph of a city, likely New York City, featuring a large steel arch bridge spanning a body of water. A multi-lane highway runs parallel to the bridge. The city skyline with various skyscrapers is visible in the background under a clear blue sky. A blue semi-transparent overlay covers the top left portion of the image, containing the text 'About this report'.

About this report

This Sustainability Report discloses Downer's sustainability-related performance for the financial year ended 30 June 2020.

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

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

This report discloses the sustainability-related performance of businesses within the Downer Group (Downer EDI Limited), including Spotless and Hawkins unless otherwise stated, for the financial year ended 30 June 2020. It is to be read in conjunction with Downer's 2020 Annual Report for information pertaining to the company's financial sustainability. As such, cross-references to Downer's Annual Report appear throughout this document.

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

Downer's 2020 Sustainability Report has also been produced as an interactive online document, which can be found on the Downer website at www.sustainability.downergroup.com/2020. In some instances, you can find additional information online. When you see this icon, refer to our website to read more.



Our reporting approach

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

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

We engage with our internal and external stakeholders to ensure we understand, and report on, our sustainability risks and opportunities. In FY19, we undertook a comprehensive independent materiality assessment to ensure our sustainability performance and reporting continues to align with the priorities of our stakeholders.

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

These selected sustainability indicators are:

- Lost Time Injury Frequency Rates and Total Recordable Injury Frequency Rates
- Total direct (Scope 1) and indirect (Scope 2) GHG emissions
- Total energy consumption and production
- Significant environmental incidents
- The total number and value of safety and environmental related fines or successful prosecutions
- Science-Based Target (SBT) Scope 1 and Scope 2 greenhouse gas emissions intensity (tonnes CO₂-e/AUD\$m)
- Indigenous Cultural Awareness Training, Te Ara Whanake and Te Ara Māramatanga training (hours delivered)
- Mental Health First Aid training (employees trained annually).

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



Our approach to sustainability

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

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

A core element of Downer’s sustainability approach is to focus on our customers’ success – if our customers are successful, then we will be successful. Our core operating philosophy, ‘Relationships creating success’, encapsulates this theme.

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

These sectors are serviced by Downer’s Urban Services businesses – Transport, Utilities, Facilities and Asset Services. These businesses have demonstrated strength and resilience and hold leading market positions and attractive medium-term and long-term growth opportunities. They have a high proportion of government and government-related contracts and a capital light, services-based business model generating lower risk, and more predictable revenues and cash flows.

Downer’s Urban Services strategy delivers many environmental and social benefits including a move to lower capital intensive and lower carbon activities, which supports Downer’s decarbonisation pathway.

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

Our customers trust us to deliver these services that will have a direct impact on their customers each day.

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

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



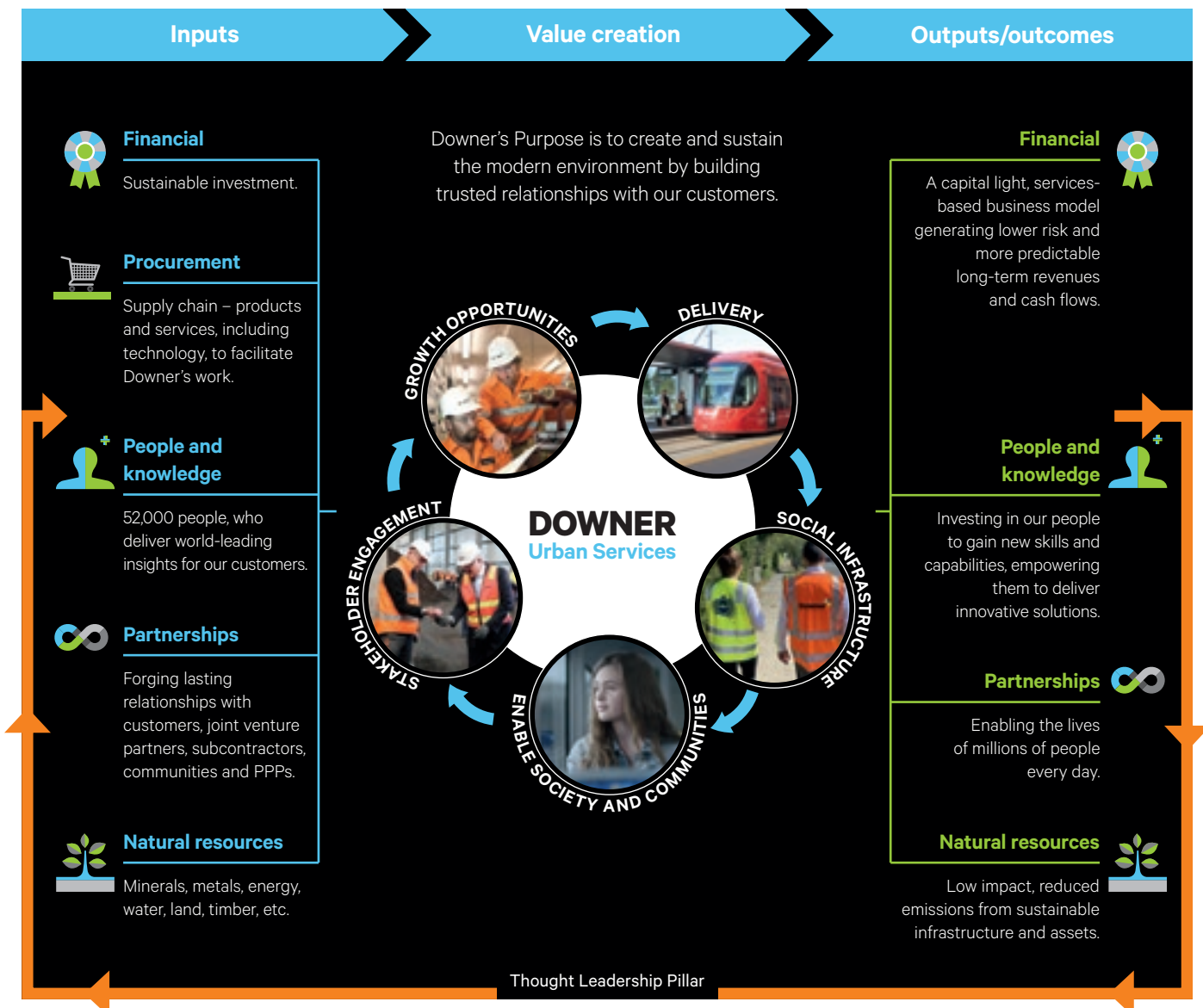
For Downer’s approach to Zero Harm, refer to our website.

Value chain and value creation

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

Downer creates value for our employees through a talent attraction and retention strategy that focuses on investing in our people and building a pipeline of diverse and inclusive leaders.

We create value for our partners through long-lasting relationships that go beyond the individual project. We deliver for our shareholders through an operating model which is positioned to provide long-term sustainable growth. And we enable the lives of millions of people every day and contribute to an enhanced society.





About Downer



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

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

With a history dating back over 150 years, Downer is listed on the Australian Securities Exchange and New Zealand Stock Exchange as Downer EDI Limited (DOW). We are an ASX 100 company that employs approximately 52,000 people across more than 300 sites, primarily in Australia and New Zealand but also in the Asia-Pacific region, South America and Southern Africa.



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

Our Purpose

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

Our Promise

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

Our Pillars

Safety

Zero Harm is embedded in Downer's culture and is fundamental to the company's future success



Delivery

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

Relationships

We collaborate to build and sustain enduring relationships based on trust and integrity

Thought leadership

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

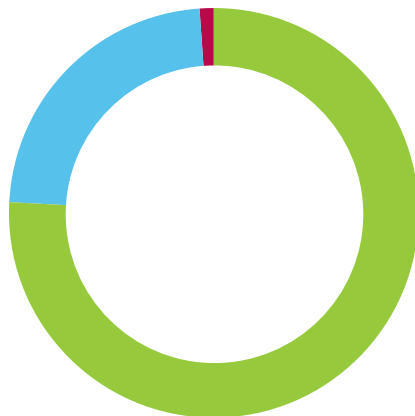


FY20 total revenue by service line %



Transport	35%
Utilities	20%
Facilities	24.7%
Mining	11.6%
Engineering, Construction & Maintenance (EC&M)	8.7%

FY20 employees by region %



Australia	76%
New Zealand	23%
International	1%



DOWNER GROUP

CORE				
	Transport	Utilities	Facilities	Asset Services
	Road Services Rollingstock Services Transport Projects	Telecommunications Water Power & Gas	Government Health & Education Defence Building	Oil & Gas Power Generation Industrial
	NON-CORE	Wind down / re-scope		Under review
	Infrastructure & Construction (Facilities) Engineering & Construction (EC&M)		Mining Laundries (Facilities) Hospitality (Facilities)	

What we do

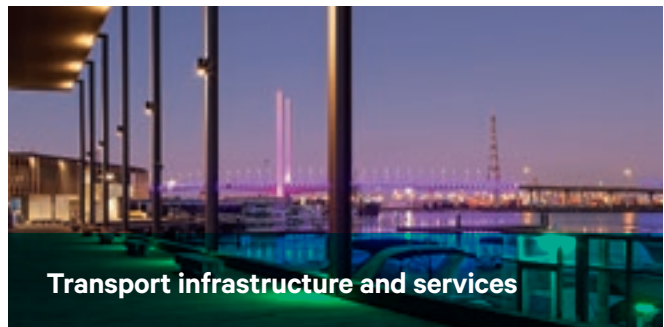
Downer supports our customers through the full life of their assets – from initial feasibility and design through to production and operations and eventual decommissioning.



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



Road services



Transport infrastructure and services



Passenger rail



Light rail and buses



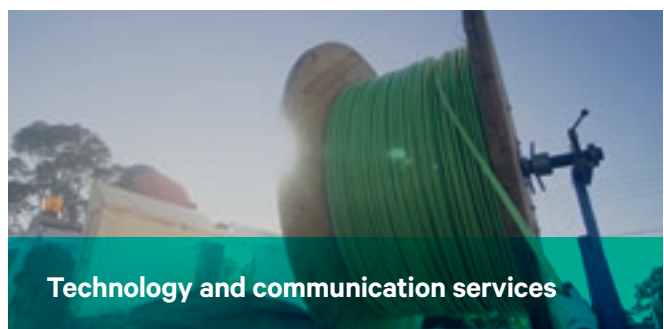
Airports and ports



Integrated facilities services



Power and gas



Technology and communication services



Renewable energy and power systems



Water



Mining services



Oil and gas



Power generation and industrial



Minerals processing



Non-residential buildings



Defence



Asset management



Professional and managed services

Materiality and stakeholder inclusiveness



Our stakeholders

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

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

How we engage with our stakeholders

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

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

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



What are material issues?

Downer seeks to identify the issues that matter most to the business and our stakeholders, and have the greatest potential to impact our future success and returns to shareholders. We refer to these as our material issues. In FY19, Downer revisited its materiality assessment in accordance with the Global Reporting Initiative (GRI) Standards. Materiality Counts, an independent expert, led a process to engage selected internal and external stakeholders to identify and understand our material economic, social, environmental and governance risks and opportunities.

Materiality helps Downer to focus our sustainability reporting on the material issues, helping to keep it directly relevant to what matters to our stakeholders. Material issues are also a valuable input to our strategic planning. Downer recognises these issues may change over time, reflecting changes in our business and external operating environment and the expectations of stakeholders. We use the results of the materiality assessment to inform our business strategy and our sustainability framework and targets.

The independent process consisted of the following steps.

1. **Develop the universe of potential material issues:** A list of potential material issues and short explanations was compiled using independent sources such as the GRI, Sustainable Development Goals (SDGs), peer sustainability reports and news media as well as a comprehensive range of inputs from our stakeholders.
2. **Materiality survey:** A representative sample of stakeholders completed a survey providing quantitative data on the relative priority of the issues.

3. **Stakeholder interviews:** Selected external stakeholders participated in a telephone interview which provided qualitative context to inform our understanding of the current and future context of each issue.
4. **Validation of the results:** The results were presented to Downer's Zero Harm Board Committee for validation and approval.



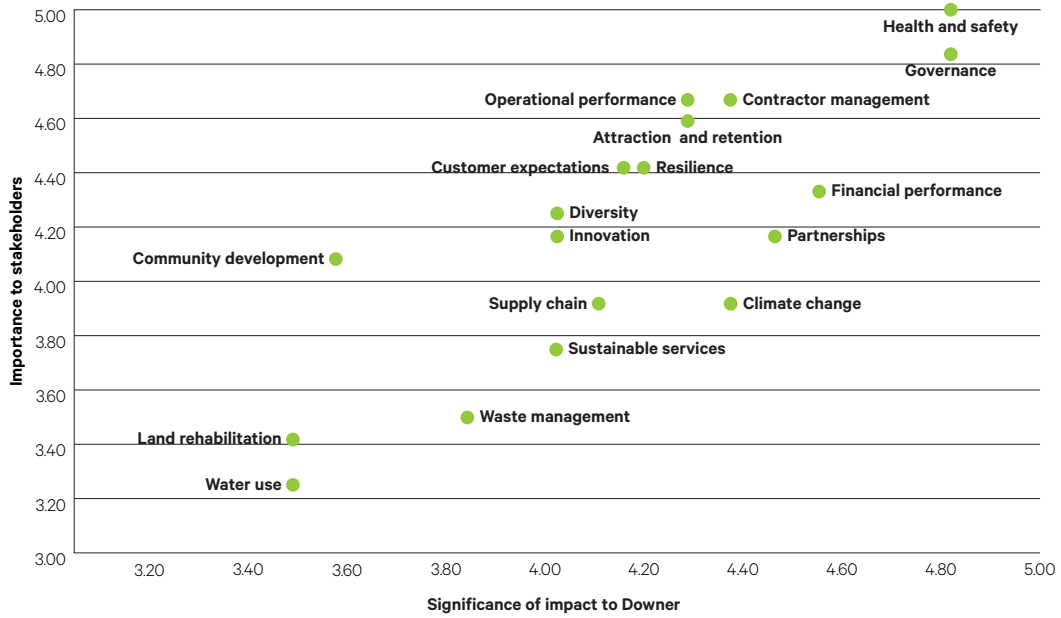
To read more about Downer's materiality assessment process, refer to our website.

Stakeholders prioritised issues based on their importance and significance of impact for Downer. This provided a list of the top 11 issues which Downer deems to be its material issues. The remaining seven issues, which remain important to Downer and will continue to be managed, are referred to as other issues.

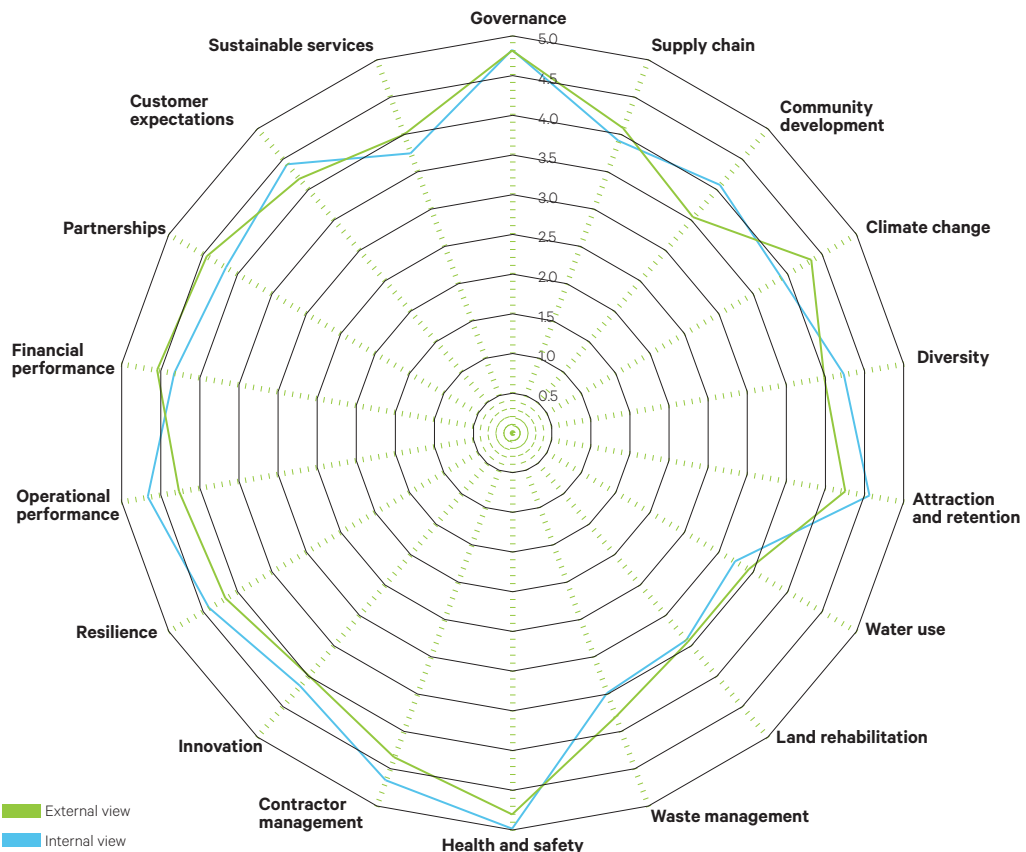
In FY20, the material issues were examined to ensure their continued relevance and importance, and to consider the impacts of COVID-19 to determine whether this has affected their prioritisation. The outcome of this exercise was that, despite the disruption caused by COVID-19, the material issues and their prioritisation remained unchanged.

The materiality assessment provided key sustainability insights for Downer's strategy and frames the content for this year's Sustainability Report. The materiality results are shown in the matrix on the next page and further explained in order of priority. The results were positive, with strong alignment between internal and external stakeholder views, as shown in the spider diagram.






Material issues prioritised by stakeholder view on impact to Downer








Material issues prioritised by internal and external stakeholder view



This materiality assessment identified a prioritised list of 11 material issues. It also identified the top seven Sustainable Development Goals that Downer contributes to (more information on pages 22-23). The context behind each material issue is as follows:

Material issues by ranking	Definition	Issue relevance to broader value chain	Relevant Sustainable Development Goal	Section/Page number
1. Health, safety and wellbeing of our people	Maintaining a high standard Zero Harm culture through accountability. Commitment to local purchasing, stakeholder engagement, the health and safety of our people through strong safety leadership, workforce engagement and a continual organisation-wide focus on managing risks and aligning values. This includes policy, injury management, health promotion, early intervention, wellness facilities and programs, and staff benefits.	Subcontractors Suppliers Customers Communities JVs and alliances Regulators		Health and safety Pages 36-47
2. Strong governance and ethical conduct	Embedding a strong corporate culture that rewards high ethical standards and personal integrity through a focus on risk management, regulatory compliance, human rights (including modern slavery) and data security.	Investors Regulators Customers Subcontractors Suppliers JVs and alliances		Governance and ethical conduct Pages 24-35
3. Contractor management	Maintaining a Zero Harm culture through our contractor management. Commitment to the health and wellbeing of our contractors through leadership, engagement, aligning values and managing risks. This includes policies and procedures to reduce risks.	Subcontractors JVs and alliances Communities		Governance and ethical conduct Pages 24-35 Health and safety Pages 36-47 Environment Pages 48-69
4. Operational performance	Running our business as efficiently as possible.	Investors Subcontractors Suppliers Customers JVs and alliances	 	Downer's Annual Report
5. Financial performance	Balancing growth against sustainable profit.	Investors Subcontractors Suppliers Customers JVs and alliances		Downer's Annual Report
6. Attraction and retention of skilled people	Attracting and retaining skilled and engaged people by establishing Downer as a sought-after employer. Providing rich career development opportunities and attractive employee benefits. Developing leadership capability, project management excellence and commercial acumen.	Subcontractors JVs and alliances Communities		People Pages 70-91
7. Partnerships and stakeholder engagement	Developing enduring collaborative partnerships and alliances with customers, suppliers, contractors, government, communities and Indigenous people.	Investors Subcontractors Suppliers Customers Communities JVs and alliances		Governance and ethical conduct Pages 24-35 Communities Pages 92-101

Material issues by ranking	Definition	Issue relevance to broader value chain	Relevant Sustainable Development Goal	Section/Page number
8. Customer expectations and adding value	Keeping pace with customer expectations via engagement and feedback to ensure we improve the value and services we provide to both our customers and their customers.	Investors Subcontractors Suppliers Customers JVs and alliances		Our approach to sustainability Pages 6-7 About Downer Pages 8-13
9. Business resilience	Driving sustainable strategic growth into new markets for further diversification. Adapting to dynamic and changing markets.	Investors Subcontractors Suppliers Customers Communities JVs and alliances Regulators	  	A word from the Chairman and CEO Page 1 Our approach to sustainability Pages 6-7 Downer's Annual Report
10. Climate change	Managing our contribution to climate change by reducing our greenhouse gas emissions from energy use. Improving the resilience of our assets and portfolio to the impacts of climate change.	Investors Regulators Subcontractors Suppliers Customers Communities JVs and alliances		Environment Pages 48-69
11. Diverse and inclusive workforce	Developing a diverse and inclusive workforce that reflects, and is informed by, the customers and communities we serve. Focus on increasing the number of women employees, Indigenous employees and generational diversity.	Subcontractors JVs and alliances Customers Communities		People Pages 70-91

The material issues identified above are addressed within the relevant sections of this Sustainability Report, except for financial performance, operational performance and business resilience. Instead, these are referenced within the context of the Sustainability Report but addressed in more detail in Downer's Annual Report.

The other issues, in order of priority are:

Other issues by ranking	Definition
12. Innovation and technological change	Keeping pace with technological innovation to ensure we are embedding operational technology into core service offerings to remain market competitive and meet customer expectations. Increasing investment in, and utilisation of, asset management and data analytics tools.
13. Sustainable supply chain	Engaging with suppliers and contractors to tackle modern slavery and human rights within the supply chain. Aligning our procurement systems and processes to ISO20400: 2017: Sustainable Procurement – Guidance.
14. Sustainable products and services	Creating sustainable products and services for the market and our customers. This includes environmental and sustainability ratings, certifications and product stewardship.
15. Community development, relationships and trust	Supporting the success of the communities in which we operate through partnerships, sponsorships, donations, training and employment opportunities – including for Indigenous people, local purchasing and heritage management. Improving community living standards and contributing to the economy by providing jobs and infrastructure, and preparing the community for site closure.
16. Waste management and resource efficiency	Reducing the amount of waste we generate through resource recovery, avoidance, reuse and recycling. Supporting the circular economy through the creation of new products, like Reconophalt™.
17. Land rehabilitation	Rehabilitating land, including revegetation at facilities, both pre- and post-closure, and rehabilitation of contaminated land.
18. Water use	Managing water consumption to reduce the amount of potable water used in our business through resource efficiency and onsite treatment and reuse.

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



Changes from previous years

There are no material changes in the list of material topics and topic boundaries from previous years. However, restatements were made to FY18 and FY19 Scope 1 emissions and energy consumption within the Environment section. This is in response to the inclusion of subcontractor emissions for New Zealand for FY18 and a material adjustment to previously disclosed subcontractor emissions for FY19, as a result of a change in methodology.

UN Sustainable Development Goals (SDGs)

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

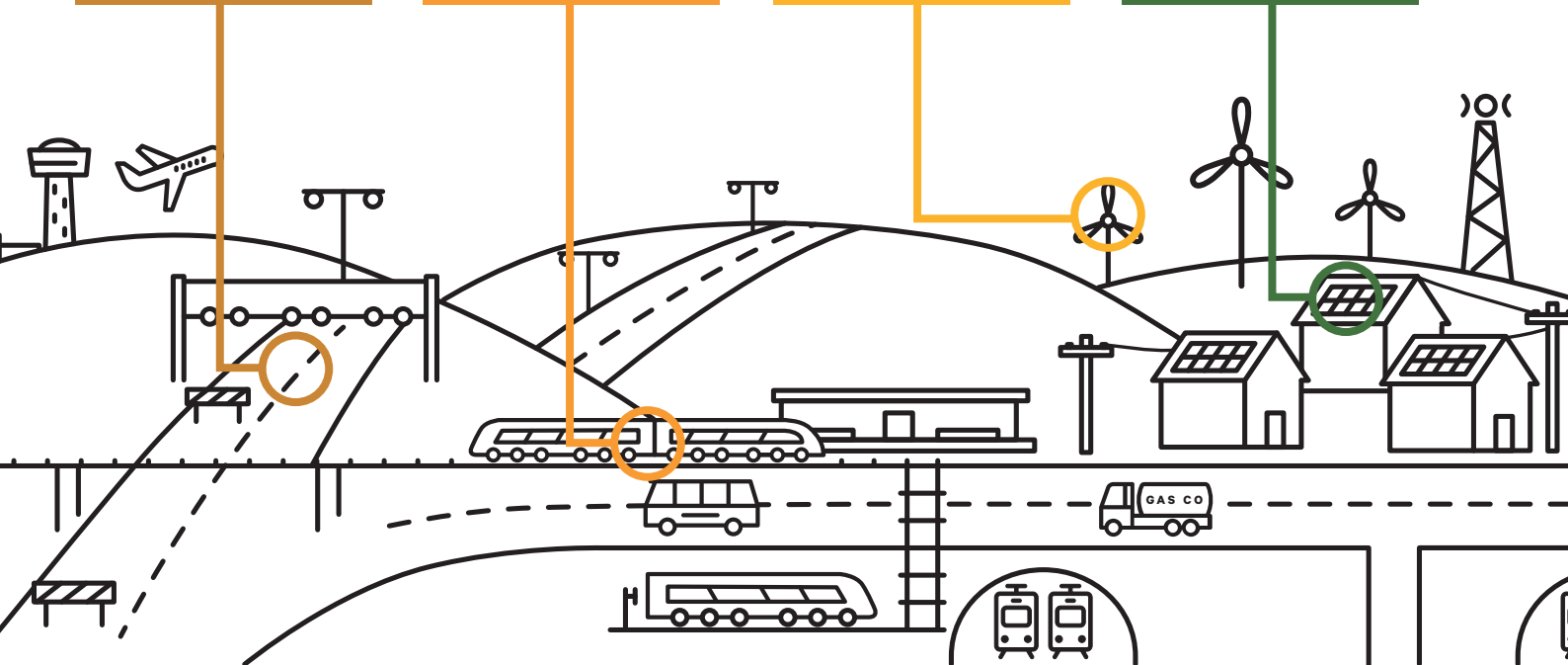
Downer contributes to most of the SDGs in four important ways: through our services and products; by responsibly operating our business; through our capability and thought leadership; and through our social responsibility activities and community involvement.

In this year's Sustainability Report we have aligned our material issues and case studies to the SDGs, using icons to show which ones we are contributing to each time.

How Downer contributes to the UN Sustainable Development Goals

The materiality assessment identified the following top seven SDGs to which Downer contributes:

 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p> <p>Downer is committed to responsibly using resources and embraces the opportunities of the circular economy, believing it is highly beneficial for business, environment and society. This is evident in Downer's continued investment in its Reconomy business.</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p> <p>Downer provides sustainable solutions and essential infrastructure and transport services (e.g. communication networks, road and rail networks) to our customers that enable cities and human settlements to be better connected, more efficient, safe and resilient.</p>	 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Provide access to affordable and reliable sustainable energy for all</p> <p>Energy is essential to sustain the modern world and as the world moves towards a low carbon economy, demand for clean fuel and technology and integrating renewable energy into end-use applications in buildings, transport and industry will continue to grow. Downer is one of Australia's most experienced providers in the energy market, delivering services to customers requiring both utility and commercial scale sustainable energy solutions. Downer is also continually looking to substitute fossil fuel-derived energy sources with renewables.</p>	 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p> <p>Downer accepts the latest Intergovernmental Panel on Climate Change (IPCC) assessment of the science related to climate change. Downer considers climate change to be one of its material issues and has responded to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Downer is actively taking action to decarbonise its GHG emissions.</p>
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Ensuring women are treated equally and afforded opportunities for empowerment and leadership

At Downer, we employ approximately 52,000 people across several sectors requiring a diverse range of skills and expertise. Therefore, we recognise the importance and the role we can play to increase female participation in industry sectors where female participation is traditionally low (e.g. construction). We ensure that women are treated equally and afforded opportunities for empowerment and leadership roles within the organisation.



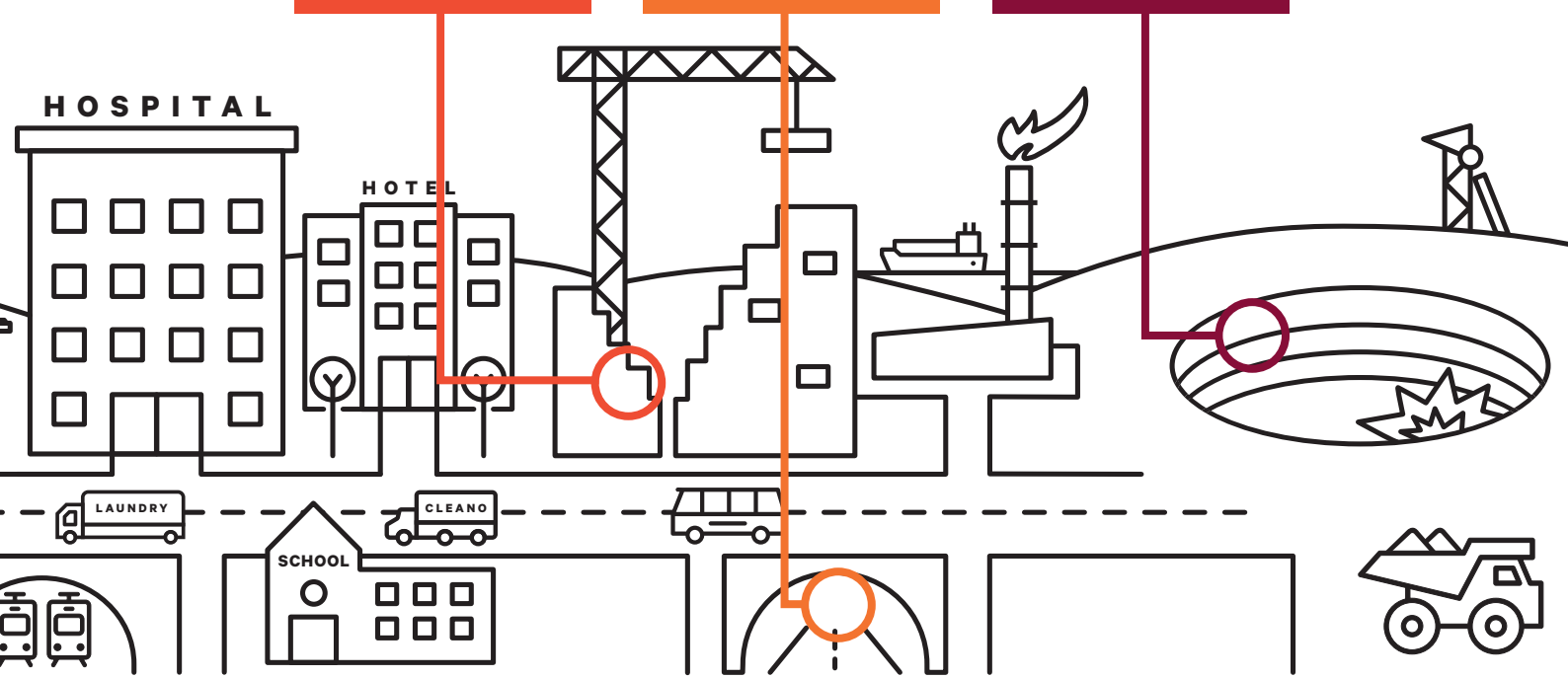
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Downer makes the greatest contribution to SDG#9. Downer designs, builds and sustains assets, infrastructure and facilities and we are the leading provider of integrated services in Australia and New Zealand.



Provide opportunities for productive and decent work

As a large employer, Downer prides itself on providing productive employment and decent work for all women and men, including for young people and people with disabilities, and equal pay for work of equal value. Downer also has influence over its large supply chain and understands the need for effective measures to eradicate forced labour and put a stop to modern slavery and human trafficking.



For our approach to governance and ethical conduct, visit:
sustainability.downergroup.com/2020/governance

Governance and ethical conduct

Downer

Our performance

Downer committed to achieving the following governance targets and objectives in the 2020 financial year:

Target/objective	Result	Reference
Board structure – maintain a balance of skill, experience, expertise and diversity represented on our Board	✓	Board structure Page 25
Financial and corporate governance self-assessment – achieve 100 per cent completion rate among senior management	✓	Financial and corporate governance self-assessment Page 28
Zero breaches of disclosures relating to market-sensitive information	✓	Timely, honest and transparent disclosures Page 28
Zero breaches of anti-bribery and corruption policy	✓	Anti-bribery and corruption Page 28
Zero breaches of securities trading policy	✓	Insider trading Page 29
Zero instances of anti-competitive behaviour	✓	Anti-competitive behaviour Page 29
Improve supply chain management processes	✓	Supply chain management Page 29
Progress Downer’s Modern Slavery Statement	✓	Labour practices and modern slavery Page 30
Launch refreshed Standards of Business Conduct	✓	Standards of Business Conduct Page 27

The performance information in this section includes Australian Operations, Spotless and New Zealand, including Hawkins, but excludes contractors and joint ventures.

Board structure

The Downer Board is comprised of a majority of independent Directors. The Board consists of the Chairman (Mike Harding, an independent Non-executive Director), four other independent Non-executive Directors and an Executive Director (Downer Group CEO, Grant Fenn). Details of each Board member, including their skills, experience, status and term of office, are set out in Downer’s 2020 Annual Report and are also available on the Downer website.

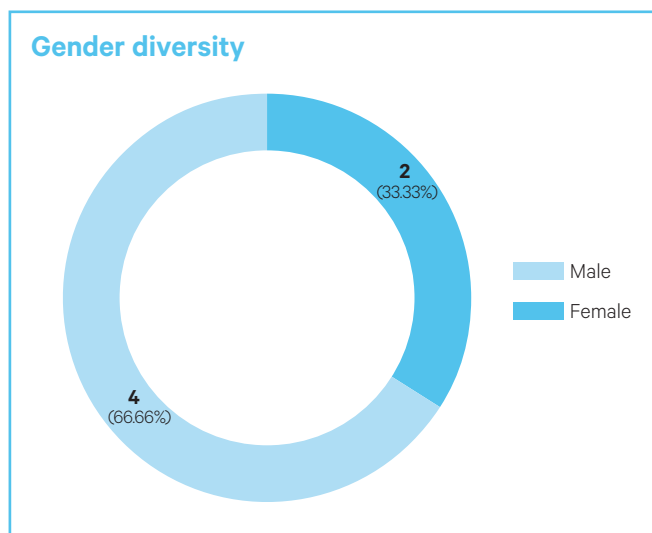
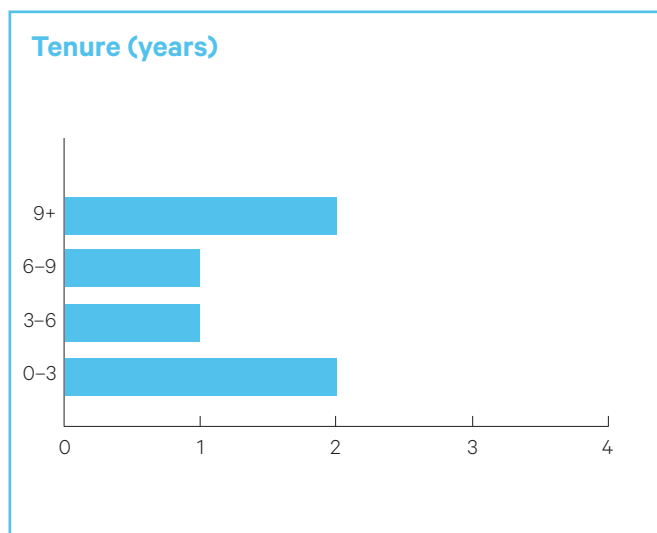
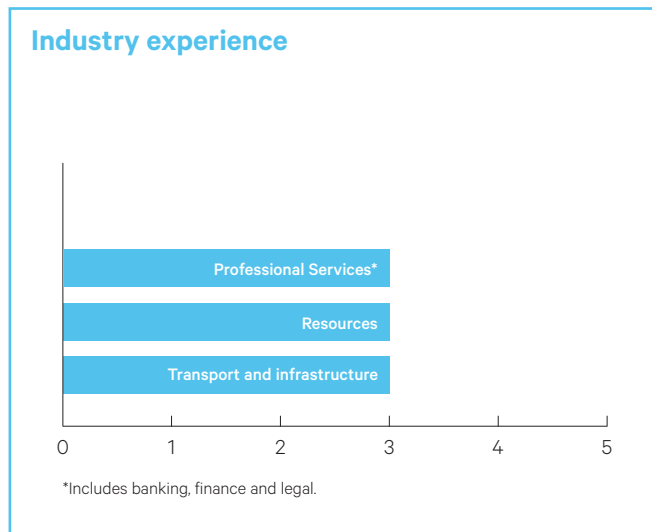
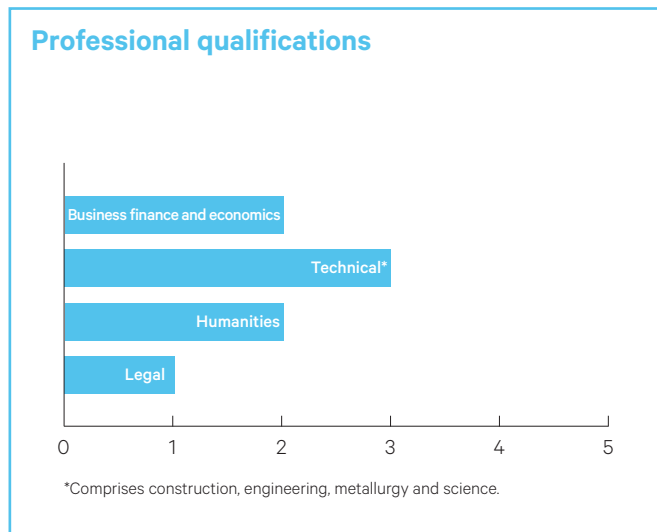
The composition of our Board is reviewed and assessed by the Nominations and Corporate Governance Committee to ensure the Board is of a composition and size and has a commitment to effectively discharge its responsibilities and duties.

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

Given the breadth of Downer’s service offerings across a range of markets, the Board seeks to ensure that it maintains an appropriate range of technical skills across engineering, construction and scientific disciplines, as well as services activities and professional services, when considering the appointment of a new Director.

We appreciate the value of diversity on our Board and this is taken into consideration during the appointment process.

The chart below illustrates the balance achieved with the current Board composition.



At Downer, multiple Board committees assist the Board of Directors in carrying out its primary role of guiding the company's strategic direction. There are seven Board committees:

- Nominations and Corporate Governance Committee
- Audit and Risk Committee
- Zero Harm Committee
- Tender Review Evaluation Committee
- Remuneration Committee
- Rail Projects Committee
- Disclosure Committee.

All charters for the Board and these committees are available on our website under the Board and Committees section. The names of the members of each committee are included in Downer's 2020 Annual Report.

Internal audit and risk framework

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

In FY20, the team completed 18 internal audits comprising six project reviews and 12 reviews of key business processes, which included:

- Project valuation management
- Delegations of authority
- Procurement processes and management
- Workforce payments and entitlements
- Contractor and subcontractor management.

During the year, Spotless commenced a review of the applicable Enterprise Agreements (EAs) and Modern Award obligations, together with the assumptions regarding their interpretation and application in its payroll systems in order to validate the correct application of pay rates to employees, as well as identify



historical underpayments and overpayments. The process is ongoing. On 1 July 2020, Spotless lost a Federal Court case with respect to Ordinary and Customary Turnover of Labour rate (OCTL) redundancy payments for employees made redundant on cessation of specific contracts.

Spotless has recognised an employee benefits provision of \$41.1 million in relation to these matters, including interest and other remediation costs. Downer is committed to ensuring its people are paid in accordance with their employment agreements and the law and has a dedicated team investigating Spotless and Downer practices, systems and processes.

Standards of Business Conduct

Downer sets high expectations for how our people should conduct themselves when representing the company. These expectations are set out in our Standards of Business Conduct. Approved by the Downer Board, our Standards of Business Conduct is formally administered by Downer's Group General Counsel and Company Secretary. It applies to all our people, including contractors and agents representing Downer and its subsidiary companies throughout the world. It stipulates what is required in relation to:

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

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

Downer also has a formal 'whistleblower' policy in place to report breaches of the Standards of Business Conduct including any inappropriate, unethical, corrupt or illegal behaviour, misconduct, or any other improper state of affairs or circumstances. Downer has both internal and external processes that allow for the reporting of breaches, including 'Our Voice', which is an external and independent service that allows employees to anonymously report such potential breaches.

Downer encourages its employees, subcontractors and partners to voice their concerns if they identify potentially unethical practices. Downer will not tolerate victimisation of a whistleblower and is committed to providing support and protection against any reprisal for reporting a breach or potential breach. Any employee found to have victimised another will be subject to disciplinary action. In FY19, Downer committed to reviewing its Standards of Business Conduct. This was completed in FY20 and included a number of important changes (refer to case study, right).



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

Setting the standard for how we conduct our business

In December 2019, Downer launched a refreshed Standards of Business Conduct, which outlines how our people should conduct themselves when dealing with our customers, suppliers, communities and each other.

A number of important changes were made to the Standards of Business Conduct. These include an update to the Business Integrity Policy, which sets out how to report misconduct or other illegal behaviour, clarity on the threshold for the acceptance of gifts and benefits, and information on Downer's position on modern slavery.

"Downer's continued success depends on our ability to deliver results for our customers and for each other," Downer CEO, Grant Fenn, said.

"In delivering these, it is also important that we adhere to the Standards of Business Conduct. This applies to every one of us, including Directors, employees, contractors and agents representing Downer and its subsidiary companies, including Spotless."

For Spotless staff, the Standards of Business Conduct replaced their Code of Conduct. There were no material changes to what is expected of our people, but it aligned Spotless with Downer in this very important aspect of our business operations.

Downer also encourages our people to raise concerns about behaviour which may be contrary to the Standards of Business Conduct.

Our updated Business Integrity Policy was released in conjunction with the refreshed Standards of Business Conduct. It clearly sets out how Downer deals with reports of conduct that is contrary to our Standards of Business Conduct, and how we protect our people who make reports. In addition, Downer's Anti-Bribery and Corruption, Gifts and Benefits Policy, and Securities Trading Policy were also updated.

Financial and corporate governance self-assessment

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 furnish a declaration on the outcome of this assessment.

The Audit and Risk Committee receives a summary of issues and acts upon these in accordance with Downer's policies and procedures. Declarations are used to support the Board in its statements to the ASX, NZX, ASIC, NZ Companies Office, ATO, NZ IRO, finance providers, insurance underwriters and others.

Downer conducted two Financial and Corporate Governance Self-Assessment surveys in FY20, with 333 senior executives completing the first, and 321 completing the second, both of which had 100 per cent completion rates.

In FY20, two material changes were made to the FCGSA to provide assurance that Downer complies with the law, its contractual obligations, its corporate policy, and Australian Accounting Standards. These changes consisted of:

- Amendments made within the Accounting and Financial Reporting section under the Leases question. The Australian Accounting Standards Board (AASB) 16 *Leases*, effective from 1 July 2019 for Downer, replaces the leasing standard AASB 117 which contains significant changes to the accounting treatment of leases around how to recognise, measure and disclose leases

- The inclusion of a dedicated question on modern slavery. Under the Commonwealth Modern Slavery Act, Downer is required to prepare and publish a modern slavery statement that describes its actions to assess and address modern slavery risks. In addition, Downer is required by its customers to notify of any incidences of modern slavery in its supply chain.

Timely, honest and transparent disclosures

Downer is committed to providing all investors with equal and timely access to material information about the company.

Downer's Disclosure Policy sets out processes which assist the company to ensure that all investors have equal and timely access to material information about the company and that company announcements are factual and presented in a clear and balanced way. The Policy states that new and substantive investor or analyst presentations are to be released on the ASX Market Announcements Platform ahead of the presentation.

We are committed to implementing best practice in identifying and disclosing material and market-sensitive information, which is why our Disclosure Policy adopts procedures in accordance with the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

In FY20, we made 56 announcements and disclosures via the ASX and NZX. There were no breaches of continuous disclosure and Downer is unaware of any substantial complaints regarding breaches of privacy or other matters by customers or other stakeholders.

Spotless shareholder class action:

In May 2020, the parties to the Spotless Class Action announced that they had reached an agreement to settle the proceeding against Spotless Group Holdings Limited. Under the agreement, Spotless Group Holdings Limited will pay a total of \$95 million, inclusive of interest and costs, to settle the claims of members in the Spotless Class Action.

The settlement is without admission of liability and is subject to the approval

of the Federal Court of Australia. This claim has previously been disclosed as a contingent liability in Downer's Annual Report. This relates to activities that occurred in 2015, prior to Downer's involvement in Spotless Group Holdings Limited. The central allegations made in the Spotless Class Action are that Spotless misled the market by making a series of announcements without reasonable basis, and failed to disclose to the market operator information that had a material effect on the price or value of Spotless Group Holdings Limited shares.

Anti-bribery and corruption

Downer has a zero tolerance to bribery and corruption. We are committed to complying with the law in all jurisdictions in which we operate, as well as maintaining and reinforcing the reputation of Downer and our people for ethical practice.

That is why we take steps to educate our people on the risks of bribery and corruption. Downer's Anti-Bribery and Corruption Policy sets out our expectations around bribery and corruption and outlines the dangers of breaching these laws.

In FY20, we continued to implement our Anti-Bribery and Corruption training for our employees, with 732 employees completing the module across Australia and New Zealand. These numbers exclude Spotless, as the roll-out of training in Spotless was put on hold due to the impacts of COVID-19.

To avoid the potential for bribery and corruption, Downer does not make donations, either in kind or directly, to political organisations, political parties, politicians or trade unions in any country without prior approval from the Chairman or CEO, through the Company Secretary.

In addition, Downer will not make or solicit payments to organisations which predominantly act as an intermediary to fund political parties or individuals holding or standing for elective office without prior approval from the Chairman or CEO, through the Company Secretary. In FY20, Downer made a total of \$1,100 in political donations, which was to the South Australian Liberals.

Insider trading

Downer is committed to preventing the misuse (or perceived misuse) of market sensitive information by restricting certain securities dealings undertaken by our people.

Downer's Securities Trading Policy has been developed to ensure that:

- Any permitted dealings in securities carried out by our people comply with legal and regulatory obligations (including the prohibition against insider trading)
- Downer maintains market confidence in the integrity of dealings in our securities. Our people must not engage in insider trading of Downer's securities or in the securities of another listed entity.

In FY20, there were no reported breaches of the Securities Trading Policy.

Anti-competitive behaviour

Many of the jurisdictions in which we conduct our business have laws to promote or protect free and fair competition (usually called 'competition' or 'anti-trust' laws). Under these laws, it is usually illegal to make an agreement with another person to fix or control prices, market share and distribution practices (among other things).

It is also illegal to make an agreement with a competitor to boycott suppliers or to deal with only specific customers or markets. Employees must not engage or be involved in any conduct that breaches competition or anti-trust laws.

Breaching these laws can have serious consequences for Downer and our people. Our people understand that even the perception of a breach of these laws will have a serious impact on the reputation of Downer and our people.

As Downer has operations in foreign jurisdictions, Downer employees are confronted by the challenges of doing business in environments where bribery and corruption are real risks. However, regardless of the country or culture within which our people work, Downer is committed to compliance with the law, as well as maintaining our reputation for ethical practice.

In FY20, there were no breaches or litigation associated with anti-competitive behaviour brought to Downer's attention.

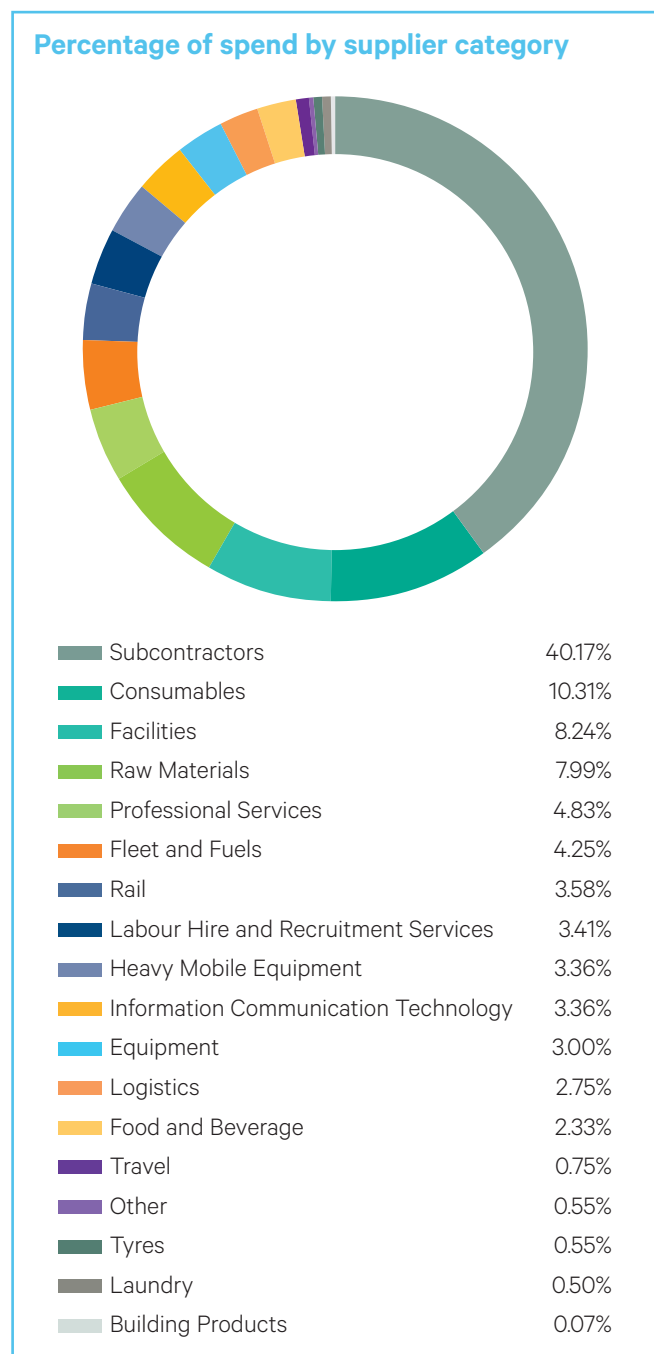
Supply chain management

Contractor management is Downer's third-highest ranked material issue.

Each year, Downer spends over \$8 billion with more than 30,000 suppliers and subcontractors. We rely on these suppliers and subcontractors to help deliver outstanding services for our customers and maintain our reputation as an industry leader. We want our suppliers and contractors to share our values and reflect our expectations when doing business with and for us. Downer undertakes a comprehensive prequalification process to ensure our suppliers and subcontractors meet our high standards of business conduct. This includes background

checks on financial health, health and safety standards and policies, environmental policies, and adherence to Downer's terms and conditions.

Downer's Procurement team has developed a standardised framework supported by a range of best practice platforms to ensure we are engaging with the right suppliers and subcontractors to achieve our business, ethical, Zero Harm and social objectives.





The Procurement team's key objectives align to Downer's Pillars and are to:

- Ensure value for money is delivered across all Downer procurement activities
- Meet governance and probity requirements
- Streamline procurement processes
- Deliver on our social and sustainable procurement goals.

Value for money: Value for money is not necessarily the lowest price, nor the highest quality good or service. Value for money is derived from a fair and balanced assessment of a range of financial and non-financial factors.

Governance and probity requirements: Ensuring governance and probity across the procurement process builds trust in Downer's practices and decisions, drives fair and ethical behaviour, and ensures healthy working relationships between Downer and its suppliers.

Procurement processes: Downer aims to ensure that procurement processes are streamlined for both internal stakeholders and suppliers, while still meeting Zero Harm and all relevant requirements and legislations. Making procurement simpler, easier and more efficient delivers time and cost efficiencies for both Downer and our suppliers.

Social and sustainable procurement goals: By helping to build a diverse supply chain, Downer's procurement capability can support businesses of all types to grow and encourage economic and social development while ensuring a sustainable future. Downer uses procurement to support small and medium-sized businesses, Aboriginal-owned businesses, regional businesses, and disability employment organisations. Downer also proactively works with its supply chain to support social and sustainable outcomes, including reducing the risks of modern slavery impacting Downer's supply chain. Downer ensures compliance with all legislations relevant to social and sustainable procurement is maintained. For Downer, sustainable procurement includes:

- Considering how procurement impacts society, the economy and the environment
- Providing suppliers with fair opportunities to compete
- Respecting stakeholders' interests, the rule of law and human rights (including modern slavery)
- Seeking sustainable alternatives
- Analysing all procurement costs, including benefits for society, environment and the economy
- Integrating sustainability into procurement practices.

In FY20, Downer developed and launched a number of initiatives and platforms to help meet these objectives. This includes a new online sourcing tool that helps Downer employees ensure they are adhering to governance and probity requirements as well as social and sustainability goals. The tool provides important information on all 30,000 of Downer's suppliers and subcontractors, including:

- Preferred suppliers and subcontractors
- Indigenous ownership, and other social and sustainable procurement metrics
- Prequalification status (utilising Avetta, Pegasus, CM3)
- Modern slavery compliance
- Size and capacity of companies
- Cost range
- Performance ratings.

The performance ratings draw information from a separate online evaluation tool, which was launched in June 2020. The evaluation tool helps to ensure Downer does not re-engage poor-performing suppliers and subcontractors and complies with requirements for International Organisation for Standardisation (ISO) certification.

These technological improvements have been complemented by a new online Procurement Induction and Training module to guide employees through Downer's procurement framework and keep them informed of important changes in legislation such as modern slavery.

Labour practices and modern slavery

Downer is committed to operating responsibly, and establishing and adhering to the highest ethical standards across our Group. Downer supports fundamental human rights. We acknowledge that modern slavery is one aspect of human rights and we will not tolerate any forms of slavery or human trafficking.

Ensuring that slavery and human trafficking is not taking place in Downer's supply chain, beyond our direct suppliers, remains a challenge particularly given the extensive nature and diversity of our service offerings and locations. However, we are implementing a risk-based approach and are committed to continuous improvement through the below measures, including engaging with our direct suppliers to educate, assess and encourage continuous improvement in their own capacity to manage modern slavery risks in their subcontractors and broader supply chain.

Downer plans to release our Modern Slavery Statement by 31 March 2021, which will span the financial year ended 30 June 2020. This is will be supported by our Group-wide Procurement

Framework Policy and Standards of Business Conduct. These policies are supported by the following:

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

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

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

We recognise there is risk, however, it is primarily in our lower category spend areas and products sourced from higher risk countries such as China.

For example, Downer works with suppliers in China through its partnership with CRRC Changchun, which is delivering Sydney's Waratah trains and Melbourne's new High Capacity Metro Trains. One of CRRC's suppliers was the subject of public allegations concerning the treatment of their workforce with respect to human rights and modern slavery. These allegations have been strongly denied, however, incidents like this highlight the challenges Downer faces in managing these issues outside of our immediate supply chain.

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

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

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

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

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

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

Industry memberships and associations

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

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

Downer has representation on the Board of the ACA.

In FY20, the Minerals Council of Australia released its 10-point Climate Action Plan. Downer contributed to this plan through participation in the Energy and Climate Change committee. The Climate Action Plan reaffirms the commitment of the MCA and its members to decarbonising Australia’s minerals sector, consistent with the climate and development goals of the Paris Agreement. For further information, refer to the MCA’s Climate Action Plan.

In addition, Downer participated in the response from both the Business Council of Australia and the Minerals Council of Australia to the Federal Government’s discussion paper on the Technology Investment Roadmap, which aims to drive investment in low emissions technologies to strengthen the Australian economy and support jobs and businesses. This is considered a key priority for the Government on the road to recovery from COVID-19.

Sustainability performance related remuneration

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

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

Sustainability performance is linked to Downer’s STI. The STI performance is assessed on Group NPATA, Divisional EBITA, Free Cash Flow, Zero Harm and a measure of employee engagement. An overarching financial gate applies to entry into the STI scheme.

The Zero Harm element includes safety and environmental measures, underscoring Downer’s commitment to customers, employees, regulators and the communities in which we operate. The measures for the Zero Harm element of the scorecard are set out below. For an STI to be awarded, a minimum financial performance gateway is required to be achieved. This is to ensure rewards are founded on financial sustainability. Further, there is a minimum performance gateway for the Zero Harm element of the STI, which requires the achievement of zero workplace fatalities and zero serious environmental incidents (Level 5 or 6).

Measure	Target
Safety <ul style="list-style-type: none"> Total Recordable Injury Frequency Rate (TRIFR) Lost Time Injury Frequency Rate (LTIFR) 	<ul style="list-style-type: none"> Achieve TRIFR and LTIFR below the defined threshold for area of responsibility.
Environment <ul style="list-style-type: none"> GHG emissions reductions 	<ul style="list-style-type: none"> Review baselines and set targets for annualised GHG emissions reductions to contribute towards meeting Downer’s Science-Based Target for areas of control Identify, assess and determine Return on Investment (ROI) for three opportunities in each Line of Business that will contribute to Downer’s decarbonisation strategy.
Critical Risks (safety and environment)	<ul style="list-style-type: none"> Conduct an operationally led review of bow tie analyses. Critically analyse Critical Risk control performance and initiate a program of projects to improve the resilience of Critical Controls.
Zero Harm leadership (safety and environment)	<ul style="list-style-type: none"> Performance of a minimum number of Critical Risk observations by senior executives within their business, across businesses, and in partnership with customers Implementation of updated Group-wide consistent policies, procedures and supporting documents.

While there was sound performance against these KPIs throughout the business, no STI awards were made in relation to the 2020 financial year.

Our future focus

Downer understands that, just as our business and customers are evolving, our governance structure must also evolve.

We are committed to continuously improving our governance processes and policies to ensure the highest standards of corporate behaviour.

In FY21, Downer will:

- Strengthen our governance of business integrity by launching a training module on Downer's policies and practices for the management of whistleblower reports
- Continue to review our membership of peak bodies and industry associations
- Continue to review our labour practices and supply chain through updates to our existing frameworks, policies and processes to take into consideration modern slavery, in accordance with the *NSW Modern Slavery Act 2018* and the *Commonwealth's Modern Slavery Act 2018*. We will also progress work on a Modern Slavery Statement, which is due for completion by 31 March 2021
- Revise Downer's Privacy policy to ensure that standards for the collection, use and disclosure of personal information are maintained
- Develop a training module on privacy, which will be made available to General Managers and above, as well as employees from areas such as IT, Human Resources, Payroll, Workers Compensation, Zero Harm, Insurance, Legal, Company Secretariat, Commercial and Procurement functions who handle personal information as part of the responsibilities of their roles.

Emerging issues and market trends

Open, transparent and ethical disclosures

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

Cybersecurity

Cybersecurity remains a global challenge across industry and government, and in the context of the global pandemic the risks and threats to all have intensified.

Cybersecurity is the state or process of protecting and recovering networks, devices and programs from any type of cyberattack. Downer recognises the importance of cybersecurity to our business due to year-on-year increases in malicious cyberattack activity. Downer takes its obligation around cybersecurity seriously and reports to the Board on related progress, risks and governance. Downer has established a long-term strategic plan that aims to increase the maturity of cybersecurity practices within our organisation to ensure our employees can securely execute their work for our customers.

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

Downer continues to respond to the ongoing cybersecurity threat and completed the following actions in FY20:

- In response to the shift in our workforce from being office-based to remote, we deployed secure remote access solutions protected by Multi Factor Authentication (MFA) and other controls
- Continued focus on strengthening our team capabilities across the Group with the appointment of dedicated security staff within New Zealand
- Continued to focus and drive alignment of our Information Security Management System (ISMS) with ISO27001 and NIST framework.
- Continued focus on standardisation of our technology platforms and uplift in licensing to deliver significant security capability by unlocking additional security features and capability across the Group
- Improved Office365 and Exchange Online security by introducing Safe Links and Safe Attachments as well as a number of other anti-phishing and anti-spoofing controls
- Further strengthened our detection capabilities across our network and systems with ongoing investment in increased monitoring and automation of critical alerting.



Our Governance response to COVID-19



Downer's robust governance frameworks and processes provided a strong platform for the Group's swift and effective response to COVID-19 and helped to minimise the impact on our operations, people, customers and communities.

Downer's existing Business Continuity Plan (BCP) framework was enacted immediately and tailored to meet the different regulations introduced by different Governments in Australia and New Zealand. Our customers welcomed Downer's swift and detailed response, with many borrowing our BCPs and other frameworks to guide their own responses.

Standardised health and safety procedures were developed and modified as the crisis unfolded to guide a best practice response to multiple COVID-19 scenarios. For a detailed overview of how Downer supported and protected the health and wellbeing of our people during COVID-19, see pages 44-45.

Downer's governance model positions our Zero Harm teams at the centre of crisis environments, allowing operational leadership teams to focus on the health and safety of their people and servicing their customers.

As Government restrictions tightened, Downer's head offices and some sites were temporarily closed, meaning a large section of our workforce was required to work remotely. Previous investment in Downer's IT systems and infrastructure meant that Downer was well equipped to cope with this sudden change in working arrangements. Online collaborating tools, including WebEx and Microsoft Teams, had already been deployed across the business, allowing our people to seamlessly switch from physical meetings to virtual meetings.

Downer's governance frameworks and processes, combined with its strong leadership teams and Zero Harm culture, were critical in ensuring our people were able to adapt to frequent changes to health and safety requirements and Government regulations and continue to deliver essential services to our customers.



Hawkins Project Manager, Rodney Verhoeven, assisting Spotless with some essential construction work at Palmerston North Hospital during New Zealand's Stage 4 lockdown.

Leading during a crisis in New Zealand

Downer's New Zealand business has extensive experience dealing with crises, including many natural disasters and the 2019 terrorist attack in Christchurch. This meant the team was well placed to respond as the COVID-19 pandemic unfolded.

There was only 48 hours' notice to move from Alert Level 2 to Alert Level 4 (full nation-wide lockdown during which Downer was only able to provide about 30 per cent of its usual services) so the team needed to respond quickly – and they did.

A dedicated crisis management team led Downer's response, engaging with employees, industry groups and also competitors. Operational leaders managed the commercial impact, including the shutdown of sites and projects across the country, while New Zealand CEO, Steve Killeen, ensured our 12,000 New Zealand employees were kept informed and felt connected. There was a focus on uniting the Downer, Spotless and Hawkins businesses through clear communication that helped them to navigate the uncertainty with empathy.

The New Zealand leadership team met daily by video conference and representatives were assigned to the key government and industry bodies helping to shape the national response. This resulted in Downer having a clear voice at the table with government and industry as all parties worked together to prioritise initiatives and work safely.

Downer employees earning over \$50,000 per annum were asked to voluntarily contribute 20 per cent of their salary to keep as many people employed during this time as possible. The response was overwhelming with 98 per cent of employees electing to make this contribution.

"I have been working for Downer for around 30 years now," said one employee, who wished to remain anonymous. "I have had many proud moments during this time ... yesterday eclipsed that feeling of [pride] when I read Downer's response to the crisis and how the company is looking after its employees and, for me especially, how the company is looking after the low-waged to keep them at 100 per cent. Well done."

Customers also welcomed the clear and transparent engagement process with them. "Corporate reputations will either be enhanced or blown during these times," one said. "This sounds like enhanced."

Strong and empathetic leadership supported by clear communication resulted in effective engagement with our people, customers, subcontractors and the government.

The New Zealand business was able to return to regular business operations seven weeks after entering full lockdown.



For our approach to health and safety visit:
sustainability.downergroup.com/2020/HealthandSafety

Health and safety



Our performance

Downer committed to achieving the following health and safety targets and objectives in FY20:

Targets and objectives	Result	Reference
Achieving a target of zero work-related fatalities, a Lost Time Injury Frequency Rate (LTIFR) <0.9 and a Total Recordable Injury Frequency Rate (TRIFR) <3.50. For Spotless the performance targets were LTIFR of 1.10 and a TRIFR of less than 3.50 with the zero-fatality gateway.	✘	Downer Group safety performance Page 37 Additional safety metrics Page 42
Undertaking three Critical Risk projects to enhance the effectiveness of Critical Risk controls by replacing lower-order controls with higher-order controls	✔	Critical Risk program Page 38
Developing a unified Zero Harm management system	✔	Fusing our functional processes Page 43
Inviting customer involvement in safety improvement programs	✔	Industry collaboration and consultation Page 42
Analysing Hawkins' and Spotless' Critical Risks and assignment of critical controls and control monitoring.	✔	Critical Risk program Page 38

The performance information in this section includes Downer, its contractors and Downer employees involved in unincorporated joint ventures in the following business lines: Australian Operations and New Zealand. Spotless and Hawkins data is reported separately and shown on page 42.

In FY20, Downer made strong progress on the implementation of our Zero Harm Strategic Plan. Despite the disruptions of COVID-19, we continued to deliver on the focus areas disclosed in the 2019 Sustainability Report, which are addressed in this section of the report.

Sadly, there was a fatality in our Otraco business in Chile in July 2019. Senior leaders attended the facility to provide support to family and colleagues, and to assist authorities. Consistent with the legal regime in Chile, Otraco received two fines: one of \$6,230 AUD from the Labour Authority; and one of \$15,575 AUD from the Department of Health. The criminal legal investigation and payment process for the Department of Health fine have been delayed by the impact of COVID-19 on the regulatory authority.

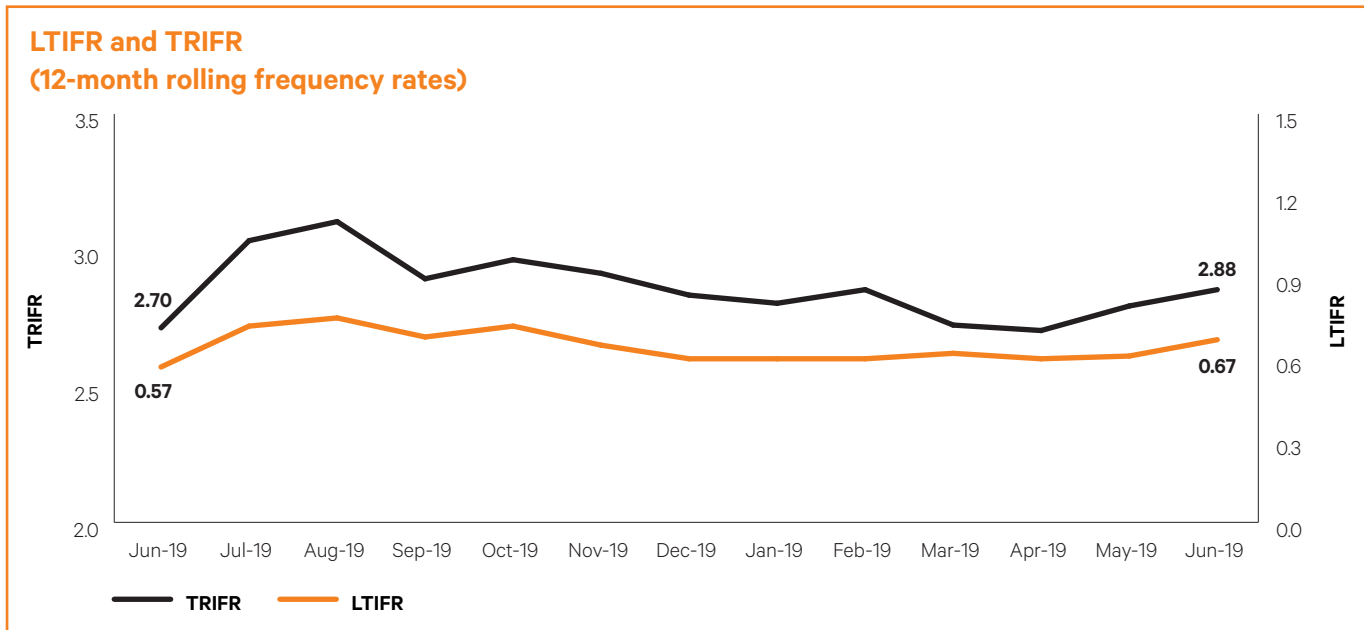
Disappointingly, Downer incurred seven penalty infringement notices for safety breaches, totalling \$34,839. This includes the two fines that relate to the Chile fatality. The remaining five consisted of: two fines totalling \$7,200 for carrying out work not in accordance with the Safe Work Method Statement; a fine of \$3,000 for carrying out an activity within an unsafe distance of an underground electricity service; a fine of \$2,160 for failure to provide access to material safety data sheets concerning disused chemicals on a remote temporary site; and a fine of \$674 for failure to comply with a direction issued by an authorised safety officer.

We also continue to cooperate with the NSW Coroner and await the outcome of the coronial process to better understand the incident we reported last year concerning the death of a Spotless employee while at work, for reasons which remain unknown.

Downer's Total Recordable Injury Frequency Rate (TRIFR) for FY20 was below target at 2.88. However, this was an increase from 2.70 in FY19. Downer's Lost Time Injury Frequency Rate (LTIFR) also remained below target at 0.67, although it also increased on the FY19 result of 0.57. This is still considerably below industry benchmarks published by Safe Work Australia for all industries which Downer operates in, the lowest of which relates to Architectural, Engineering and Technical Services with an LTIFR benchmark of 1.

Downer Group safety performance (excluding Spotless and Hawkins)

	FY20	FY19
LTIFR/million hours worked	0.67	0.57
TRIFR/million hours worked	2.88	2.70
Fatalities	1	0
Fines and prosecutions	7	0



Critical Risk program

The top five Critical Risk activities for FY19 and FY20 were:

- Working with mobile plant or equipment
- Vehicles and driving
- Working at height
- Falling or dropped objects
- Working on or near rollingstock.

High Potential Incidents have increased by five per cent during this time, despite exposure hours increasing substantially across that timeframe. Changes across the top five Critical Risk activities over the past three years are:

Critical Risk activity	FY18	FY20	Change FY18-FY20
Working with mobile equipment	61	54	-11.48%
Vehicles and driving	40	27	-32.5%
Working at height	27	24	-11.1%
Working with electricity	10	4	-60.00%
Falling or dropped objects	6	6	0.00%

This year we built on our understanding of the management and verification of Critical Controls and their performance. We focused on improving their effectiveness and further embedding Critical Controls into our management system. We also improved the analysis, datasheets, performance standards and verification tools. This Critical Risk work was incorporated into the system alignment initiative developing a core suite of Group-wide Policies, Standards and Procedures to provide more consistency to all stakeholders.

Downer’s Critical Risk program continues to be effective in managing and reducing the exposure of our people to the Critical Risks in our business. The program has also helped refine the volume of Critical Controls and promoted risk management leadership through engagement with General Managers to sponsor Critical Risks relevant to their businesses. The strength and success of our program has also attracted significant interest from customers and business partners, and we have been able to share the learnings and insights from our program to assist in the development of their own Critical Risk programs. This has not only strengthened our relationships with these stakeholders, but also supported our commitment to innovation and thought leadership.

This year, Downer has advanced the implementation of our Critical Risk program into the Spotless and Hawkins businesses. Both the Spotless and Hawkins businesses made considerable progress on their Critical Risk programs in FY20. Analysis of Critical Risks in the businesses has taken place, and controls are being incorporated into management systems and practices.

Both Spotless and Hawkins included Critical Risk implementation in their Executives’ Short-Term Incentive remuneration framework this year. While KPIs were met despite the challenging conditions created by COVID-19, payments were not made in FY20.

Optimising our Critical Risk program

We understand the nature of the work we do means that the potential for exposure to risks remains present in our workplaces and incidents can continue to occur. Downer must continue to evolve our Critical Risk management program, building on its established foundations and optimising the core elements of the program. We will continue to evolve our Critical Risk program over the next year to build on the progress we have already made. The Critical Risk optimisation program will deliver the following benefits into our business:

- Improve the quality of Critical Risk control verification activities
- Reduce duplication and create efficiencies in the verification process
- Further improve Critical Risk knowledge and competence in the business
- Improve data quality and analysis to drive further improvements through the program.

The optimisation program will involve three phases:

1. Finalising the consolidation analysis which commenced last year, resulting in consistent understanding and controls in the management of Critical Risks
2. Distilling Critical Risk inspection and verification tools to provide tools that are consistent with the consolidated analysis outcomes. This will reduce duplication and the resources required by operational parts of the business to develop and maintain these tools. It will also allow for improvements in the quality of Critical Risk inspection and verification resources, and improvement in qualitative data from these tools
3. Refreshing existing Critical Risk training material to reflect the optimised program and deepen Critical Risk knowledge in the business.

Wellness in the workplace

Our people are our number one asset, and we understand that their wellness has a significant impact on their ability to thrive at work, which in turn affects the success of our business. We support the physical wellness of our workforce through a range of programs and initiatives. These include:

- A dedicated injury management service to assist employees with both work-related and non-work-related injuries and illnesses to enable their return to work
- Fatigue management practices
- Information to support good health, delivered through the annual Our Safety Focus program. In 2020, this program focused on the relationship between good health and good decision making
- Ergonomic office spaces, many fitted with sit/stand desks
- ‘Walk to work’ programs to encourage workers to meet and walk to work together, and promotion and entry fee coverage for personnel who participate in nominated sporting fundraiser events
- Early intervention programs such as drug and alcohol testing, and a zero tolerance to the presence of these substances in our workforce
- Participation in health promotion events, such as Movember, R U OK? Day and Stress Down Day
- Flexible working, and remote working options to support the balance between work and home commitments, and to reduce stress
- Work rotation arrangements for repetitive activities to reduce the risks associated with muscle fatigue and repetitive strain injuries

- Information on safe lifting and tools and support equipment to reduce manual handling requirements
- Regular employee engagement from management
- Corporate Cup support and sponsorship
- 24/7 access to Downer’s Employee Assistance Program.

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

Communities of Practice

This year, Downer launched its Communities of Practice program. This program harnesses areas of subject expertise within our businesses and utilises that experience in the management of that subject risk or activity. A team of experts for each activity is established to assess relevant information, including incident data as well as Critical Risk and control analysis, and combine this with their own expertise to determine requirements to be adopted across the business.

This work will combine with our Critical Risk program to analyse and understand escalation and control factors and provide Downer with a unified understanding of the risks and safe lifecycle, as well as a benchmark for the safe execution for each activity. All outcomes will also be incorporated into our management system.

Current Communities of Practice include cranes and lifting, traffic management, excavation, trenching and ground disturbance.

Supporting mental health in the workplace

Recognising the importance of mental health, Downer formed our Group Health function in 2018 to initially focus on changing the conversation around mental health, reducing stigma and empowering our people with strategies and activities that support their mental health and wellbeing, and assist them to support their workmates.

Working across the entire business over the past 12 months, the team has developed Downer’s mental health strategy and introduced a process to identify levels of psychological impairment and the response needed to support those who might be struggling. The team delivered a high-quality accredited Mental Health First Aid (MHFA) training program to 763 employees* this year, taking the total number of employees who have been trained to over 2,000. Once trained, these Mental Health First Aiders are a confidential peer support contact who can provide initial informal support to other employees, complementing formal support services when required. Downer has achieved Gold Accreditation from Mental Health First Aid Australia as a Mental Health First Aid skilled workplace.

The expertise of the Group Health team was an important part of our COVID-19 response, providing valuable insight and advice and responding quickly to the evolving situation. During the COVID-19 outbreak, this team recognised that continuing MHFA training was important, as the uncertainties

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

associated with the pandemic threatened to impact the mental health of some people. The team was able to develop and pilot an online delivery model for the accredited MHFA training program, which was an Australian first. After conducting a thorough review of our pilot delivery model, Mental Health First Aid Australia has granted approval for Downer to continue delivering the training online in the future where face-to-face training is not possible or practical.

Consistent with our focus on mental health, the support systems we developed for our people during the COVID-19 situation also included supporting their mental health. For more information, refer to page 45.

Learning to learn

At Downer, we understand the ability to learn is essential to business longevity and resilience. It is also essential to improving Zero Harm performance, which includes the prevention of incidents and injuries that cause harm to people or the

environment. This year, we applied the Learning Teams program across the Group following a successful pilot in a selected Business Unit.

A Learning Team utilises a range of experience in the selected activity with a questioning methodology. The team explores each of the key steps in that activity to identify the successes and positives as well as challenges or key actions critical for a successful outcome. The same analytical process is then applied to identify solutions to challenges and improve those key steps or activities. Skilled facilitation keeps the group focused and maintains the open, questioning methodology and avoids the temptation of reverting to known causes or solutions. This process has proven very successful in identifying solutions that may not have been uncovered using other methodologies.

Over the past 12 months, Group Zero Harm has rolled out Learning Teams facilitation training across the Downer Group, increasing the Group's potential for innovative responses to new and existing challenges in our business.

Case study

Empowering our people to support their peers

Kristy Smyth admits she is a bit loud. She's got a booming laugh you can hear from the next room. And when she walks, well, it's more like a stomp.



"Some would say my walk sounds similar to a baby elephant," she said.

So, yes, Kristy is loud. But she is also a great

listener. She's open-minded and deeply caring. All these qualities make her an ideal Downer Mental Health First Aid Officer.

Kristy joined Downer in late-2018, working as a Trade Assistant and a Utilities Assistant in our Asset Services business in Port Hedland, WA.

In that time, she has also completed Downer's accredited Mental Health First Aid (MHFA) course to become a trained MHFA Officer.

Once employees have completed the MHFA course they are able to provide

support to colleagues who are experiencing mental health distress, help people receive appropriate support if experiencing a mental health crisis, and escalate any matters if required to the Group Health function.

Completing the course has allowed Kristy to support her colleagues through difficult times – something she is very passionate about.

"My passion is to help people. I love the idea of being able to make a positive difference," she said.

Making a positive difference has never been more important than during the COVID-19 outbreak.

Downer established meetings between Kristy, our Zero Harm team, Group Health team and Employee Assistance Program

provider to ensure she had all the support she needed to support her teammates.

"The Mental Health First Aid role has been extremely well received and appreciated," she said.

"I have spent time interacting with our teams and checking in on new and old faces.

"I've had many confidential conversations, and then followed up with regular check-ins to see they are making use of helplines or just making sure they are tracking OK.

"It is something I've been passionate about undertaking for quite some time and it has become increasingly evident that it is a vital part of requirements here on-site.

"I love being entrusted by these people and I endeavour to assist them in the best way possible, either by helpline information or just with a listening ear.

"I cannot thank Downer enough for the opportunity to be our Mental Health First Aid Officer."



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



Reading the meter on safety engagement

The frontline workers of Downer’s Skilltech metering services business face many unique safety risks in their day-to-day work – from uneven ground, to unforgiving climate, to unfriendly occupants like snakes, spiders, guard dogs and even the occasional *crocodile*.

Skilltech provides meter reading services across Australia, from metropolitan centres to the remotest of rural areas including tropical northern Australia and the great Outback.

Meter readers are often required to enter private properties to read the meters of our customers’ customers, and a new risk could be around any corner, or behind any gate. They need to be on their guard constantly.

To ensure our meter readers are ever-alert to the dangers they could encounter, Skilltech leaders regularly engage with frontline workers about safety in toolbox talks and an annual survey.

The business wanted to augment this engagement with a focus on safety lead indicators to foster a proactive safety culture and drive change. The team also needed a platform to get as close as possible to real-time data to help leaders facilitate conversations with teams about any emerging threats.

The Safety Pulse survey tool allows the business to measure ‘drift’ in safety, engagement and performance perceptions. The tool provides leaders with regular insights into their team’s performance across four domains – leadership, people, practices and engagement.

A six-month trial was undertaken in one section of the business to test for effectiveness. The team received 129 responses of a possible 180, based on 30 people completing six surveys. This equated to a 71 per cent participation rate.

Surveys were conducted before and after the trial to measure changes in team collaboration, psychological safety, employees’ feeling of control, engagement, leadership communication and change management.

All measures except for team collaboration improved significantly over the trial period. The project has also provided important data to help the business maintain its safety culture, and identify opportunities for performance improvement.



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

Downer safety performance (excluding Spotless and Hawkins)

Detailed Performance	Gender	Australia	New Zealand
TRIFR	Male	2.99	3.59
	Female	0.93	1.80
Occupational disease rate	Male	0.63	0.25
	Female	0.23	0.30
Severity rate	Male	20.47	31.06
	Female	0.23	0.00
Fatalities*	Male	0	0
	Female	0	0

* In July 2019, there was a fatality in our Otraco business in Chile.

Additional safety metrics

Spotless safety performance	FY19	FY20
LTIFR	1.64	1.69
TRIFR	3.98	3.26
Severity rate	24.26	25.42
Fatalities	0	0

Hawkins safety performance	FY19	FY20
LTIFR	2.59	1.86
TRIFR	6.05	5.35
Severity rate	14.91	10.47
Fatalities	0	0

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

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

males in both Australia and New Zealand. This is reflective of the different types of work performed in the two countries. The principal cause of occupational diseases that resulted in medical treatment or lost days (total recordable injuries) were sprains and musculoskeletal disorders. This is consistent with trends published for Australian workplaces and is due to the type of physical work often undertaken in engineering, construction and mining, such as manual handling, twisting, bending, repetitive work and working with vibrating machinery. We are continuing to implement initiatives that are aimed at reducing the incidence and severity of these types of injuries.

Industry collaboration and consultation

Collaboration and relationship building continues to be a focus for Downer. We encourage our people to share their knowledge and experience with their industry peers. In FY20, Downer employees contributed to a range of industry groups and committees, including:

- Downer is part of the Logan Water Infrastructure Project Alliance, which was runner-up for the Water Industry Safety Excellence Award 2020, and placed in the top four for papers presented at the OzWater20 online conference
- Downer's Skilltech business hosted and facilitated a safety forum that was attended by the majority of their customers. The topics that were covered included lone worker safety, dog safety, communication and the future of safety in the Utilities sector
- The Vic Pipelines business conducted a discovery process with City West Water to explore the presence of unexpected electricity in water meters. The customer participated in learning teams and work insights and was an active part of the discovery process. Following this work, the customer provided positive feedback about the direction of safety within Downer
- Downer's Learning Teams program was runner-up in the Australian Health and Safety Institute Enterprise Safety Program Initiative Award
- Contribution to the OHS Body of Knowledge (OHS BoK) on behalf of the Australian Institute of Health and Safety (AIHS)
- Collaboration with Risk Management Institute of Australasia (RMIA)
- Collaboration with the University of Queensland (UQ) Risk: Critical Risk Control Master Practitioners, a collaborative research group to improve the performance of hazardous industries
- Participation in the Queensland Generators Safety Forum (QGSR) for the Power Generation Industry
- Collaboration with Safer Together, a not-for-profit member-led organisation for the oil and gas exploration and production industry, which is committed to a strong and consistent safety culture
- Facilitation and attendance at Major Road Projects Victoria conferences and industry forums
- Collaboration with the Office of the National Rail Safety Regulator
- Representatives from our Rollingstock Services (RSS) business participated the International Railway Safety Council Conference



- Our RSS business participated in the Office of the National Rail Safety Regulator review into revised rail safety worker guidelines and is an active participant in the Office of the National Rail Safety Regulator CEO Industry Reference Group
- RSS business holds an active membership with the Rail Industry Safety & Standards Board.

Fusing our functional processes

In Downer's 2019 Sustainability Report we advised of the initial steps taken to unify the way we manage and perform our work.

Downer is currently undertaking a long-term transformative program, called The Downer Standard, to align functional processes and policies and unify the way we operate. This will improve efficiency, reduce cost, increase the transferability of our people across the business, and provide a consistent experience for all Downer stakeholders. In time, this work will lead to further cost advantages by reducing the number of separate certifications held by the business.

Over the past year, Downer continued to advance the work to align processes across all functional streams of our business including Zero Harm, Project and Delivery Management, Human Resources, Legal, Finance, Opportunity and Risk, and Procurement. Work was also done to align these processes across our operational Business Units, allowing for any necessary adjustments to legislative requirements.

The work done to reach this alignment also allowed us to examine how we manage and perform a process, and review management systems to identify best practice then implement that across all operational areas of the business.

For Downer's Zero Harm function, some of the key improvements identified and established have been: stronger collaboration within functions and between functions; identification, sharing and capturing of good practices in the business; a focus on improving project preparation; the elimination of duplicate content; and opportunities for improvement in our documented systems for work.

These aligned processes were developed following strong collaboration between operational and functional areas of the business. This collaborative process helped establish networks and trusted relationships across the business, which continue to provide benefit in the development of Communities of Practice and optimisation of our Critical Risk program, and were particularly useful in our response to COVID-19.

Our future focus

While the impact of COVID-19 on workplaces will be experienced for some time, the importance of Zero Harm to our people and the communities in which we operate remains an ongoing priority.

Our future areas of focus for health and safety include:

- Optimising the Critical Risk program
- Finalising the harmonisation of best practice and management system integration, as well as the integration of our Critical Risk Optimisation and Centre of Excellence programs into our management system
- Streamlining our analytics and data reporting
- Progressing outcomes of our Communities of Practice program.



Downer implemented strict COVID-19 controls, such as social distancing at all sites, as demonstrated by our Road Services team in Adelaide.

Our Health and Safety response to COVID-19



The COVID-19 pandemic required Downer to make swift changes to how we work in both Australia and New Zealand, and to put systems in place to protect our people, our business and the communities in which we operate, from the virus.

Our response needed to be flexible, current and relevant to our diverse business operations. The impact of the pandemic varied across the business, with some of our people working in higher-risk environments such as hospitals, schools and nursing homes.

Downer's Group Zero Harm team monitored the emergence of COVID-19 from January 2020, working with the Major Projects business to identify early learnings from the workforce with our China-based joint venture partner, CRRC Changchun, which Downer partners with to deliver Sydney's Waratah trains and Melbourne's High Capacity Metro Trains.

Specific information relating to COVID-19 and the management of its risk was distributed to the business. Information bulletins were also regularly circulated to the Downer workforce. From these bulletins, a COVID-19 Management Standard and Pandemic Playbook was developed and regularly updated as our knowledge and experience increased.

Downer's initial response focused on providing our people with information on the virus to alleviate uncertainty and anxiety, along with guidance on how to restrict the spread of the virus through hand sanitation, social distancing and respiratory etiquette. Central to our messaging was to remind people that if they exhibited symptoms consistent with COVID-19, had been tested, or were a close contact of a positive case, they should not attend work. Concurrently, we worked to identify employees who were at higher risk, as well as those who were overseas, and developed a response to manage the risks to these groups. We quickly restricted, then prohibited, overseas travel, utilising our international travel risk service to provide accurate information and support the return of our people from overseas back to Australia.

We adopted a risk management approach, with a focus on building awareness and verifying compliance with the Critical Controls to prevent and manage COVID-19 exposure in our business.

In addition to our usual workplace cleaning and disinfecting, Downer focused on increasing cleaning of frequently touched or accessed areas, increasing supply and access to hand sanitation and disinfectant, eliminating sharing of kitchenware, and restricting access to our worksites and offices.

In order to support those affected, manage our workforce and understand the impact on our business we introduced a COVID-19 tracker into our existing incident management tool, which enabled us to monitor potential and actual exposures within our business. Collating and having access to this information early was an important part of our response to COVID-19 and helped to keep our people safe and allowed many of our operations to continue under the strict Government restrictions.

As the situation developed, our response evolved to include:

- Staggering of shifts, rosters and meal/rest breaks to allow for social distancing in the workplace
- Changing the layout of meeting and meal/rest rooms to maintain distance between workers
- Redesigning work to minimise the need for working in close proximity with others, and enforcing these social distancing measures
- Minimising high use communal areas and avoiding enclosed spaces
- Enforcing social distancing measures
- Eliminating the use of shared utensils or foods
- Introducing health self-assessments prior to commencing work

- Restricting the number of people allowed in vehicles at any one time
- Increasing cleaning and sanitation of shared tools, vehicles and mobile plant
- Introducing non-contact temperature testing where required
- Directing start-of-shift meetings to occur outside, where possible, to accommodate social distancing requirements
- Increasing random drug and alcohol testing in response to changes to start-of-shift testing arrangements
- Increasing our use of technology for meetings and collaboration to reduce the reliance on face-to-face meetings
- Closing corporate offices and instructing employees to work remotely where possible
- Providing essential workers with documentation to explain their travel and movement during lockdown restrictions
- Increasing our procurement and holdings of disinfectant products, appropriate Personal Protective Equipment and non-contact temperature testing devices
- Producing our own hand sanitiser in New Zealand when procurement of supplies became difficult (see case study, right)
- Establishing collaboration platforms for the sharing of best practice resources across the business and accessing mental health information.

Our Victorian workforce was impacted by the second wave of COVID-19. Zero Harm and senior operational leaders responded quickly to manage the situation in accordance with our well-established frameworks, which helped minimise disruption to our permitted workplaces and achieve compliance with all requirements.

The pandemic not only threatens people's health and economic security, the social distancing restrictions to stop the spread of the virus also left people isolated at a time many needed to lean on others for support. This trio of mental health triggers heightened concern about the welfare of our people. Downer's Group Health function was crucial in helping to support our people during the pandemic. We provided COVID-19-specific mental health support and increased training in mental health support practices. The team used Microsoft Teams to deliver four 30-minute mental health webinars each week between April and June. The webinars covered important COVID-19 topics including: Talking with children and teens about the pandemic; practical tips on working from home; mindfulness techniques; staying connected socially and creatively; and adjusting to changes at work. The sessions were supplemented by written material that was made available to everyone on the purpose-built COVID-19 information page on Downer's intranet.

Hundreds of employees tuned in to the webinars each week.

Sanitiser prevails

Innovative thinking is at the heart of New Zealand's Road Science team, which has a history of providing cutting edge road and pavement solutions.



A nationwide lockdown was not about to slow down the team's enthusiasm to solve a problem.

In March 2020, as the COVID-19 pandemic was surging globally, our Spotless cleaning teams were struggling to source hand sanitiser, essential for frontline workers in hospitals, defence and catering facilities.

"Recognising the impact this was having on our business, the technical development team got to work repurposing our manufacturing plants for bulk production of hand sanitiser," Technical Development Manager for Road Science, Darcy Rogers, said.

"We weren't in a position to do much road surfacing during this period, so it was an easy decision to keep the production team busy."

Sourcing a formula from the World Health Organisation, the team produced a bespoke hand sanitiser solution to keep our people and our customers safe.

"We worked with an existing supplier, who normally produces our epoxy and resin-based products, and was set up to handle flammable raw materials," Darcy explained. "This meant we could get straight to work producing hand sanitiser in bulk, using their equipment."

Downer's Procurement teams were then able to distribute this across New Zealand to the areas in most need. As the product started to appear in facilities nationally, enquiries began to flow in from external parties.

In total, the team produced more than 10,000 litres of hand sanitiser between April and June, and marketed the product under the Spotless brand.

EGM Facilities Services and Utilities, James Kafanelis, who is responsible for the Spotless brand in New Zealand, said the engagement with customers was outstanding.

"Our customers look to Downer as a one-stop-shop and this was an exceptional example of a number of our brands coming together during a crisis to solve an immediate need for the country," James said. "I'm extremely proud of the teams at Spotless, Road Science and Downer for their collective thought leadership."

More information on the hand sanitiser product can be found on the Road Science website www.roadscience.co.nz.



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



Emerging issues and market trends

Responding to external changes

The events of the past 12 months have sharpened the focus on how companies respond to unexpected external changes.

For Downer, our ability to continue providing services in a safe and sustainable manner in the face of the threats posed by the Australian bushfires and then the COVID-19 pandemic required resilience and adaptability.

During COVID-19, when there was an intense focus on the health and wellness implications of the pandemic, strong leadership was required to safeguard against taking our eye off the traditional Zero Harm risks. The changes and challenges were multi-faceted. Operating with a reduced workforce, loss of access to offices and workplaces, increased demand on technology, changes to customer requirements and workloads, supply shortages, impacts of psychosocial or psychological safety in the workplace, reduced or no access to services such as healthcare and public transport, and Government edicts that changed the way work activities are conducted all affected the way we did business. Responding to these challenges and delivering for our customers was one challenge. Ensuring we did this at our usual high safety standards increased this challenge.

Our response to the sustained challenges of 2020 has set a strong platform for response to other unforeseen sustained events. Business Resilience Plan and Business Continuity Plan guidelines have been refined, and a Pandemic Playbook has been developed.

The Australian bushfire crisis unified our workforce and, in many ways, underpinned our response to COVID-19. The bushfire crisis connected our workforce with a common purpose to support our people and the broader communities that had been affected. The fires required us to respond to risks to air quality, exposure to ash and airborne contaminants, as well as resource and access challenges. The pandemic also highlighted the importance of diversity in our business operations and built on the challenges experienced in the bushfires.

Downer's business resilience is not just related to our organisational practices, it relates to the resilience of our people to adapt to change, remain informed and respond flexibly and confidently to changes in the workplace and at home. We are committed to continue building the resilience of both our

business and our people. Alignment of our management systems and technology, changes to management structures to improve collaboration, and improvements to the way we communicate and share information have all supported the ability of our people to respond flexibly to unexpected changes or challenges to their work and threats to their health and wellbeing.

Enabling technology

Technology is having an increased impact on workplace safety and sustainability.

Technology was critical to the way Downer maintained our business and supported our people during the challenges of 2020. We were also able to adapt existing technology during the COVID-19 pandemic to help protect our people and customers (see case study on page 47).

Adapting and utilising existing technology also enabled us to undertake Critical Control observations despite a reduction of people on the ground. We used existing technology platforms to conduct safety observations with our teams, allowing senior executives to continue to focus on workforce understanding and the implementation of Critical Controls, despite the restrictions posed by COVID-19. This allowed us to maintain our Critical Control program, maintain our standards of site safety, and continue to manage the risk of COVID-19. We were able to develop and implement safety observations focusing on the controls required for COVID-19, and verify that the risks associated with the pandemic were understood by the workforce and that appropriate controls were in place.

However, technology on its own is not enough. It can only effectively support health and safety when the need is clearly understood, and the technology is researched and tested for its ability to respond to an identified need. It is an additional tool in the management of health and safety – it is not the silver bullet.

Downer will continue to refine the role of technology and identify suitable technological tools to continue to improve the health and safety of our workforce, and our safety and sustainability performance.



Technology is also continually advancing. Artificial intelligence and robotics are improving and becoming more reliable and functional. Workplaces will need to respond to these advancements and identify where these tools can play a useful role in advancing workforce health and safety. Advancements in technology have also impacted data analytics, with these tools becoming more powerful in providing businesses with richer information to drive informed strategy and decision making.

Holistic health and safety management

Workplace health and safety is increasingly seen as more holistic than simply providing workers with safe work instructions and information on risks in the workplace.

Understanding the human factors that contribute to a strong safety culture and improved safety performance has affected workplaces and employees alike.

An individual's decision making – both at home and in the workplace – can impact their health and safety at work. This has resulted in a shift to integrate traditional risk management and health and safety practices into both the home and the workplace.

Silicosis

The detrimental impact of silica on human health has been widely publicised in recent years.

The Cancer Council of Australia estimates that 230 people per year develop lung cancer associated with past exposure to silica. Exposure to silica can also cause silicosis (an irreversible scarring and stiffening of the lungs).

Silica is found in sand, shale, rocks and mortar – this means there is a particular risk of silicosis in the construction, mining and engineering fields.

The growing awareness of the dangers presented by silica has resulted in changes to safety and risk management in the workplace. In 2019, the Australian Government funded and launched the National Dust Disease Task Force to examine this issue, with an interim report delivered in December 2019.

At Downer, our Mining business has worked closely with industry to understand and manage this risk, and this knowledge has been shared across the Group. We continue to monitor the outcomes of the National Dust Disease Task Force. We are also proactively making changes to our operational systems as more information comes to hand and based on our own expertise and understanding of this issue.

Across the Utilities, Rollingstock Services, Road Services and Asset Services businesses, significant work has been conducted to identify the activities that pose a risk of silica exposure, and introduce testing and occupational hygiene management practices relating to silica. Education campaigns have also been deployed. The expertise of occupational hygienists has also been utilised to develop management practices within these businesses.

Keeping the health of our people on trax

As the COVID-19 pandemic started to spread, our teams needed to think on their feet and adapt in order to continue delivering essential services for our customers – and most importantly, do it without compromising the health of our people.

Downer's Rollingstock Services team at the Auburn Maintenance Centre was able to adapt a relatively new piece of technology and use it to add an extra layer of safety for our people.

TrainDNA TrainTrax is a new application that allows employees to accurately capture maintenance information and train set movements, helping the business gain real-time insights into the location and status of every train on-site.

This was particularly important in a COVID-19 world, as the team needed to know which trains were clean, so they could progress with essential maintenance.

A dedicated COVID-19 cleaning team cleaned and disinfected each train as it arrived on-site before maintenance work could begin. Once the COVID-19 cleaning team completed their work, they immediately entered it into the TrainTrax app, which shows a map of which trains have been cleaned.

This easy-to-use visualisation helps Maintenance Delivery Managers, team leaders and technicians understand the status of every train on-site, protecting our people from the risk of COVID-19 transmission, and providing real-time insights to aid in decision making.

Meshing seamlessly together with the Integrated Operations Centre and TrainDNA, TrainTrax was another example of Downer's Rollingstock Services team innovating to improve their services and keep people safe.



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

For our approach to the environment visit:
sustainability.downergroup.com/2020/environment

Environment



Our performance

Downer committed to achieving the following environmental targets and objectives in FY20:

Target/objective	Result	Reference
Zero environmental prosecutions	✓	Environmental compliance Page 50
Zero serious environmental incidents (Level 5 and 6)	✓	Environmental compliance Page 50
Fewer than three Environmental Penalty Infringement Notices	✗	Environmental compliance Page 50
Achieve a 'Stretch' target ¹ of 7,214 tonnes of annualised GHG emissions (CO ₂ -e) reductions for energy efficiency initiatives	✗	Linking remuneration to GHG emissions reduction Page 59

The performance information in this section includes Downer, its contractors and joint ventures in the following business lines: Australian Operations, Spotless and New Zealand including Hawkins. Joint ventures have been included for environmental energy and GHG emissions performance data where Downer is deemed to have operational control as defined by the National Greenhouse Energy Reporting Act. Further information on joint ventures is detailed in Downer's 2020 Annual Report.

Downer's environmental sustainability performance is measured against the key areas of risk management, compliance, minimising environmental impact and maximising resource efficiency opportunities in our own and our customers' businesses. Significant progress was made this year in delivering on focus areas that were disclosed in Downer's 2019 Sustainability Report. Downer's key focus areas during the year were to:

- Continue to focus on the resilience and assurance of environmental risk controls
- Incorporate sustainability rating tools and initiatives into major projects
- Improve environmental workforce capability
- Engage with customers regarding Downer's environmental capability
- Execute on plans to prepare the business for a transition to a low carbon economy, through the planned divestment of the capital intensive Mining and Laundries businesses.

In FY20, Downer carried out its plan to continue to improve and consolidate our sustainability reporting platform. This has facilitated the reporting of waste data for the first time in FY20, and allowed us to collect data feeding into a preliminary estimate

of water impacts across the organisation, including usage and impacts. This year represented the second year in Downer's three-year GHG reduction program, and the progress against this is reported in the 'Managing our GHG emissions' section on pages 56-58.

Other areas Downer focused on in FY20 were to:

- Further utilise low-emissions technology across our fleet, plant and equipment to reduce fuel consumption, carbon and air emissions
- Further improve energy efficiency in our Rollingstock Services business, where Scope 2 emissions are proportionately high compared to the rest of the business, and energy efficiency opportunities are more abundant
- Develop The Downer Standard for land contamination – a company-wide procedure to ensure a consistent approach to identifying and assessing land contamination at sites we own or have acquired, leased or sub-leased
- Implement and rollout a suite of learning modules for operational staff on various environmental management and sustainability topics
- Further rollout Downer's Environmental Awareness training to New Zealand and Spotless
- Develop technological solutions to manage environmental risk, such as web-based GIS platforms linked to artificial intelligence and machine learning for in-field applications
- Increase the number of Infrastructure Sustainability Council of Australia (ISCA) Infrastructure Sustainability (IS) ratings for our infrastructure projects to improve our sustainability.

¹ This is Downer's internal GHG emissions reduction target associated with efficiency initiatives and linked to Downer's Short-Term Incentive program.

Environmental compliance

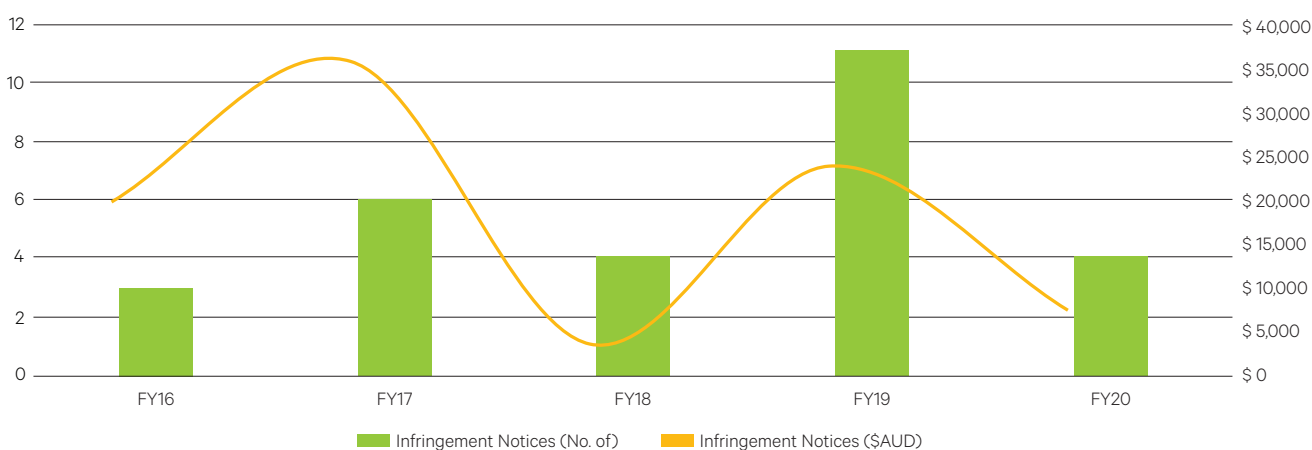
Downer maintained its Group-wide target of zero Level 5² or Level 6³ environmental incidents and zero Significant Environmental Incidents⁴ and zero prosecutions during FY20.

In FY20, Downer incurred four penalty infringement notices totalling AUD \$6,761 for environmental breaches. This consisted of two fines totalling \$5,338 relating to the same event in its Australian Operations. The breaches consisted of connecting to water infrastructure without written consent and withdrawal of water from an unapproved source without approval. The other two fines occurred in New Zealand, totalling NZD \$1,500 (AUD \$1,423).

One of the fines was issued for exceeding turbidity limits specified within a Resources Consent while carrying out work activities within a creek. The other fine was for the release of contaminants (spoil from roadworks) into a nearby waterway.

At the time of writing this report, the Downer Seymour Whyte Joint Venture was in the process of finalising an Enforceable Undertaking with the New South Wales Environment Protection Authority for three consecutive pollute waters licence breaches that occurred from August 2019 to September 2019 on the Berry to Bomaderry Princes Highway Upgrade project.

Environmental Infringement Notices



Contamination management

Downer owns, occupies and operates facilities where historical activities have caused land and groundwater contamination. These include emulsion manufacturing, asphalt manufacturing, commercial laundry and dry cleaning operations, rail maintenance and defence sites.

In FY20, contamination liability remained a key consideration for Downer and, in particular, Per- and polyfluoroalkyl substances (PFAS) contamination, due to growing industry concern about the impact of PFAS chemicals on human health and the potential damage they present to the environment. The issue is growing in prominence and there has been significant media attention on the Westgate Tunnel in Melbourne, Victoria, and various airports and defence facilities in Australia and New Zealand. In response, Downer undertook a review of its legal risk and mitigation strategies for the management of PFAS contamination risk within

the Downer Group. The review identified some governance and procedural recommendations when assessing contracts and the consideration of latent condition and unforeseen contamination issues.

The review also involved understanding Downer’s insurance policies with respect to PFAS contaminations and the limits of cover. The review confirmed that Downer has a comprehensive insurance regime that provides extensive cover for any significant events. Downer holds two insurance policies that indemnify Downer in response to events that cause contamination, including PFAS in most cases, which include:

- General Public Liability Policy – which provides coverage for ‘sudden and accidental’ incidents
- Contractor’s Pollution Liability Policy – which provides coverage for ‘gradual’ contamination incidents.

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

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

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

In conjunction with Downer's strategic decision to move away from capital intensive industries, we undertook a detailed review of the contamination risks and ongoing management associated with the laundry and dry cleaning operations of Spotless. This involved a comprehensive environmental assessment being undertaken by an independent consultant which provided Downer with a contamination baseline for each of the sites assessed. This consisted of current operational sites in Australia and New Zealand as well as sites no longer in use.

Advancing the work completed in previous years, a Group-wide Contamination Management Procedure that sets out processes when acquiring or divesting a business or entering or exiting a lease was integrated into The Downer Standard. In addition, the Group-wide Contamination Risk Register was updated to reflect the work completed in Downer's Laundries and Mining businesses.

The Group Contamination Risk Register and supporting information is provided to Downer's Finance team to ensure that financial provisions are accounted for to cover any make good or site remediation obligations which also assist in the divestment process.

Heritage management

In FY20, there have been highly publicised events where sites of significant cultural heritage have been destroyed. This has led to an increased focus on heritage management.

To Downer, heritage consists of all aspects that make up a country's identity. This includes historic buildings and sites, spirit and ingenuity, and unique living landscapes.

One of our top four Environmental Critical Risks is 'unauthorised clearance of protected areas', which relates to preventing unlawful heritage damage.

We have a robust Group-wide Heritage Management process in place, which requires all practicable measures to be taken to limit the impact of our operations on heritage sites. This includes the immediate notification and response procedures to limit potential impacts in the event of an unexpected discovery of heritage sites, Indigenous artefacts or remains.

When working in a high-risk area, a preliminary investigation must be undertaken. This includes collaborating with the land owner, the local Aboriginal/Iwi authority and the relevant regulatory authority, as well as searching publicly available information to determine if a heritage site can be impacted.

A comprehensive heritage study must also be conducted in conjunction with project design, and must take into consideration any potential for adverse impacts on surrounding heritage sites. In circumstances where our customer provides the heritage study, Downer validates the results prior to performing any work activities.

Before commencing any work, heritage requirements must be determined and included within the Environmental Management Plan (EMP). The EMP may require approval from the regulatory (Aboriginal/Iwi) authorities prior to the actual or potential disturbance of a heritage site. In accordance with the EMP, effective controls are implemented to prevent any unauthorised damage to heritage from occurring. These controls are inspected and monitored for their effectiveness throughout the duration of the works.

Waste management

The materiality assessment we conducted in FY19 reinforced that waste management is an important issue to Downer.

We support the move towards a circular economy in a number of ways, including reducing the amount of waste we generate through resource recovery, avoidance, reuse and recycling.

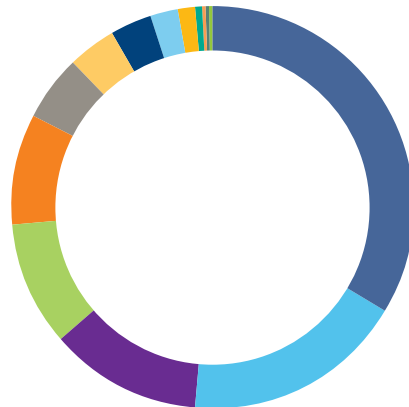
Our commitment to waste management was further demonstrated in FY19, when Downer purchased a 50 per cent stake in Victorian waste resource company, Repurpose It, which holds the fundamental belief that all waste can be converted to valuable resources.

Last year, Downer committed to gathering baseline data for waste, and setting landfill reduction and diversion targets in FY21. Downer successfully established a baseline and is pleased to report waste data for the first time in FY20. Unfortunately, due to the impact of COVID-19 on the organisation, these targets were not set in the FY20 period. They will be set in early FY21 in order to drive performance improvement across the Group. Reporting the waste baseline is a major milestone for Downer and will allow us to measure our impact and track our overall landfill diversion rate for the first time. This revealed the following insights:

Metric	Australia	New Zealand
Waste to landfill (t)	13,272	5,079
Waste diverted (t)	2,584	1,720
<i>Waste diversion rate (%)</i>	16%	25%
Total liquid waste (t)	5,688	1,606
Total waste generated (t)	21,544	8,405

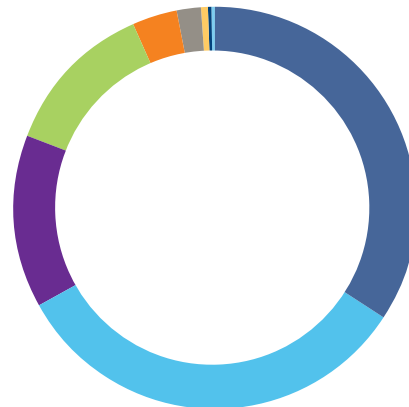
Breakdown of recycled waste (tonnes) by category

■ Paper and cardboard	1,450	■ Confidential	140
■ Comingled	768	■ Glass	98
■ Metal	526	■ Contaminated solid	68
■ Organics and compost	426	■ Medical	20
■ General recycling	390	■ eWaste	17
■ Timber	230	■ Hard fill	8
■ Plastic	160	■ Clean fill	3



Breakdown of liquid waste (tonnes) by category

■ Prescribed – liquid	2,510	■ Hazardous waste – liquid	146
■ Liquid – grease trap	2,380	■ Waste oil	39
■ Liquid – septic	1,013	■ Liquid – recycle	32
■ Liquid – stormwater	920	■ Solvents	3
■ Oily water	251		



Cleanaway is Downer’s preferred waste management contractor in Australia. Downer and Cleanaway have agreed to ambitious key performance indicators to drive improved waste management practices and innovation that will ultimately reduce the amount of waste going to landfill. The KPIs consist of:

- Cleanaway dedicating a Resource Recovery Specialist to work only on Downer sites
- Quarterly National Contract Review meetings to include the Group Sustainability Manager
- Annual site visits (twice annually for sites with a spend greater than \$100,000) to recommend improvement to waste practices and diversion, and offer innovation with site reports feeding into the Quarterly National Contract Review meeting
- Cleanaway to demonstrate improvements to waste practices and innovation to achieve an agreed dollar value saving per annum.

In FY20, Downer was in the process of setting targets, including those related to financial savings and waste diversion, in partnership with Cleanaway. This process included:

- Review of average bin weights across the organisation. It was identified that 553 general waste bins were either over-serviced, oversized or contained significant amounts of cardboard, LDPE film or EPS. The remediation of these issues resulted in improvements in waste diversion as well as significant cost savings
- Identification of roller packers for Rollingstock Services sites. Once fully implemented, this should result in cost savings of approximately \$800,000. This reduces the number of bins required, thereby reducing the number of trips required to transport waste to sorting facilities. Consequently, transport emissions associated with transporting fuel also reduces.



Cedar Grove Environmental Centre

A new wastewater treatment plant at Cedar Grove in the Logan region of South East Queensland was initially on the nose with the local community.

When Logan Water announced that planning of the wastewater treatment plant (WWTP) would commence, the local community was outraged. There were petitions and bad press.

Turning the tide of public anger was one hurdle to overcome. Another challenge was the environmental approval for the WWTP, with Queensland's environmental regulator imposing the State's strictest licence conditions in history.

But these challenges pushed Downer, our customer Logan Water, and delivery partners Cardno and WSP, to raise the bar for environmental and social outcomes in a WWTP.

Through innovation and collaboration with key stakeholder groups, the project team has transformed perceptions of the WWTP and engineered a Queensland first that sets new environmental standards.

We worked with Queensland's environmental regulator to understand the project's environmental risks and impacts. The result was the strictest environmental licence conditions in Queensland, requiring the facility to achieve a net positive contribution to the environment.

A number of innovations were implemented to achieve this, including:

- Producing ultra-low nutrient discharge using a biological treatment process (membrane bioreactor technology) and constructed wetlands to further treat the water from the WWTP. The combination of ultra-low nutrient effluent and wetlands will achieve a total nitrogen release of less than 1mg/litre and total phosphorous release of less than 0.5mg/litre
- Delivering a program to replant and rehabilitate sections of the Logan River banks upstream of the WWTP to prevent tonnes of nutrient-laden sediment from entering the waterway each year.

These environmental features were complemented by other initiatives, including:

- Reducing the environmental impacts of trunk pipeline construction by using horizontal directional drilling on long sections (up to 1.3 kilometres) to reduce vegetation clearing around waterways and koala habitat

- Planting 34,000 native trees on 37 hectares of the Cedar Grove site to offset approved vegetation removal by developers across Logan
- Integrating the effluent outfall pipeline in a fish ladder on Seqwater's weir on the Logan River, preserving 3.3 megalitres of water per day in the weir pool which is a future drinking water resource
- Including a solar system to provide energy for WWTP operations
- Planning for the future reuse of recycled water from the WWTP for agricultural irrigation in the region.

These initiatives have helped reach a new level of environmental sustainability in a WWTP, but there was still work to be done to get the public on side.

The Cedar Grove Community Reference Group was established in 2018 to work with Logan City Council to prepare a masterplan for the site. The plan features community facilities including walking trails along the Logan River, picnic shelters, a wildlife habitat at the wetlands, a Landcare nursery and areas for community groups to hold events. As a result, the site will comprise around five per cent WWTP infrastructure and 95 per cent community facilities and nature reserve.

The project team has also supported local community groups throughout the development of the Environmental Centre.

Large dead red gum trees were removed from site and donated to the local Men's Shed, who used the timber to create picnic tables for the community to use on-site. The team and local businesses also presented the Belong training group with \$11,000 worth of tools and equipment which will assist the group's trainees, who are studying Certificate 1 in Conservation and Land Management, to maintain planted areas and remove weeds at the centre.

The Cedar Grove Environmental Centre has also been recognised as an industry-leading project, named as a winner in the Queensland division of the 2020 Australian Engineering Excellence Awards.

This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals: #6 Clean water and sanitation; and #13 Climate action

Water management

Downer delivers complete water lifecycle solutions for municipal and industrial water users. Downer’s expertise includes water treatment, wastewater treatment, water and wastewater network construction and rehabilitation, desalination and biosolids treatment.

As a leading provider of asset management services, Downer supports its customers across the full asset

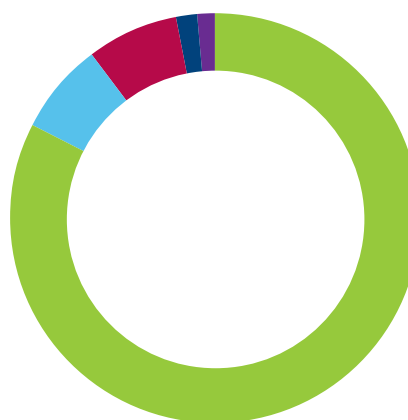
lifecycle from conceptual development through to design, construction, commissioning and into operations and maintenance. Downer collaborates with customers to manage their assets, so they create community benefits that are sustainable, innovative, cost-effective and provide value to all stakeholders.

While Downer provides end-to-end water management solutions to its customers, it is also acutely aware of the

need to manage its own water usage and the associated impacts that this has on the environment and surrounding communities. In FY20, Downer has collated water data on a consolidated level for the first time. This has allowed Downer to understand, at a high level, where our largest impacts lie, and to develop a preliminary estimate for private disclosure in investor questionnaires, such as Carbon Disclosure Project (CDP) Water Surveys.

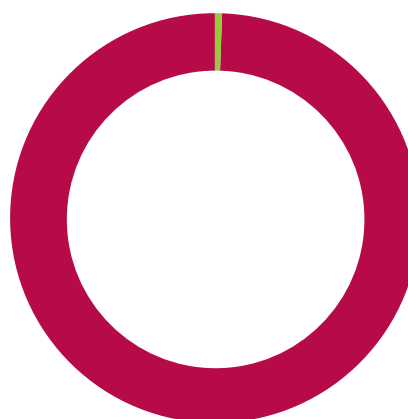
Water Withdrawals (kL) Australia and New Zealand

■ Total potable water withdrawn	3,355,513
■ Water dust suppression	296,775
■ Groundwater (from dewatering)	295,704
■ Water – other	64,357
■ Rain harvested	53,226



Water Discharges (kL) Australia and New Zealand

■ Wastewater discharged (to wastewater network*)	1,110,185
■ Water discharged (to stormwater, creek etc.)	361



* Wastewater network refers to the infrastructure operated by utilities providers in each region (e.g. Sydney Water network for Sydney, the Illawarra and Blue Mountains).

In terms of volume, Downer’s largest water uses and discharges lie within the Mining and Laundries businesses. Most water usage and discharges across the organisation relate to those with public utilities providers, including operation of wastewater treatment plants, which treat various forms of wastewater to provide recycled water for non-potable uses, such as for irrigation and agricultural activities.

Downer aims to comply with and exceed environmental regulations in all instances of extraction and compliance. Unfortunately, the four environmental fines that were issued in FY20 related to water usage and discharge, and although relatively minor in nature, Downer discusses the learnings from each one of these breaches and puts plans in place to prevent these infractions from being repeated.

Downer is committed to refining the data integrity and confidence levels of its water data in FY21.



In November 2019, Downer and Mitsubishi Hitachi Power Systems Japan hosted the Future Energy Forum in Brisbane, bringing together global power generation delegates to discuss challenges facing the power generation industry, and potential solutions such as hydrogen.

Leading the charge towards future energy solutions

Arguably the biggest challenge facing the energy sector worldwide is the increased urgency to reduce greenhouse gas emissions. Investigating opportunities to improve sustainability in the energy, power generation and industrial sectors will be of key importance over the next few years.

Downer’s Asset Services business provides maintenance and solutions for industrial services, oil and gas, and power generation customers across Australia, giving us a strong platform to help drive change.

In late-2019, Asset Services formed Project 1.5°C to investigate opportunities to not only lower Downer’s carbon footprint, but to also support our customers to do the same.

The project is exploring the full range of CO₂ reduction opportunities including increased efficiency, use of renewable power, fuel alternatives, hydrogen, new processes and carbon capture utilisation and storage (CCUS).

Through service specific solutions, technology pathways and collaborative partnerships, the multi-disciplinary team of experts is looking to develop a comprehensive emissions reduction pathway for our customers.

Executive General Manager for Downer’s Asset Services business, Pat Burke, said the project would form a critical component of Downer’s strategy to meet science-based carbon reduction targets, and support ongoing sustainability in the energy and industrial sectors.

“We chose this name to recognise the Paris Agreement and the commitments taken by Downer and 850 companies globally to set targets to limit the increase of global temperatures to 1.5°C by 2050,” Pat said.

“Project 1.5°C is an important step in Downer’s decarbonisation journey and will see us develop real-world, collaborative solutions for increased efficiency and sustainability, introduce new technologies, and support our customers to meet their decarbonisation commitments.

“Most importantly, it’s a chance to collaborate with our customers on their decarbonisation journey, providing strategies and solutions tailored to their unique needs and circumstances.”



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

Managing our GHG emissions

As an integrated service provider, Downer operates within capital and carbon-intensive industries such as mining services, asphalt manufacturing and laundries. A key challenge for us is the effective management of our carbon related activities and implementing strategies to reduce our GHG emissions. We also have the opportunity to engage with our customers and supply chain to positively influence change that reduces their GHG emissions.

No significant acquisitions or divestments occurred in FY20 and hence are not included in the data. Downer has determined its boundary using the concept of 'operational control', compliant with Australia's National Greenhouse and Energy Reporting (NGER) scheme. For the purposes of energy and GHG data in the Sustainability Report, this boundary determination extends to our non-Australian operations.

Downer has leveraged the Science-Based Target Initiative's framework and guidance to set an ambitious long-term GHG emissions reduction target. This is referred to as Downer's Science-Based Target (SBT) throughout this report.

The SBT boundary consists of Downer's operational control Scope 1 and 2 GHG emissions data plus the Scope 1 and 2 emissions from our operations at Meandu Mine. Downer holds operational control of Meandu Mine, but there is a transfer certificate in place under section 22J of the NGER Act. This transfers the reporting obligations to Stanwell Corporation Limited.

Scope 3 data includes business travel, mining and engineering construction projects where Downer does not have operational control but can influence the emissions profile. For the first time, Downer is reporting on the Scope 3 impacts of waste to landfill across its portfolio.

Downer has an extensive supply chain and collecting data from subcontractors requires significant effort and remains a challenge. Therefore, we use an estimation methodology when we have been unable to obtain actual data. In FY20, approximately 32 per cent of our Scope 1 emissions came from subcontractors (actual and estimates), which consisted of 17 per cent from our Road Services business, 13 per cent New Zealand and two per cent Utilities. The methodology for estimating data is described below:

(i) Subcontractors were grouped into categories on the basis that they perform similar types of work when engaged by Downer and therefore are very likely to use similar types and relative volumes of energy consuming resources. These categories are as follows:

- a. *Engineering & Construction, Road Services, Transport Projects businesses*
 - i. *Cartage*
 - ii. *All other categories/non-categorised activities*
- b. *Technology & Communications business*
 - i. *Communications projects*

Exclusions:

(i) **Raw material purchases** – payments to subcontractors purely for purchases are not related to activity, and therefore no fuel consumption has occurred from these.

(ii) **Consultant spend** – office-based or where no/little fuel was consumed in the course of activities performed while subcontracted by Downer.

The information received from these suppliers formed the actual resource usage data. The remaining energy reported was based on a ratio between actual energy versus equivalent spend, which was applied across the remaining spend per category, in accordance with the following formulas:

1. *Calculate unique fuel ratio for each category*
 - i. *Average actual resource usage (for relevant FY, in raw units) divided by actual spend in dollars (for FY20, for contractors who returned actual resource usage data) = A*
2. *Calculate estimated fuel usage for the remaining contractors in that category*
 - i. *A multiplied by the value (in dollars) of remaining contract spend per category (for contractors who did not return any actual data) = B*

New Zealand was unable to collect actual subcontractor data this reporting period due to resourcing constraints and the impacts of COVID-19, therefore the estimation procedure for subcontractor emissions could not be used. Instead, an alternative method was used, with the fuel-consumption-to-subcontractor spend ratios calculated through the standard procedure being replaced by the average ratios from the Australian business for similar subcontractor types (haulage and other contractor types).

In New Zealand, there was a significant change in the estimated subcontractor data due to resetting of the fuel-consumption-to-subcontractor spend ratios, despite a similar contractor spend to FY19. This was applied to the three-year comparison period.

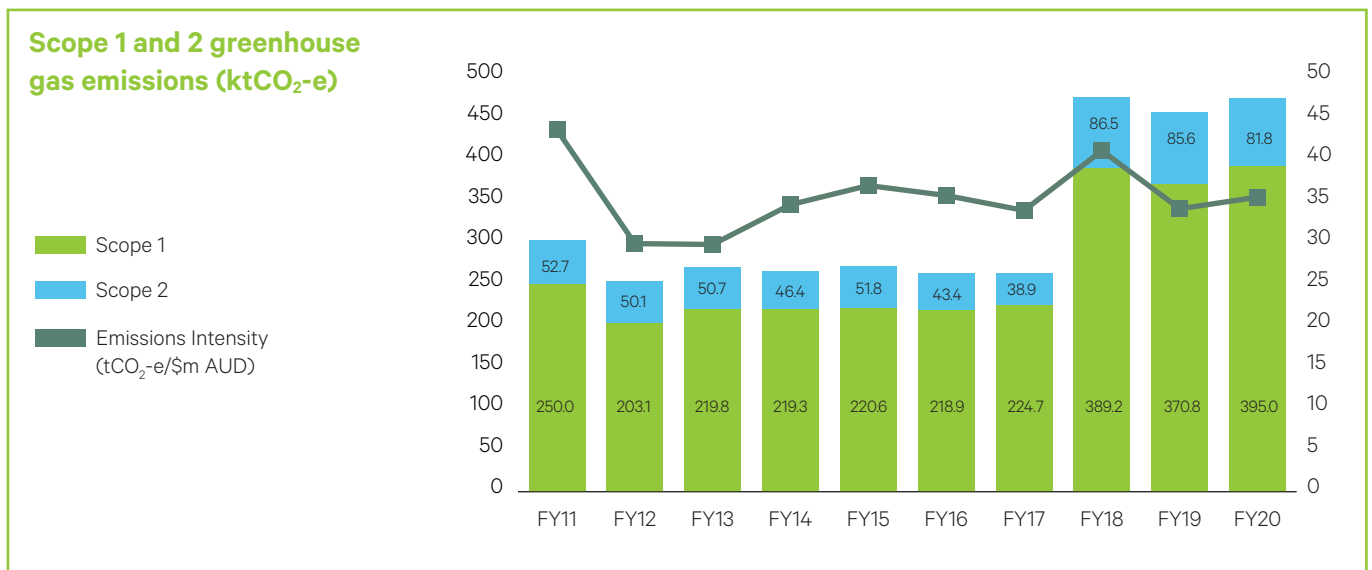
For FY18, the impact of this revision is an increase in Scope 1 emissions of 54,480 tCO₂-e, and energy consumption of 780.2 TJ. For FY19 this represented an increase in Scope 1 emissions of 14,549 tCO₂-e and energy consumption of 206.7 TJ.

Metric	FY20	FY19	% Change from FY19
Scope 1 (ktCO ₂ -e)	394.99	370.81	7% ↑
Scope 2 (ktCO ₂ -e)	81.84	85.60	4% ↓
Scope 1+2 (ktCO ₂ -e)	476.83	456.41	4% ↑
Emissions intensity (Scope 1+2) (tCO ₂ -e/\$m AUD)	35.54	33.94	5% ↑
Scope 3 (ktCO ₂ -e)	418.19	387.40	8% ↑
Energy consumption (TJ)	6,637.13	6,263.42	6% ↑
Renewable energy consumption (TJ)	5.71	5.31	8% ↑
Energy intensity (TJ/\$m AUD)	0.49	0.47	4% ↑
Revenue (\$m AUD)	13,418	13,448	0% ↓

Overall Scope 1 and 2 emissions increased by four per cent. Scope 1 emissions rose by seven per cent, and this was largely due to increased activity in the Road Services business, which increased asphalt production and expanded operating hours and scope of road works. Other drivers included an increase in diesel usage at the Commodore Mine due to contractual requirements, as well as one-off construction activities, both of which were not tied to increases in Run of Mine (ROM) coal production.

Scope 2 emissions dropped by four per cent, and this was predominantly due to the impact of COVID-19-related restrictions across the business. Spotless' Australian operations, which represents 47 per cent of Scope 2 emissions, saw a nine per cent drop year-on-year. The Q4 average Scope 2 emissions

was down 19 per cent compared to average emissions in Q1-Q3 – which were consistent with FY19 emissions, prior to the COVID-19 lockdowns. Other reductions were achieved in the Engineering & Construction business, which saw significant energy efficiency enhancements, including the installation of LED lighting and the replacement of an ageing air compressor with a more modern unit. The Utilities business also achieved reductions, primarily due to a net reduction in project activity, with major projects coming to completion and the commencement of a large number of minor projects with a significantly lower emissions profile. There were some increases in the Road Services and Rollingstock Services businesses, commensurate with their ability to maintain or expand operations during COVID-19.



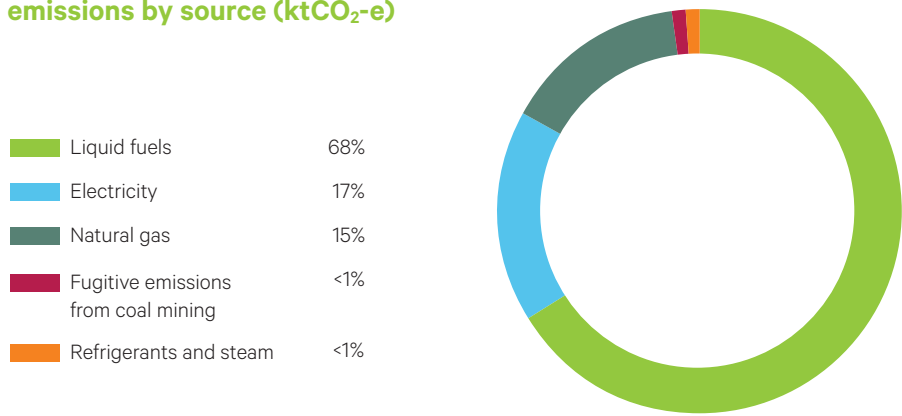
Scope 3 emissions increased, predominantly due to an increase in emissions in Downer’s non-operational control mine sites. There are also two new inclusions – emissions from Spotless sites that are not under Downer’s operational control, and also Scope 3 emissions relating to waste to landfill. These increases and expansions to reporting scope are offset by a significant decrease in emissions from air travel, which fell 50.1 per cent year-on-year. This is primarily, but not solely, due to the impacts of COVID-19. A breakdown of the COVID-19 period and the non-COVID-19 period is as follows:

- For the Q4 FY20 period (most affected by COVID-19) compared to the Q4 FY19 period, emissions fell 90 per cent

- For Q1-Q3 FY20 compared to Q1-Q3 FY19, emissions fell 39.2 per cent, reflecting a systematic reduction in demand for air travel prior to impact of COVID-19.

Our FY20 emissions sources remained reasonably consistent with FY19 with the primary source (68 per cent) of our total Scope 1 and 2 GHG emissions being the consumption of liquid fossil derived fuels (mostly diesel oil) used in our transport fleet and the use of stationary energy in our asphalt and other manufacturing plants. The liquid fuel proportion has increased slightly with the revision of estimates associated with subcontractor data, as well as a reduction in absolute electricity usage due to the impacts of COVID-19.

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



In FY20, 38 per cent of Scope 1 and 2 emissions came from the Road Services business. This is due to the high number of diesel fleet and subcontractor fleet operating, as well as the high carbon intensity of asphalt plants. Downer is investigating the possibility of improving the efficiency of these asphalt plants through upgrades, as well as reviewing opportunities for fleet optimisation when commercially viable options become available.

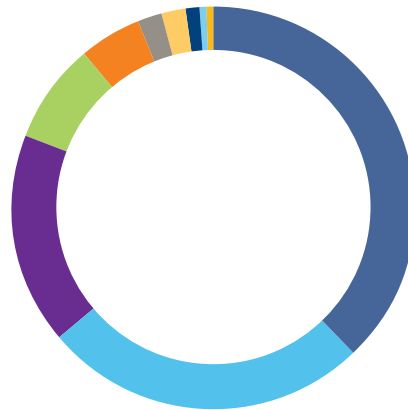
Spotless’ contribution to Scope 1 and 2 emissions dropped from 21 per cent in FY19 to 17 per cent in FY20. This was largely due to the impact of COVID-19 on operations, which had widespread impacts on the full gamut of Spotless’ services, including facilities management, hospitality and laundries. Laundries was affected the least by the COVID-19 restrictions, however, it still saw lower linen volumes, driven by the restrictions placed on elective surgery which makes up a considerable portion of its linen processed.



One initiative to reduce GHG emissions across the Group is trialling the use of electric vehicles. In FY20, Downer's Asset Services team introduced Hyundai IONIQ electric vehicles to its light fleet in Western Australia and NSW.

Breakdown of Scope 1 and 2 emissions by business line

Road Services	38%
New Zealand	26%
Spotless AU	17%
Mining	8%
Utilities	5%
Rollingstock Services	2%
Engineering & Construction	2%
Transport Projects	1%
Asset Services	<1%
Group and Services	<1%



Linking remuneration to GHG emissions reduction

Downer Executives' remuneration is linked to emissions reduction targets under Downer's Short-Term Incentive (STI) plan.

Under the three-year emissions reduction plans that commenced in FY19, Downer implemented 35 new projects during FY20 with a combined capacity to deliver annualised abatement of over 5,114 tonnes of GHG emissions (CO₂-e) reductions across Scope 1 (natural gas efficiency projects, vehicle replacement and optimisation), Scope 2 (lighting upgrades, office consolidations) and defined Scope 3 (energy consumption for non-operational control projects). This fell short of the threshold level of 5,411 tCO₂-e, which is the minimum target set among the Group. The operational impacts of COVID-19 saw a number of projects that were planned for the year placed on hold or cancelled entirely. This largely affected the Mining and New Zealand businesses, although the New Zealand business was still able to complete some planned initiatives before the onset of COVID-19.

The Spotless business exceeded its Stretch target of 720 tCO₂-e, driven largely by strong energy efficiency improvements within the Laundries business – a strong result in the face of decreased efficiencies through running sub-optimal loads due to reduced demand during the COVID-19 crisis.

The Transport Projects and Rollingstock Services businesses also achieved their Stretch targets. The Rollingstock Services business achieved this on the back of a continuing program of energy efficiency improvements, including lighting upgrades and compressor replacements. The Transport Projects business replaced an existing diesel generator with a biodiesel generator, showing an early phase example of the impacts of fuel switching in the business, which will be a key strategy for Downer's decarbonisation journey moving forward.

Environmental performance data

GHG emissions	Unit	FY18	FY19	FY20	% Change from FY19
Scope 1	Kilotonnes CO ₂ -e	389.2 ⁵	370.8 ⁶	395.0	7%
Scope 2	Kilotonnes CO ₂ -e	86.5	85.6	81.8	-4%
Scope 3	Kilotonnes CO ₂ -e	426.9	387.3	418.2	8%
Total (Scope 1+2+3)	Kilotonnes CO₂-e	902.6⁵	843.7⁶	895.0	6%
Total (Scope 1+2)	Kilotonnes CO₂-e	475.7⁵	456.4⁶	476.8	4%
Intensity (Scope 1+2)	tonnes CO₂-e/AUD \$m	40.9⁵	33.9⁶	35.5	5%
Revenue	AUD\$m	11,637	13,448	13,418	0%
GHG emissions (Scope 1 and 2) by sources	Unit	FY18	FY19	FY20	% Change from FY19
Electricity used by facilities	Kilotonnes CO ₂ -e	86.5	84.2	80.7	-4%
Liquid fuels	Kilotonnes CO ₂ -e	315.7 ⁵	298.2 ⁶	322.5	8%
Natural gas	Kilotonnes CO ₂ -e	70.3	70.4	69.8	-1%
Fugitive emissions from coal mining	Kilotonnes CO ₂ -e	1.8	2.0	1.5 ⁷	-26%
Steam	Kilotonnes CO ₂ -e	–	1.4	1.2	-14%
Refrigerants	Kilotonnes CO ₂ -e	1.4	0.1	0.2	100%
Emissions from wastewater	Kilotonnes CO ₂ -e	–	–	0.9	New
Total Scope 1 and 2	Kilotonnes CO₂-e	457.7⁵	456.3⁶	476.8	4%
GHG emissions Scope 3	Unit	FY18	FY19	FY20	% Change from FY19
Emissions from contract mining operations not under Downer's operational control	Kilotonnes CO ₂ -e	360.9	317.7	357.8	12%
Emissions from engineering, construction and rail projects, and Spotless sites not under Downer's operational control	Kilotonnes CO ₂ -e	19.7	8.9	24.1 ⁸	171%
Business travel – business flights and rental vehicles	Kilotonnes CO ₂ -e	46.3	60.8	31.6	-48%
Waste-to-landfill	Kilotonnes CO ₂ -e	–	–	4.7	New
Total Scope 3	Kilotonnes CO₂-e	426.9	387.4	418.2	8%

Energy consumption	Unit	FY18	FY19	FY20	% Change from FY19
Liquid fuels	terajoules	4,741.3 ⁵	4,438.4 ⁶	4,820.0	9%
Natural gas	terajoules	1,359.5	1,356.3	1,345.4	-1%
Electricity	terajoules	430.9	433.6	435.7	0%
Steam	terajoules	–	29.8	30.4	2%
Other substances	terajoules	–	–	–	No change
Renewables	terajoules	2.1	5.3	5.7	8%
Total consumption	terajoules	6,533.8⁵	6,263.4⁶	6,637.1	6%
Energy intensity	terajoules/AUD\$m	0.56⁵	0.47⁶	0.49	4%

Energy production	Unit	FY18	FY19	FY20	% Change from FY19
Solar PV	terajoules	2.1	5.3	5.7	8%
Thermal generation	terajoules	–	2	–	-100%
Saleable coal	terajoules	100,544.30	89,102.40	100,442.60	13%
Total production	terajoules	100,546.40	89,109.71	100,448.31	13%

5 This figure has been restated compared to the 2019 Sustainability Report, due to the inclusion of subcontractor emissions in FY18 comparatives. The impact of this inclusion is an increase in Scope 1 emissions of 54,480 tCO₂-e and energy consumption of 780.2 TJ

6 This figure has been restated compared to the 2019 Sustainability Report, due to the impact of a revision in the subcontractor estimation methodology for the NZ business. The impact of this revision is an increase in Scope 1 emissions of 14,549 tCO₂-e and energy consumption of 206.7 TJ

7 There is a variance of 28,404 tCO₂-e between Downer's FY20 NGER submission and this report, which relates to a difference in methodology of reporting fugitive gas emissions from the Commodore Mine. Downer has historically reported its fugitive gas emissions from the Commodore Mine using the methodology prescribed under Section 3.21 of the NGER Determination 2008: 'Fugitive emissions from extraction of coal – Method 2'. This requires external gas modelling for all pits from which Downer extracts coal to provide a tailored estimate of fugitive gas emissions. For the FY20 reporting period, Commodore Mine commenced extraction of coal from a new pit, for which external gas modelling has not been obtained. Therefore, Downer is required to report emissions from the new pit in accordance with Section 3.20 of the NGER Determination 2008: 'Fugitive emissions from extraction of coal – Method 1', which prescribes a default, State-based factor to estimate fugitive emissions. To maintain year-on-year consistency, Downer has decided not to follow the prescribed recommendation from the regulator for the purpose of this report. Downer's expectation is that when the gas report is received, the estimate disclosed in this Sustainability Report will not be materially misstated. Therefore, Downer has used the largest emissions value from the closest pit based on the existing GeoGas model, and applied this to the new pit. Downer believes this solution is appropriate because the coal seam is uniform across the mine. Downer is committed to obtaining detailed gas modelling for the new pit and will report again in accordance with Method 2 for the FY21 Sustainability Report.

8 Includes data from Spotless sites that are not under Downer's operational control, which is included for the first time in FY20. When these sites are excluded, emissions in FY20 are 11.8 ktCO₂-e, which represents a 33 per cent increase compared to FY19.



TCFD disclosure

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

Downer accepts the Intergovernmental Panel on Climate Change (IPCC) assessment of the science related to climate change and supports the Paris Agreement in transitioning to net-zero emissions by 2050 to limit global temperature increase to 1.5°C by the end of this century. Downer considers climate change to be one of its material issues (refer to pages 14-20).

In FY19, Downer implemented the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) in assessing the financial implications of climate change on Downer. In its implementation of the TCFD recommendations, Downer used climate scenario analysis as a key step to understand the resilience of the business under different climatic futures.

Global scenarios were used to inform a top-down assessment of how the physical climate might change, the hazards that our workforce might be exposed to, and how the services Downer provides to key sectors and markets may change. This was particularly important to Downer, as our company Purpose is to create and sustain the modern environment by building trusted relationships with our customers. The scenario analysis informed strategic planning processes by looking longer-term to critically assess the products and services provided by the business in changing markets.

The scenario analysis was fed directly into Board strategy sessions and to Executive forums, where it remains a permanent consideration of the Board strategy. Further to the scenario analysis outcomes, broader sustainability issues are discussed at Board level. From a tactical perspective, Downer undertakes an annual exercise to test our strategic position on the back of the scenario analysis.

The outcomes of the scenario analysis contributed to a change in the overall strategy of the business. In February 2020, Downer announced it would shift investment in high capital intensive activities to lower intensive and lower carbon activities. Climate change and sustainability were also elevated to retain market share and to secure new customers. This strategic shift will support Downer's decarbonisation pathway and market position in a low-carbon economy.



GHG emissions reduction target

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

In 2019, we leveraged the Science-Based Target Initiative's framework and guidance to set an ambitious long-term GHG emissions reduction target (aligned to a 1.5°C pathway). We committed to the decarbonisation of our absolute Scope 1 and 2 GHG emissions by 45-50 per cent by 2035 from a FY18 base year, and to being net zero in the second half of this century.

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

For the purpose of our Science-Based Target (SBT), the boundary is Downer's Scope 1 and 2 GHG emissions data disclosed in this Sustainability Report, plus the Scope 1 and 2 emissions from our operations at Meandu Mine, which for FY20 accounts for 114,270 tCO₂-e Scope 1 and 2 emissions.

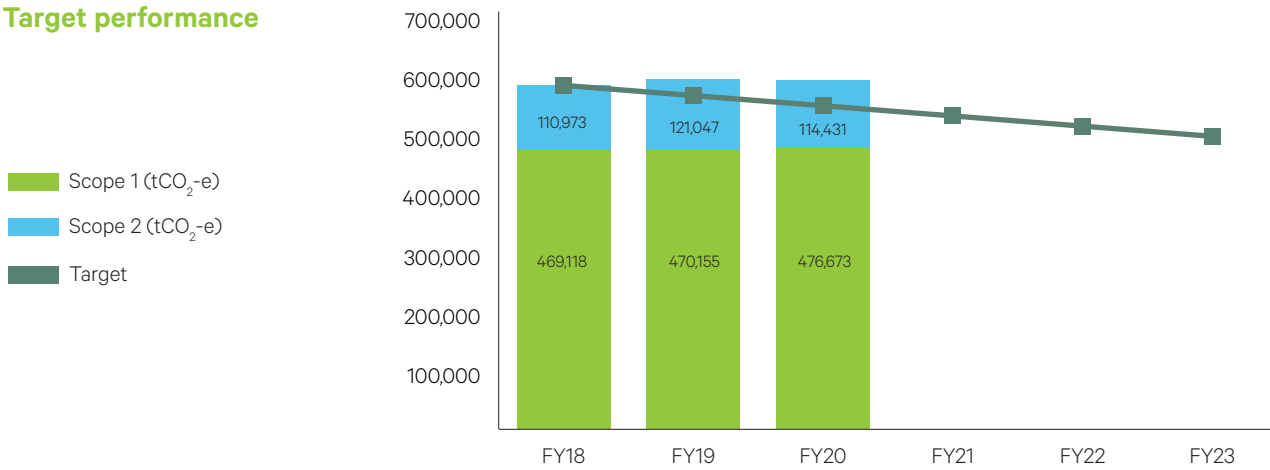
Downer holds operational control of Meandu Mine, but has a transfer certificate in place under section 22J of the NGER Act.

Downer's performance against the SBT was eight per cent higher than the SBT for 2020. The drivers for this, with the exception of the Meandu Mine, are noted in the 'Managing our GHG emissions' section on pages 56-58. This site is under Downer's operational control, but not reportable for NGER purposes, as Downer has a reporting transfer certificate in place. Meandu saw a reduction in its emissions footprint for FY20 – contributing to Scope 1 + 2 emissions for SBT purposes being stable for FY20 compared to FY19. When presented on an intensity basis, our assumed SBT performance exceeded target levels. As Downer continues to focus on its Urban Services businesses, the expected economies of scale in being a larger player in a smaller number of sectors should continue to provide benefits from an emissions intensity perspective.

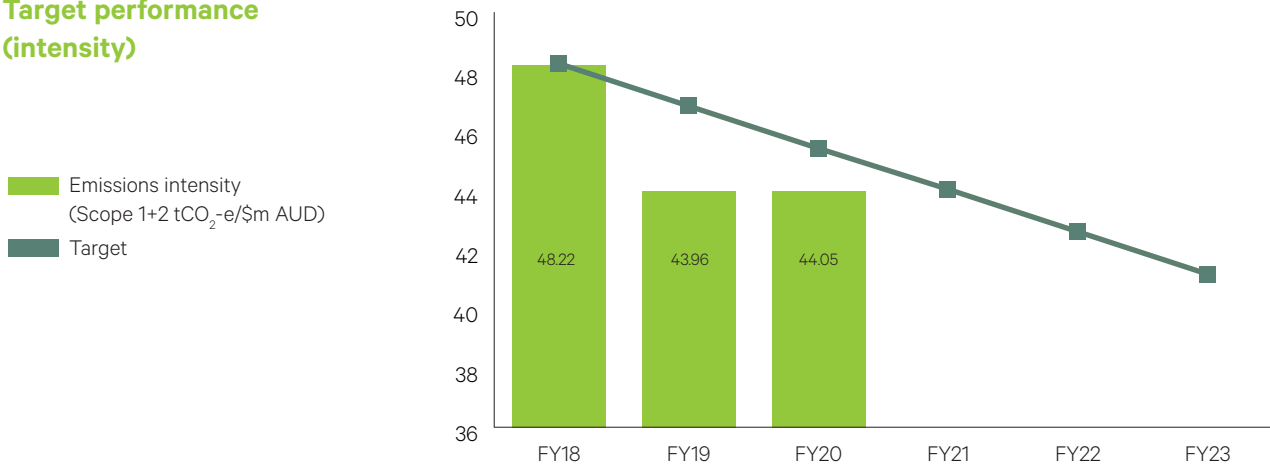
Downer's pathway to significant decarbonisation is contingent on medium-term to long-term step changes. One of these is the divestment from carbon-intensive businesses, as noted in the TCFD disclosure section on page 62. The other key strategy for decarbonisation is the transitioning of fuels that Downer directly combusts to cleaner sources. These changes will have a significant impact on Downer's carbon footprint. In the interim, Downer continues to make iterative improvements to operations to improve efficiencies where possible, which have a positive impact on emissions as well as costs.



Science-Based Target performance



Science-Based Target performance (intensity)



Absolute target

Reporting period	Scope 1+2	Target	Deviation from target
FY18	580,090.92	580,090.92	Baseline year
FY19	591,202.17	562,897.03	5% ↑
FY20	591,103.71	545,703.13	8% ↑

Intensity target

Reporting period	Actual emissions intensity (Scope 1+2 emissions tCO ₂ -e/\$m AUD)	Target	Deviation from target
FY18	48.22	48.22	Baseline year
FY19	43.96	46.79	6% ↓
FY20	44.05	45.36	3% ↓

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



Refer to our website for further disclosures on Downer's response to climate change and how we have specifically addressed the TCFD recommendations.

Our future focus

In FY21, Downer will continue to focus on driving improvement in our environmental and sustainability performance and risk management while further embedding sustainability within our business. To achieve this, we will:

- Establish waste to landfill reduction and water reduction targets and identify initiatives to assist in achieving these targets
 - Continue to explore and deploy innovative technology solutions in order to continuously improve the way we deliver our products and services and meet our legal, commercial and customer obligations
 - Take a whole-of-life approach when considering initiatives and specifying materials. Apply lifecycle assessment to our road pavement products (i.e. the development of an Environmental Product Declaration for Downer's recycled asphalt products)
 - Improve sustainability performance and achieve sustainability ratings, such as ISCA Infrastructure Sustainability ratings, for targeted infrastructure contracts to improve our sustainability performance and build internal knowledge and capacity that can be leveraged to other parts of Downer
 - Protect high value biodiversity found on the sites we own, occupy or operate. Work with our customers to enhance and restore existing biodiversity, otherwise offsetting any losses, wherever possible
 - Educate our staff, supply chain and the broader communities on key environmental sustainability issues and the role Downer has in addressing them.
- Continue to support the growth of Downer's Urban Services strategy by providing services that promote a sustainable future and transition to a low-carbon economy, including renewable energy, facilities management, water treatment, telecommunications, sustainable transport, waste to energy and waste recovery
- Work with our financial partners to assess opportunities for sustainability-linked finance to further demonstrate Downer's commitment to sustainability and unlock capital that would allow Downer to meet its sustainability goals and objectives
- Maintain and improve Downer's strong environmental regulatory compliance through the implementation of Downer's consolidated Integrated Management System, known as the Downer Standard, and support the business in achieving a single certification accreditation to ISO14001:2015, with continued focus on our Critical Risk program

Our Environment response to COVID-19



The past 12 months have brought great adversity for the Australian and New Zealand environments.

Throughout the summer, Australia was ravaged by devastating bushfires which were fuelled by historic drought and record temperatures. This was followed by intense storm events in Australia and New Zealand, which caused severe flooding in some parts of both countries. In February 2020, torrential rain and floods hit many parts of New South Wales and Queensland with more rain falling in a few weeks than in the entirety of 2019.

Then, in March 2020, Australia and New Zealand witnessed the first signs of the COVID-19 outbreak and government restrictions were soon introduced.

Some of Downer's responses to these events are expected to result in long-term structural change. Downer's air travel emissions (which represent close to seven per cent of Downer's overall Scope 1, 2 and 3 emissions profile) dropped 50 per cent year-on-year, including a 90 per cent drop during the period between April 2020 to June 2020, compared to the same period in 2019.

At Downer, our specific responses to COVID-19 included:

- Flexible working and remote working arrangements, which have led to a significant reduction in employee travel emissions
- Adapting to web conferencing technology to hold meetings, conferences and events that would have otherwise been attended in person. This has had a positive social impact, with people saving time commuting to their workplace, reducing the number of cars on the road, reducing the amount of GHG emissions and particulates, and allowing people to become more engaged and connected with their families and friends. This technology could displace the need for corporate travel in many instances, with the exception of flying to conduct work on-site.





Spotless uses machine learning to knock out noxious weeds

Spotless contributes to the effective delivery, operation and maintenance of Australian Defence Estates across 380 properties and more than 2.7 million hectares of land.

Among the services we provide is land management, which includes regular field surveys to inspect and manage abundant and invasive weed species, flora and fauna and bushfire threats.

These field surveys are often required in remote and rural areas, under harsh environmental conditions and conducted over several weeks, exposing land managers to many field hazards such as uneven terrain, venomous animals and ultra violet radiation.

In July 2019, Spotless investigated innovative solutions to conduct these inspections in a way that would be safer for both our people and the environment.

Spotless partnered with the Downer Defence Data Science team to explore the use of machine learning as a land surveying data capture tool. Machine learning is an application of artificial intelligence (AI) using algorithms to self-learn from data. Through training, a machine learning model can identify a specific target from imagery.

Spotless undertook a Proof of Concept (PoC) pilot to determine if machine learning could be used to effectively identify a target weed species from commercially available imagery and use that data to develop and implement a management program. A host site was chosen for its known prevalence of serrated tussock – a declared noxious weed that can have adverse environmental effects if not managed.

The pilot was conducted over a 16-week period, the machine learning model was trained with detailed survey data and validated through field inspections to confirm the model results.

A sample plot area with known areas of serrated tussock from previous manual field surveys was marked out. Aerial imagery was then fed into the machine learning model and object detection algorithms were applied to train the machine intelligence to recognise the weed.

Based on the PoC data, the pilot recorded 85 per cent accuracy identifying tussock within the trial area, demonstrating that the approach can provide an effective level of detail and accuracy to support data-driven recommendations for land management, in particular noxious weeds and native flora management.

The machine learning model can deliver a range of benefits, including significant reduction in the time taken to obtain weed data, mitigation of weather or accessibility issues, improvement to employee safety, and no disruption to Defence capability.

It also delivers significant GHG emissions reduction and cost savings to our customer. Conducting land management activities and surveys on terrain of this size costs Defence an estimated \$40,000 per inspection – equating to approximately \$685,000 per annum. While there is an initial investment required to set up the technology, the capital investment is offset by removing the need for physical land surveys, providing an attractive return on investment.



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals: #3 Good health and wellbeing; #9 Industry, innovation and infrastructure; #13 Climate action; and #15 Life on land

Emerging issues and market trends

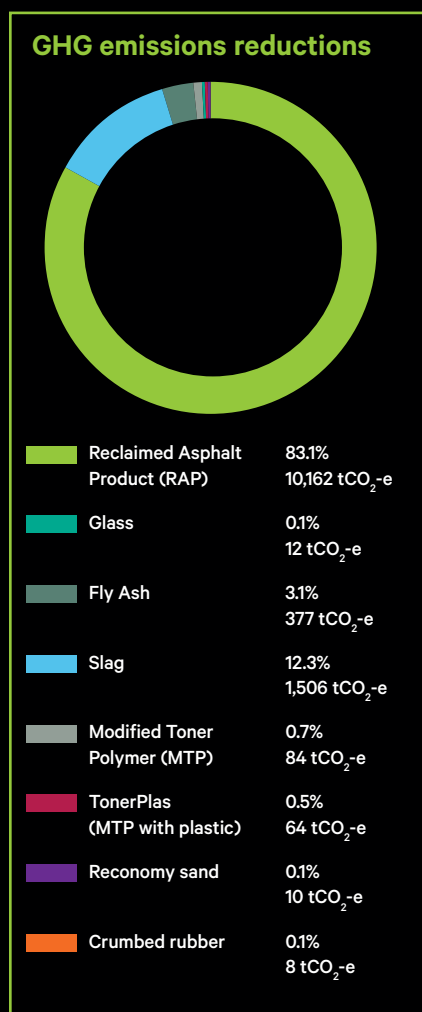
The circular economy – low carbon materials and products

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

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

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

- Investment in our Reconomy business



- The purchase of a 50 per cent stake in Repurpose It, a waste resource company in Victoria that is a thought leader in the innovative diversion of landfill with a focus on finding sensible reuse for the materials that result from some of our processes
- Downer's use of waste materials in Australia and New Zealand such as hard and soft plastics, glass and printer cartridge toner within our road asphalt products, diverting these products from landfill
- Development and marketing of Reconphalt™, a Downer product which incorporates recycled soft plastics and glass into asphalt road construction (see case study on page 69).

In FY20, 14 per cent of total asphalt production in Downer was made up of recycled materials. This decreased from 14.25 per cent in FY19. The consequent GHG emissions reductions are outlined in the chart on the left.

Infrastructure rating tools

Customers are increasingly specifying ratings for their projects, which presents us with challenges and opportunities. The application of sustainability rating tools for nominated infrastructure projects allows us to address, mitigate and manage climate-related risks. Some of Downer's successes in infrastructure sustainability include:

- Obtaining the first IS Operational rating in Tasmania for the Northwest Tasmanian Road Maintenance Contract
- Continuing on from last year's 'Excellent' Design rating, the Newcastle Light Rail project achieved an 'Excellent' IS As Built rating for the successful delivery of the light rail infrastructure.

Energy transition: Growth in renewable energy and electrical distribution

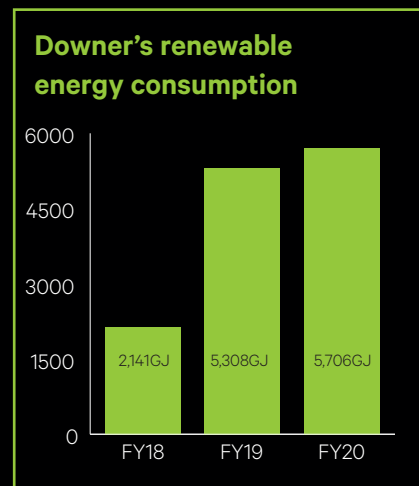
In FY20, renewable power generation in Australia continued to accelerate. According to the Clean Energy Regulator's latest Quarterly Carbon

Market Report (which, at the time of this report's publication, was the March Quarter 2020 report), the Clean Energy Regulator expects approximately 3,400MW of large scale capacity will be accredited in 2020, taking the total to around 15,000MW generated since 2017.

Downer remains one of the most experienced providers of design, build and maintenance services to Australia's renewable energy market. To date, Downer has delivered 17 wind farms and six solar farms, which generate 2,806MW of renewable energy. Wind and solar projects delivered by Downer are estimated to have produced enough electricity to power approximately 950,000 homes and avoided over 4,500 ktCO₂-e in emissions⁹. In FY20, Downer completed the Murra Warra Wind Farm which has a generation capacity of 232MW, and the Limondale Solar Farm which has a capacity of 349MW. At the end of FY20, Downer had 315MW of solar and wind farms under construction.

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

Downer increased renewable energy consumption from 5,308GJ in FY19 to 5,706GJ in FY20 in its own operations, primarily from solar PV on rail maintenance, laundries and educational facilities.



⁹ The disclosure of how many homes powered by solar and wind projects Downer has delivered has been calculated by dividing the total electricity generated for FY20 by the average household electricity use in Australia. Electricity generation figures have been obtained from AEMO's 'Actual Generation and Load' reporting. Average household electricity consumption has been sourced from the Australian Energy Regulator's Annual Report on Compliance and Performance of the Retail Energy Market 2017-18. Avoided emissions has been calculated using the total electricity generated figures sourced from AEMO for each generation asset, multiplied by emissions factor for the National Electricity Market (NEM), sourced from Table 6 of the National Greenhouse Account (NGA) Factors 2019.

Increasing use of technology

Automation and the increasing use of advanced technology in the workplace, industry and community is a fact of modern life.

Downer increased our use of smart solutions in FY20, including electric vehicles, automated vehicles and unmanned aerial vehicles.

In FY19, Keolis Downer joined Flinders University, the South Australian State Government and other industry partners in a five-year trial of autonomous vehicle technology in Adelaide. Keolis Downer also launched a new 12-month pilot program of driverless vehicles in Newcastle in July 2019. The trial was successful, and the driverless/autonomous vehicle is now in service and forms part of Newcastle's integrated transport system including buses, ferries and light rail.

Downer continues to use unmanned aerial vehicles, commonly known as drones. We have pioneered the use of drones to improve safety, cost and efficiency at a number of sites. Drones are now commonly used across the business to carry out tasks including asset inspections and environmental monitoring inspections.

In addition, Downer has been using artificial intelligence (AI) and machine learning to perform processes and activities in a timely and accurate way, allowing our human capital to carry out more complex strategic tasks. Downer and Spotless have also been utilising AI and machine learning, combined with aerial imagery taken from drones, to identify and assist in the eradication and management of noxious weeds (refer to the case study on page 67).

Through the Microsoft Azure platform, Downer has been able to present information and dashboards in new ways that have provided efficiencies and have also allowed us to digitalise our management systems, so that administration and work can occur in the field in real time.

Protection of the environment and biodiversity

Biodiversity is the variety and variability of living organisms on the planet. Earth's ecosystems are driven by biodiversity, and any disruptions can have ripple effects that may be harmful to other life forms and the environment. Downer's impact on biodiversity varies based on the location and size of a given site, and the type of work that is being carried out.

As a proactive measure, Downer responds to its potentially negative impacts on biodiversity with initiatives at select construction sites.

We also contribute positively to biodiversity through the services that we deliver, particularly our land management services highlighted in the case study on page 67. On a site-by-site basis, work is done to ensure appropriate protections are in place where these operations overlap with protected areas, or areas of high biodiversity value.

In FY21, Downer will look to aggregate and report all site operations that have a significant effect on biodiversity as well as mitigation and restoration measures undertaken.



46 million plastic bags used in sustainable asphalt in two years

In June 2020, Downer marked the two-year anniversary of Australia's first road laid with Reconophalt™, Downer's sustainable asphalt product.

In that time Downer has laid over 77,000 tonnes of roads in six Australian States or Territories, utilising soft plastics from 46.1 million plastic bags and packaging equivalents, toner from 1.3 million used toner cartridges, glass from 11.5 million glass bottle equivalents and 20,500 tonnes of reclaimed asphalt.

Since the first project in Craigieburn, Victoria, governments and local councils have been eager to trial the innovative product both for its superior performance and for its significant sustainability credentials. The challenge of how to deal with recycling and waste remains difficult for local councils and communities in particular. Reconophalt™ is a pioneering solution to that challenge.

Downer General Manager, Reconomy, Jim Appleby, said Reconophalt™ helps governments address their own recycling and carbon emission reduction targets and, in choosing the product, they can feel confident that it has also passed rigorous testing.


"Downer researched and developed Reconophalt™ for over two years and after 18 months of testing by the NSW Environment Protection Agency (EPA), including the potential for leaching BPA (Bisphenol A – a substance used in the manufacture of plastics) and the release of microplastics, it has now received accreditation, demonstrating that it brings no increased environmental risk while providing considerable sustainability and performance benefits. These include increased fatigue life and improved deformation resistance," Jim said.

"Importantly, we've also achieved our goal to enable this road surface to be perpetually recycled and reused, so future asphalt roads can be built with the same material again and again."

Reconophalt™ is the first road surfacing material in Australia containing high recycled content derived from waste streams, such as soft plastics, glass and toner, which would otherwise be bound for landfill or stockpiled.



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals: #9 Industry, innovation and infrastructure; #12 Responsible consumption and production; and #13 Climate action



For our people approach visit:
sustainability.downergroup.com/2020/People

People

Our performance

Downer committed to achieving the following people targets and objectives in FY20:

Target/objective	Result	Reference
Strengthening our talent retention and attraction strategies, including broadening Downer's flexible working arrangements	✓	Talent retention and attraction of skilled employees Page 72
Increasing the engagement and progress scores in our annual Employee Engagement Survey	N/A	Employee Engagement Survey Page 78
Improving our gender diversity balance by increasing female participation in the workforce and providing opportunities for women in leadership roles aligned to the new 2020 gender targets	✗	Gender diversity Page 80
Enhancing our cultural development programs, inclusive of strengthening our Joint Venture relationships, increasing our Indigenous procurement spend and continuing to action our Innovate Reconciliation Action Plan (RAP)	✓	Cultural diversity Page 84
Continuing to increase our pipeline of talent through diversity initiatives, like the expansion of our Graduate and Apprentice programs.	✓	Generational diversity Page 81

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

Downer employs approximately 51,000 people across Australia and New Zealand, plus fewer than 1,000 people across other international markets. 53 per cent of our workforce is covered by collective agreements across the Australian and New Zealand markets. Our people have the right to freedom of association and collective bargaining and we maintain constructive relationships with multiple unions that participate in the sectors we operate in.

By employment contract, 53 per cent of our workforce is permanent, with 47 per cent contingent workers. Refer to pages 73-75 for a full breakdown of Downer's workforce.

Despite the unexpected impacts of COVID-19 and Australia's bushfires, a number of key objectives were delivered in 2020 including:

- Launching Indigenous Cultural Awareness Training (ICAT) to all supervisors and above
- Focusing on selected Indigenous partnerships, such as with Bama Services

- Becoming a Workplace Gender Equity Agency (WGEA) pay ambassador
- Adding R U OK? Day and Harmony Day to Downer's Group-wide events of significance. Other events include International Women's Day, NAIDOC Week, National Reconciliation Week, Matariki and Te Wiki o te Reo Māori (Māori Language Week)
- Embedding Downer's Graduate Program across the company (the program was listed 44th in *The Australian Financial Review's* list of top 100 programs).

Indigenous procurement supplier agreements increased from 85 in 2019 to 103 in 2020, improving overall spend within Downer's Australian Operations, as below:

Year	Spend	Increase from previous year
2018	\$17,406,211	Not available
2019	\$24,565,300	41.12%
2020	\$47,313,233	92.60%



Talent retention and attraction of skilled employees

Downer understands the importance of being recognised as an employer of choice. This is validated by our materiality assessment, which ranked 'Talent attraction and retention' in Downer's top five material issues.

Our strategic approach to maintaining and developing the best talent starts with supporting and retaining our existing leadership and workforce talent.

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

- Understand national and State-based skills shortages
- Benchmark and adjust employment packages
- Align our talent development and succession programs to business needs
- Understand our workforce planning needs across the entire business to ensure right place, right skill
- Direct our workforce development strategy and plans.

Our talent attraction strategy continued to focus across generations and gender in FY20. Building a pipeline of diverse and inclusive leaders for the future and transforming the culture of our business to be more inclusive relies on strong talent management processes. Although there was an overall decrease in new hires, there was an increase in the rate of females and workers under 30 years old who were hired in the FY20 period, supporting our commitment to improving diversity in our workforce.

There was a slight decrease in overall headcount in FY20, owing to the impacts of the pandemic as well as business re-sizing. These impacts are also reflected in the increase in temporary/part-time/casual arrangements across the Group, as well as an increase in turnover rates.



Downer workforce by age group

Age category	Male %	Female %	Percentage of workforce
Under 30 years old	2767	3828	31.39
30-50 years old	4669	3805	43.66
Over 50 years old	2564	2367	24.95

Employee headcount

Region	FY20	FY19	% Change
Australia	39,720	39,413	1%
New Zealand	11,828	12,741	-7%
Other	516	553	-7%
Total	52,064	52,707	-1%

Employees by contract type and gender

Contract Type	FY20 Female	FY20 Male	FY20 Total	FY19 Female	FY19 Male	FY19 Total	Change % Female	Change % Male	Change % Total
Permanent									
Full-time	5,577	19,197	24,774	5,875	19,194	25,069	-5%	0%	-1%
Part-time	2,010	820	2,830	2,753	1,495	4,248	-27%	-45%	-33%
Temporary									
Full-time	1,209	2,184	3,393	996	3,255	4,251	21%	-33%	-20%
Part-time	838	609	1,447	467	253	720	79%	140%	101%
Casual	8,615	11,005	19,620	8,191	10,228	18,419	5%	8%	7%
Total	18,249	33,815	52,064	18,282	34,425	52,707	0%	-2%	-1%

% of total employees covered by collective bargaining agreements

Region	FY20 Number	FY20 Rate (% total headcount of region)	FY19 Number	FY19 Rate (% total headcount of region)
Australia	20,463	52%	20,675	52%
New Zealand	7,331	62%	6,152	48%
Other	-	0%	-	0%
Total	27,794	53%	26,827	51%*

* Transcription error in 2019 report.

Employee new hires by gender

	FY20 Number	FY20 Rate (% of total employees)	FY19 Number	FY19 Rate (% of total employees)
Female	6,617	13%	6,301	12%
Male	10,422	20%	11,770	22%
Total	17,039	33%	18,071	34%

Employee new hires by age

	FY20 Number	FY20 Rate (% of total employees)	FY19 Number	FY19 Rate (% of total employees)
Under 30 years old	7,673	15%	7,412	14%
30-50 years old	6,824	13%	7,619	14%
Over 50 years old	2,542	5%	3,040	6%
Total	17,039	33%	18,071	34%

Employee new hires by region

	FY20 Number	FY20 Rate (% of total employees)	FY19 Number	FY19 Rate (% of total employees)
Australia	13,029	25%	13,694	26%
New Zealand	3,962	8%	4,377	8%
Other	48	0%	-	0%
Total	17,039	33%	18,071	34%

Employee turnover by gender

Region	FY20 Number	FY20 Rate (% of employee category)	FY19 Number	FY19 Rate (% of employee category)
Female	5,788	32%	4,780	26%
Male	8,935	26%	7,238	21%
Total	14,723	28%	12,018	23%

Employee turnover by age

	FY20 Number	FY20 Rate (% of employee category)	FY19 Number	FY19 Rate (% of employee category)
Under 30 years old	5,240	32%	4,701	22%
30-50 years old	6,401	28%	4,889	22%
Over 50 years old	3,082	24%	2,428	27%
Total	14,723	28%	12,018	23%

Employee turnover by region

	FY20 Number	FY20 Rate (% of employee category)	FY19 Number	FY19 Rate (% of employee category)
Australia	11,140	28%	8,493	22%
New Zealand	3,583	30%	3,525	28%
Other	-	0%	-	0%
Total	14,723	28%	12,018	23%



Talent Management and Succession Planning (TMSP) framework

At Downer, we apply a Talent Management and Succession Planning (TMSP) framework across the Group, which guides the review of current business challenges and opportunities, and ensures workforce plans meet Downer’s strategic objectives.

We are progressing our approach to set up consistent talent practices related to hiring, development and succession planning for the top layers within the business, down to CEO-3.

Succession plans are in place for our critical roles, however, COVID-19 interrupted the review of this practice. Therefore, an update will occur in FY21.

People who receive development opportunities are more likely to be engaged and motivated. Our training priorities are to build strong leadership that welcomes diversity of thought and critical project capability delivery skills. In FY20, internal courses were delivered either by Downer or through Downer-approved

facilitators and covered a range of subjects including company compliance, technical skill development, soft skill development, cultural development, project compliance and trade certificates. In FY20, Downer delivered over 145,000 hours of internal courses. These total hours of training exclude external training, such as courses delivered by TAFE or another Registered Training Organisation, university or other forms of mandatory or licensing training.

Downer has a framework for employee-instigated Performance Development Plans (PDP) for employees to identify career goals and develop structured career pathways.

Downer is committed to investing in new skills to ensure our people are ready for the jobs of the future. Over the past five years, we have invested in developing leadership capability, as these qualities are critical to guiding our people and navigating changes to the industry.

Training hours

	FY20 Female	FY20 Male	FY20 Total	FY19 Female	FY19 Male	FY19 Total
Total training hours	35,659	109,603	145,262	69,211	103,385	172,596
Average hours per employee by category	1.95	3.24	2.79	3.79	3.00	2.76

Supporting our people to succeed

Six years ago, Ladell Nakachi kissed his partner and new-born son goodbye and left his home in Cairns, North Queensland, in search of an opportunity.

He got on a plane and flew to the other side of the country, arriving in Perth with a tent to live in, \$500 to live off and a determination to make a better life for his family.

"I lived at the Midland Caravan Park with a tent and a blanket – living day by day and sending whatever money I had back to my family in Cairns," Ladell said.

"My partner played a big role in supporting me. We had a goal to buy a house in Cairns, and I wanted an opportunity to change my career from carpentry to rail infrastructure."

Two months after moving to Perth, that opportunity came up at Downer.

"I interviewed Ladell when he applied for the job and the minute he walked out the door, I knew we would give him an offer," Downer's Western Australia Operations Manager, Glenn Donaldson, said. "His attitude was one of, 'Give me a crack – you can give me the lowest job in the team, I just want to work my way up. I am loyal and I will put in the effort. I am just looking for a chance.'"

A chance was all Ladell needed. After starting as a Track Worker at Kwinana in Downer's South West maintenance team, he has worked on various projects in both rail and road construction, across various regions in WA, being promoted to Leading Hand, then Foreman and now Site Supervisor of one of Downer's largest rail maintenance teams in the country at Rio Tinto's Tom Price mine in the Pilbara region of WA.

A key pillar of Downer's talent retention and attraction strategy is to ensure our people are provided rich career development opportunities. Ladell's journey is an example of this strategy in action.



"Looking back at the stages and projects I have been involved in at Downer, it has all made me the person I am today," Ladell said.

Downer has supported and invested in Ladell, and been rewarded with an engaged team member who has developed into an effective team leader.

"One of the things that stands out to me is, over the years Ladell has stayed loyal to our team and our business, and the business has stayed loyal to him," Glenn said. "We have had the opportunity to see a career flourish as a result. It's a great message that when we do work together – employee and the organisation – some incredible things can happen. Ladell's attitude towards work has always been a willingness to do whatever is required to help the business. We have tried to make sure we keep Ladell moving forward and developing him and giving him opportunities, which he has taken with both hands."

Ladell's inspiring journey hit another milestone in June 2020, when he won the Civil Contractors Federation WA's Indigenous Trainee of the Year award after completing his Cert III – Rail Infrastructure.



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goal: #8 Decent work and economic growth



Employee remuneration and benefits

Downer implements an employee remuneration and benefits strategy which focuses on market competitive packages to attract and retain industry-leading talent.

By leveraging our organisation's size, we are able to access a range of benefits with large discounts to help our workers and their families.

All employees receive access to benefits including:

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

Parental leave benefits

Parental leave is available to eligible employees. In FY20, a total of 258 employees took parental leave, a decrease of 24 per cent compared to FY19. In both reporting periods, the vast majority of employees who took parental leave were female.

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

For the first time in FY20, Downer tracked the return to work rate and retention rate for employees who took parental leave. Strong results were recorded. Downer will continue monitoring these figures and provide comparatives for the first time in FY21.

Parental leave

	FY20 Female	FY20 Male	FY20 Total	FY19 Female	FY19 Male	FY19 Total
Employees who took parental leave during the year	257	1	258	338	–	338
Employees returning to work in the reporting period after parental leave ended	305	–	305	118	–	118
Parental leave return to work rate¹⁰	90%	–	90%	N/A	N/A	N/A
Employees who returned to work after parental leave, and were still employed 12 months after return	104	–	104	N/A	N/A	N/A
Parental leave retention rate¹¹ 12 months after return	88%	–	88%	N/A	N/A	N/A

Employee Engagement Survey

Downer's sixth annual organisation-wide Employee Engagement Survey (EES) was due to be conducted in April 2020. However, the survey was placed on hold due to COVID-19 as the business focused on continuing our operations to ensure our people had ongoing employment.

The survey is an important opportunity for people at all levels of our workforce to provide honest feedback on how Downer performs across a range of key areas including leadership, career development, recruitment and selection, rewards and recognition, Zero Harm, cross-unit collaboration, and technology. Downer will conduct a pulse check survey in November 2020.

Diversity and inclusion

We believe all our people should have the opportunity to thrive and fulfil their potential in an inclusive and diverse workplace.

The overarching Diversity and Inclusion (D&I) strategy is to foster an inclusive culture. We aim for a workforce where everybody owns and celebrates their differences, because these differences in viewpoints and critical thinking are what allow our business to continue to innovate.

Our large government customer base is also fully committed to cultural inclusion, with many of our projects reporting diversity data on a quarterly basis to customers for governmental reports.

We employ, develop and promote people based on merit. Our practices, processes and systems are developed to empower equitable and fair treatment. We do not tolerate any form of unlawful discrimination, harassment or bullying, and our employees are trained to recognise and mitigate potential bias towards any employee.

At Downer, we believe in equal pay for work of equal value and closing the gender pay gap. To help address gender pay disparities within Australia, we have taken steps to reduce potential bias in recruitment and conduct an annual gender pay review, the results of which are reported through the annual Workplace Gender Equality Agency (WGEA) report.

¹⁰ The return to work rate is calculated as: The number of employees who returned to work in FY20, divided by the number of employees who took parental leave in FY19.

¹¹ The retention rate is calculated as: The number of employees who returned to work after parental leave and were still employed 12 months after return in FY20, divided by the number of employees returning to work in the reporting period after parental leave ended in FY19.



Own
Different.

Owning our differences

Downer's success is based on the unique contributions each employee brings to the team. Celebrating these differences helps to engage and motivate our people towards greater innovation, creativity and inclusiveness.

Downer's New Zealand team saw an opportunity to link brand awareness, sponsorship and diversity together in a campaign that truly celebrates the differences our people contribute to Downer. The 'Own Different' campaign was launched to coincide with International Women's Day 2020 and displayed Downer's achievements through the talents of our people.

A key objective of the campaign is for Downer to be seen at the forefront of our industry by upholding a culture of acceptance and encouragement of individuality, inclusiveness and diversity.

Downer's partnerships with the Black Ferns and Māori All Blacks rugby union teams and Sunshine Coast Lightning Super Netball team were the launching pad for the campaign, which featured sporting leaders and Downer leaders discussing how high performance helps to build a stronger team. A series of posters to explain the campaign was distributed to depots and sites across Australia and New Zealand.

The campaign provided an opportunity to celebrate the differences our frontline leaders were contributing to help keep our communities safe during COVID-19. It also coincided with Ramadan which gave an opportunity for our people to get a better understanding of the Muslim community, particularly following the impact of the Christchurch shootings in 2019.

Decals have been distributed across New Zealand sites and depots for all bathroom mirrors so that each individual can reflect on how they Own Different and their contribution to the team.



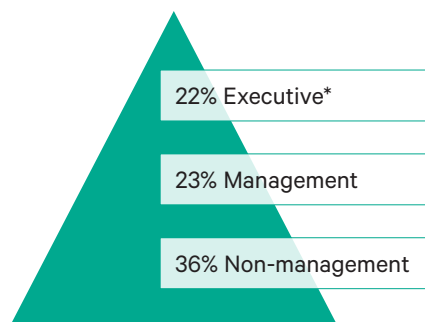
The Own Different campaign is an excellent and effective way to showcase Downer's commitment to building a truly diverse and inclusive business, with relationships at the centre.



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

Gender diversity

Downer's total workforce profile is 35 per cent female and 65 per cent male. As at 30 June 2020, our female employee metrics, including Spotless, were:



Overall, women in management positions remained stable and the recruitment and promotion of talented women will continue to be a focus for the next period to enable progress towards targets. This is reflected in the proposed initiatives to support diversity and inclusion for FY21.

The representation of females in the workforce across the Downer Group decreased by one per cent in FY20. Downer's diversity strategy remains focused on improving gender balance in traditionally male-dominated areas, including trade roles, middle management and senior management.

Downer realised a number of objectives around increasing female engagement in FY20 including:

- Successfully introducing the Women in Leadership Downer (WILD) program in New Zealand to help develop women leaders. Downer has committed to rolling out the program to enhance and encourage the strength of its women leaders

- Developing the online MentorLoop mentoring program, which was scheduled to launch in April 2020 but has been delayed due to COVID-19. Participants will be able to engage with a mix of senior male and female leaders, including Board members.

Downer believes that gender should not be a factor when we make decisions on rewarding our team members. In FY20, Downer became a Workplace Gender Equity Agency (WGEA) pay equity ambassador. We chose to become a pay equity ambassador after:

- Undertaking pay gap analysis of our workforce for the past three years
- Taking action on the results of the gap analysis
- Reporting pay equity metrics to the Executive Leadership Team and Board
- Communicating our pay equity initiatives to our employees.

Downer had planned to host our first WGEA round table event in April 2020, but the event was postponed due to COVID-19. Downer is committed to equitable remuneration practices across

the Group and will continue to drive this expectation commencing from the point of hire, at each promotion and annually.

In 2020, Downer also became a Premium Partner of Engineers Australia's International Women's Day campaign, which celebrates and supports women in engineering and beyond.

As part of our sponsorship, Downer representatives were invited to speak at Engineers Australia's four gala events in Sydney, Melbourne, Brisbane and Perth in the week leading up to International Women's Day on Sunday, 8 March 2020. Leaders from various operational and functional teams represented Downer in panel discussions about how we can achieve a more diverse engineering profession.

Two of the six members of the Downer Board are women.



Female representation in the workforce

	Female FY20	Male FY20	Female FY19	Male FY19
Downer Board	33%	67%	37%	63%
Executive	22%	78%	21%	79%
Management	23%	77%	22%	78%
Non-management	36%	64%	36%	64%

* Executive refers to CEO, Key Management Personnel and Other Executives/General Managers, as defined in the Workplace Gender Equality Agency Reference Guide to the workplace profile and reporting questionnaire.



Generational diversity

Graduates

Downer's Graduate program has been the cornerstone of our generational diversity focus since its inception in 2017. It is a two-year program in which graduates undertake rotations and gain experience across the Downer Group.

In FY20, the program continued to grow. It is now embedded in our strategic talent and capability development strategy and has matured in both process and organisational capability.

The aim of our Graduate program is to attract high calibre talent and build a rich and diverse pipeline of future leaders. The coordinated attraction, recruitment, selection and development leverages the scale of the organisation to promote a compelling graduate value proposition. While the program has had a keen focus on the engineering and finance disciplines in the past, we broadened the scope to include IT, marketing and Zero Harm disciplines for the 2020 intake.

A thorough graduate induction and welcome process, annual networking conferences and structured development workshops provide our graduates with an opportunity to further develop their skills and broaden their network. This is guided by Downer's Graduate Development

framework, which includes graduates working side-by-side on current projects with skilled and experienced mentors.

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

- The recruitment campaign for the 2020 graduate program attracted 3,518 applications. We offered places to 64 candidates, 22 per cent of whom were female
- Of the current cohort of 76 graduates, 25 per cent are female
- Of the 23 alumni of the program, 22 have been placed into ongoing employment, 52 per cent of whom are female
- In 2020, the intake for Downer New Zealand's Engineering Graduate program was 47 per cent female.

One of Downer's four Pillars is Thought Leadership, and a key element of this Pillar is to seek diversity of thought. Downer's 2019 and 2020 Australian graduate cohorts are a diverse bunch.

- 38 per cent were born overseas
- 79 per cent consider English to be their second language
- 21 per cent are of Asian descent, 11 per cent European and 10 per cent are from the Middle East
- 36 per cent are the first generation in their family to hold a university degree.

Emerging Leaders

We identify talent we believe will become future leaders from all parts of the business and bring them together to participate in our LEaD Emerging Leaders (LEaD EL) program.

This talent program is designed to inspire growth and foster development in high potential individuals with less than 10 years of professional work experience. The program is part of Downer's talent retention strategy and is included in participants' Professional Development Plans to build leadership capability for Zero Harm, managing self, people and the customer. It also provides participants with the skills and knowledge to increase their commercial, financial and business acumen.



Apprentices

Downer's trade-based skills apprenticeship program covers a broad spectrum of trades including electrical, civil construction, mechanical fitters, air-conditioning and refrigeration, plumbers, carpenters, chefs and mobile plant technology.

Downer's apprenticeship programs are specifically designed to deliver the high standard of learning required to gain a trade qualification. They provide apprentices with project-based and operational environments to combine their formal learning with broad, challenging and interesting on-the-job experience.

Downer currently manages approximately 450 apprentices across the Group and works with several providers and training organisations in Australia and New Zealand during an apprenticeship cycle. Our apprentices also receive structured on and off the job training, access to the latest tools and technology to hone their skills, coaching, and supportive mentors who are experienced in both their trade and as mentoring leaders within Downer. Apprentices are inducted into the business setting and given access to the broad range of employee benefits as well as our Employee Assistance Program.

School leavers

Our New Zealand business has an ageing employee demographic, which is compounded by nationwide skills shortages in specific sectors.

Recruiting, engaging and retaining the best talent to ensure we have the workforce we need now and for delivery of our future work commitments is essential. To achieve our strategic goal of becoming an employer of choice for young people and Māori, as well as reducing overall employee turnover, we identified the need to target young Māori in both our recruitment and retention plans. We created a new program called Whakatipu Tētēkura by adapting and updating existing programs to cater for the needs of young Māori entering our industry.

Whakatipu Tētēkura is aimed at Māori school leavers at risk of becoming NEETs (Not in Education, Employment or Training) and consists of Marae-based residential workshops, pastoral care and a supported career development pathway.

Participants are permanently employed within Downer, supported through our In-Work Success program and, where appropriate, Te Whanake ki te Ora.

In FY20, Downer brought 26 rangatahi (young Māori people) into the business through the Whakatipu Tētēkura program.



Building physical and social legacies

The Downer Seymour Whyte Joint Venture (DSWJV) is delivering the Berry to Bomaderry Princes Highway Upgrade in the Shoalhaven Shire in southern NSW.

The Shoalhaven City Council region has the largest population of Indigenous Australians in the country. It also has one of the highest unemployment statistics in the country.

The DSWJV team is taking steps to turn the latter statistic around. They have set ambitious employment and training targets for a range of disadvantaged target groups in the region, and implemented two detailed programs to achieve these goals.

Through the Aboriginal Participation in Construction (APiC) project, the team can report on Aboriginal participation targets and demonstrate a planned approach to Aboriginal participation initiatives, including the employment of Traditional Owners where possible.

Additionally, whenever the team recognises the potential to engage an Aboriginal-owned NSW organisation, they endeavour to create a partnership with the company to further build their service offering and capability. In addition, we have also engaged organisations that deliver employment outcomes for the Indigenous community. To date, the project's spend with Indigenous organisations is over \$5.5 million.

In conjunction with the APiC program, the joint venture has also implemented the Infrastructure Skills Legacy Program (ISLP) to deliver jobs and training to upskill five target groups across southern NSW: Learning workers (apprentices/trainees); female workers; Aboriginal or Torres Strait Islander peoples; people under 25 years of age; and long-term unemployed, asylum seekers or refugees.

We are proud to be leading the way in implementing initiatives and processes which are now being mirrored in other projects across the State. These initiatives include:

- Providing educational opportunities to employees, including Certificate III in Civil Construction, Certificate IV in Civil Construction (Supervision) and Certificate III in Business Administration

- Pre-employment programs offering Certificate II in Civil Construction accreditation to targeted groups including Indigenous, females, long-term unemployed, and unskilled individuals under the age of 25. This program also led to employment for successful individuals
- Nationally accredited training programs funded under the Smart and Skilled subsidies. Programs include: Elevated Work Platform, Working Safely at Heights, Confined Space, Load Restraint, Chain of Responsibility, Quick Cut, Roller Operations, First Aid Training, and Emergency Response Training
- Other short courses to specifically upskill individuals by way of a fee-for-service approach. Some of the programs funded under a commercial arrangement by the project team include: White and Grey card (B80) training, Blue Book training (for the Environmental team), Safe Steps, Q6 training (Quality Management System), Hazard Identification, Risk Assessment & Control (HIRAC) training
- Certificate III in Civil Construction (Plant Operations) program focused on long-term unemployed and Indigenous members of the community. There are 12 participants in the program and they will obtain valuable licences and hands-on experience while obtaining their Cert III. The licences associated with the program include: Skid Steer, Excavator, Backhoe and Roller.

“These programs are making a difference in the local community,” Downer’s Infrastructure Projects General Manager, NSW, Karl McCarthy, said. “We are proud to be delivering these programs that support disadvantaged people in the region, and will improve their long-term employment opportunities long after the Berry to Bomaderry Upgrade has been completed.”



This initiative demonstrates Downer’s contribution to achieve the following Sustainable Development Goal: #8 Decent work and economic growth



Cultural diversity

Aboriginal and Torres Strait Islander cultural diversity

Downer recognises Aboriginal and Torres Strait Islanders as the traditional land owners of Australia. We value them as critical partners and stakeholders in many of our projects and operations. Downer is committed to showing respect and providing support to the Indigenous communities where our work takes place.

We respect the rights of Aboriginal and Torres Strait Islander peoples and the special connection they have with the land, natural environment and water. We acknowledge that this connection can be spiritual, reaching beyond quantifiable items or locations. We recognise that we must work alongside Indigenous peoples, building trust, engagement and sincere understanding of their interests and viewpoints. Listening to Indigenous voices strengthens our ability to positively contribute to the full realisation of the rights of Indigenous peoples.

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

In FY19, Downer successfully launched our Innovate Reconciliation Action Plan (RAP) for 2019-2021, which reaffirms our commitment to the reconciliation process and builds on our Reflect RAP which has been delivered successfully. Promoting

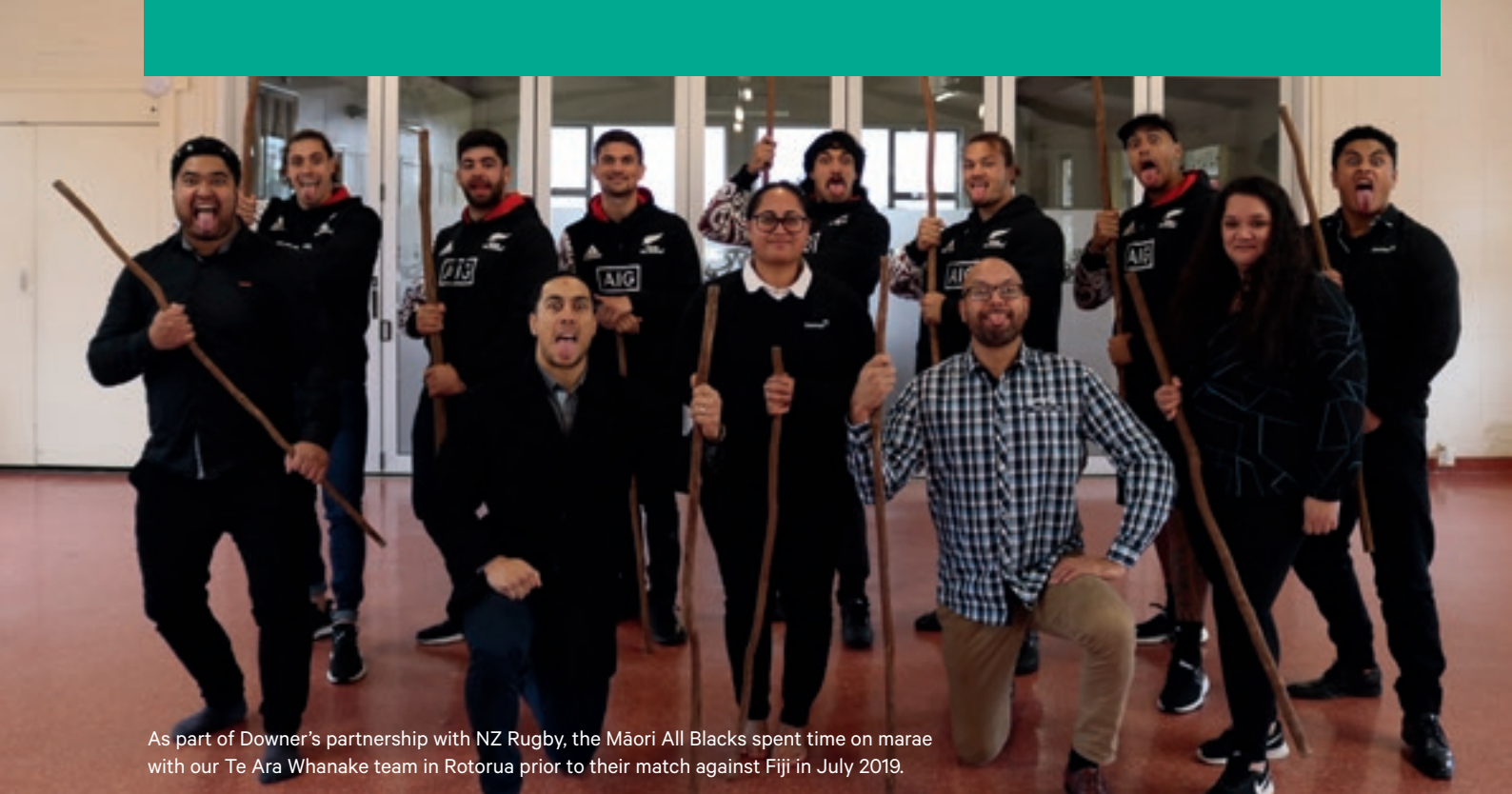
Indigenous culture and building the cultural awareness of our workforce is critical to building relationships based on trust and respect. This not only upholds our values, but also contributes to the improved quality of life for Aboriginal and Torres Strait Islander peoples. Some of the key initiatives that we implemented to drive this commitment under our Innovate RAP in FY20 include:

- Participating in National Reconciliation Week across the organisation. This year we celebrated via online channels due to COVID-19
- Inviting Traditional Owners and participating in smoking ceremonies at the commencement of projects
- Continuing to build Indigenous engagement awareness and capability in our people through the launch of our Indigenous Cultural Awareness Training for Leaders program. The program is delivered via an eLearn and is completed by employees at Supervisor level and above. This builds on the existing knowledge and cultural competence of Downer’s leaders to understand the history, cultural norms and protocols of Aboriginal and Torres Strait Islander peoples. Through this, our leaders will be able to better support and manage our Indigenous workforce and engage with Indigenous organisations and communities
- Providing support systems to the business to increase procurement with Aboriginal and Torres Strait Islander businesses. This resulted in a 92.6 per cent increase in procurement spend with Indigenous businesses from FY19 to FY20.

Employment of diverse/vulnerable groups

	Total FY20	Total FY19
Aboriginal and Torres Strait Islander peoples	643	829 ¹²

¹² A breakdown of employment of Aboriginal and Torres Strait Islander peoples by gender for 2019 was not available due to limitations in data used for reporting purposes in the 2019 Sustainability Report.



As part of Downer's partnership with NZ Rugby, the Māori All Blacks spent time on marae with our Te Ara Whanake team in Rotorua prior to their match against Fiji in July 2019.

Additionally, our Spotless business successfully closed out its Innovate RAP, having implemented all initiatives. Spotless and Downer are aligning activities to support our shared commitment to reconciliation and improved outcomes for Aboriginal and Torres Strait Islander peoples.

Māori cultural diversity

Māori comprise 24 per cent of our 12,000 strong workforce in New Zealand. Our Māori culture and development programs are highly visible demonstrations of Downer's commitment to supporting cultural diversity.

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

This cultural competence initiative has specific goals to:

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

Downer's Māori Leadership Development program, Te Ara Whanake, has been a key initiative to help attract and retain Māori in a tight labour market. The program has proven highly successful among our people, with 197 completing it to date and a further 70 currently undertaking the program. Through Te Ara Whanake, participants have strengthened their Māori identity and been empowered to role model this, both inside the organisation and in their communities. The success of this multiple award-winning program has provided the catalyst for broader culturally-focused programs within New Zealand. For example, we now use Mihi (Māori greeting) to open meetings, Te Reo is becoming more widely used, and Māori blessings and other cultural practices are becoming part of Downer New Zealand's DNA.

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

Downer has tracked hours delivered for its Indigenous Cultural Awareness Training (ICAT), Te Ara Whanake training and Te Ara Māramatanga training for the first time in FY20. In FY20, the total hours delivered across the three programs were 3,922¹³.

¹³ The boundary of the reporting of hours delivered for ICAT, Te Ara Whanake training and Te Ara Māramatanga training is limited to records contained in the Downer Learning, Tandem and CSI Learning platforms, and the centralised spreadsheet maintained by the CSO team (for Te Ara Whanake and Te Ara Māramatanga training).



Hawkins Foreperson Roimata Maihi (right) with a group of young wahine (women) she is helping to mentor, as they work their way towards careers in the construction industry.

Evolving our leadership programs

Downer offers a number of tailor-made leadership programs in New Zealand designed to engage our people and supply chain in career development opportunities.

Central to this has been the development of programs that meet the needs of individuals as they grow into their roles. All programs have a focus on building a stronger New Zealand by better equipping participants with the skills they need for a long and successful career.

The programs are largely based on two Māori philosophies:

1. Te Whare Tapa Wha, which looks at the whole person and the four dimensions of wellbeing:
 - Physical wellbeing
 - Spiritual wellbeing
 - Emotional wellbeing
 - Family and social wellbeing.
2. Kaitiakitanga, the holistic stewardship of the world around us.

The supply chain programs are designed to build a network of capable subcontractors who can help Downer to deliver quality programs. The Hawkins Māori and Pasifika work placement program is one example that supports Māori and Pasifika men and women entering the construction industry through apprenticeships. Each participant is partnered with a mentor from Hawkins to help navigate a career in construction.

Our new Women in Leadership Downer (WILD) program provides a safe and inclusive learning environment that enables and empowers our women into future leadership roles.

“For me personally, this program was so different to your normal training course. What made it different was the holistic approach,” one participant said. “The training recognised we are all different and therefore there wasn’t a single view, tool or technique that fits all. The reflection exercises were quite deep, and sometimes those are the hardest to undertake, but also the best way to become more self-aware.”

The two-day residential course includes a single-day follow-up session. The investment has provided incredible value to the participants and the business.

Following the completion of a successful pilot program last year, Downer has added the WILD program to the leadership suite of development opportunities for our people to enhance the strength of our Downer women leaders.



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goals: #5 Gender equality; #8 Decent work and economic growth

Helping refugees restart their careers

Sameer Yako was living a good life. He had a prestigious job, happy family and a nice house in the city of Mosul, Iraq. Until a phone call late one night shattered his happiness and changed his life forever.

“In 2014, ISIS entered my town. I got a call from an unknown number one night, and they said, ‘Are you Sameer, the engineer?’ I said yes. They said, ‘Tomorrow we will enter your town and we will kill you,’” Sameer recalled.

“You might have a good life, but in one second it can be taken away.”

At the time, Sameer was a successful engineer at the Hamdani Municipality (local government), overseeing projects like road pavements and urban building construction. The job was prestigious, and gave him authority to approve a range of building applications. It also made him a target for ISIS.

After he hung up the phone, Sameer and his family packed a few belongings and drove to his brother’s house in Kurdistan. He has never gone back to his home.

Sameer and his family sought asylum in Jordan for 14 months, but found opportunities were limited. So they applied for refugee status to Australia and arrived in Sydney on 20 December, 2016, to start a new life.

Australia was safe. But Sameer needed to work. In Iraq, he was a qualified engineer, but in Australia he was told he did not have the necessary experience to even do unpaid volunteer work stacking supermarket shelves.

“I knew some English, but I struggled with language,” he says.

“The other barrier was, the first question I was asked at job interviews was, ‘Do you have local experience?’ I couldn’t get experience if no one gave me an opportunity. I knocked on many doors, but I was always told I needed local experience.

“I went to TAFE and studied English to help with the language difficulties. I also studied a certificate of building construction so I was familiar with Australian engineering standards.”

Then he got a break. Through Career Seekers, which specialises in helping refugees find work, Sameer gained a 12-week internship with Downer, which subsequently turned into a full-time contract.



“I will never forget the day I got the internship with Downer,” Sameer smiles. “I felt I was born for the second time. It was a new chance.

“I just needed someone to take my hand and pull me up. Downer did that – and huge thanks to Downer Group, and the Career Seekers program for helping new refugees like me to get opportunities like this to restart their careers.”



This initiative demonstrates Downer’s contribution to achieve the following Sustainable Development Goal: #8 Decent work and economic growth



Our People response to COVID-19



All our people were affected by COVID-19 in one way or another.

This included significant changes to the way we conduct our daily operations, with many people learning to work remotely.

Regrettably, Downer was forced to stand down thousands of employees in its Hospitality business due to the impact of COVID-19 and the fact that neither Downer nor Spotless were able to qualify for the Australian Government's JobKeeper program. We were able to redeploy over 800 of these employees into short-term positions (see case study on page 89).

Downer established a Hardship Program to provide financial assistance to stood-down Downer and Spotless employees who experienced severe hardship due to the pandemic. The Hardship Program had an initial pool of \$3 million, mostly provided through contributions from Senior Executives and Non-executive Directors at both Downer and Spotless. At 30 June 2020, 80 claims had been approved for payments between \$1,000 and \$1,500.

COVID-19 restrictions prevented the face-to-face delivery of all strategic capability training programs. Downer remains committed to developing our people, and redesigned these programs to be delivered online. Programs now being delivered online include our leadership suite (LEaD1 and LEaD2), Project Management Fundamentals, Achieving Zero Harm, Mental Health First Aid and Mental Health Foundations.

Downer also increased our focus on mental health support and activities for all our people, in both Australia and New Zealand.

The New Zealand team launched a range of online and social media initiatives including virtual fitness classes, online training and coaching.

A number of People initiatives have been delayed due to the impact of COVID-19, including the 2020 Employee Engagement Survey. Downer is focusing on the safety of its people and legislative compliance and intends to deliver most of the deferred People deliverables in FY21.



Re-skilling and redeploying during the pandemic

Downer has been able to continue providing most of its services despite COVID-19 restrictions, with the major exception being its Hospitality business.

Spotless has a proud history in the recreation, entertainment and sporting events industries, partnering with iconic venues such as the Melbourne Cricket Ground, Taronga Zoo and Perth Convention and Exhibition Centre. COVID-19 restrictions on mass gatherings introduced in March 2020 have had a significant impact on our Hospitality business. The immediate future for the hospitality industry remains uncertain.

Neither Downer nor Spotless qualified for the Australian Government's JobKeeper program and unfortunately, we had no choice but to stand down thousands of people in these circumstances.

Spotless moved quickly, in conjunction with the Victorian Government's Working for Victoria program, to redeploy more than 800 affected workers into new roles across City of Melbourne and City of Yarra to help enhance the cleanliness of the city and minimise transmission within the community.

This included 355 people redeployed as cleaners with Yarra Trams. The Spotless Tram Cleaning team sanitises the light rail network which includes tram stops, depot facilities and trams just prior to their scheduled maintenance. These employees have played an important role in cleaning common touch-points and surfaces across the city.

Spotless' Resources team was also able to accommodate over 100 displaced Hospitality employees from Brisbane City Hall, CBUS Stadium, Townsville Stadium and the Gold Coast Airport Virgin Lounge.



This initiative demonstrates Downer's contribution to achieve the following Sustainable Development Goal: #8 Decent work and economic growth

Our future focus

Downer has revised its measurable objectives for FY21, which have been endorsed by the Board and reinforce the company's Diversity and Inclusion strategy.

The revised targets consider Downer's FY20 performance and recognise the Group-wide commitment to increasing the representation of women in the workforce and management positions and increasing representation of Aboriginal and Torres Strait Islander employees.

Downer has also set longer-term measurable objectives, which are:

40%

women in the workforce by 2023

25%

women in management positions by 2023

25%

women in Executive positions by 2023

30%

female representation on Downer Board

3%

Aboriginal and Torres Strait Islander employees by 2023

To achieve these targets, we aim to implement a wide range of initiatives to support our commitment to diversity and inclusion. These include:

- Leveraging our status as an Endorsed Employer with Work180 to utilise its job board for Downer targeted positions
- Reviewing and modifying Downer's Mandatory Induction program to ensure our commitment to a diverse and inclusive workforce and working environment is highlighted
- Delivering on Downer's WGEA pay equity ambassador commitments
- Sharing the learnings and case studies from the COVID-19 flexible work arrangements to foster an environment that welcomes the possibility of permanent flexible work arrangements
- Developing capability in our leaders to effectively manage a diverse workforce via a series of manager toolkit guides, including inclusive language, strategies for managing a culturally diverse workforce, and everyday sexism in the workplace
- Launching the MentorLoop online Downer mentoring program pilot, ensuring our high-performing women are paired with high-performing leaders to support their development goals. Additionally, we aim to develop and launch a Downer online network to highlight opportunities and promote networking for females, which will be open to all employees
- Launching the newly-designed Manager Toolkit for supporting primary carers on parental leave before, during and as part of their return to work
- Continuing to make progress on the commitments outlined in Downer's Innovate RAP
- Developing five new partnerships with Indigenous businesses and/or communities
- Continuing to provide employment opportunities to migrant workers and further building manager capability by providing cultural awareness training
- Launching and promoting a Group-wide policy for the Downer Apprentice and Trainee program across the business
- Exploring an onboarding program to help manage the transition of ex-Defence personnel into Downer and Spotless employment opportunities.



Emerging issues and market trends

As the leading provider of integrated services in Australia and New Zealand, Downer is a people-dependent business. It is therefore imperative that we continue to attract, manage and retain the right people with the right skills. However, there are sizeable challenges.

There is very strong competition for talent in the sectors Downer operates in, mostly in Australia and New Zealand but also in the Asia-Pacific region. In particular, there is a strong pipeline of work in the infrastructure sector which relies on technical skill-based trades as well as engineering, project management and commercial skills.

The displacement of employees across multiple industries due to COVID-19 has created an opportunity for Downer to attract people with the right skills into our business. We have moved quickly to provide training opportunities in many areas of the Group, both in Australia and New Zealand.

There remains limited interest in STEM subjects at school and trades for school leavers and this poses continuing challenges for our sectors. This is compounded by the lack of gender diversity in engineering studies, particularly for electrical and mechanical engineers. Addressing this trend will require greater engagement and investment in supporting schools and tertiary education providers to ensure potential talent see these sectors as legitimate and attractive career choices that provide medium-term and long-term prospects.

Today's employees, and employees of the future, expect more from their employer and co-workers than they did in the past. Downer aims to have a workforce that is diverse, capable and engaged and to achieve this we must continue to operate in accordance with our Purpose, Promise and Pillars while being agile in response to changes in the work environment.

A focus on flexibility

COVID-19 has highlighted the need for businesses to be agile and flexible.

Remote working arrangements introduced due to COVID-19 restrictions could lead to a permanent shift in working patterns. New norms will be established, redefining work life.

With major changes on the horizon, the purpose of workplaces will be reimagined. Office sizes will need to be reviewed, both to respond to the reduction in required space due to remote working arrangements and also to comply with health regulations for those in the office. All organisations will seek to optimise the amount of office space they need.

Virtual meetings and interactions have regularly replaced face-to-face meetings during COVID-19. This has led to a substantial reduction in travel – and to travel and related costs.

Flexible work supports the diversity and wellness of our workforce. Our people have been placing increasing value on a flexible workplace with practices that allow them to better balance their work and personal lives and this has increased during the COVID-19 health crisis.

Now that many of our employees have experienced this flexibility in their work life, we believe they will seek out some degree of flexibility on an ongoing basis.

We will continue to challenge the mindset that flexibility is only available for office-based employees. A number of our operations implemented flexible rosters during COVID-19 while continuing effective operations. Strong leadership and management of KPI deliverables will be crucial to the success of long-term flexible work arrangements.



For our approach to our communities visit:
sustainability.downergroup.com/2020/communities

Communities



Our performance

In our 2019 Sustainability Report, Downer committed to continue reviewing our sponsorships and partnerships. We set the following community targets and objectives for FY20:

Target/objective	Result	Reference
Develop a campaign to use our partnership with the Māori All Blacks, Black Ferns and Black Fern Sevens rugby union teams to build our brand and engage our people and communities in our focus on diversity and inclusion	✓	A first for New Zealand Rugby Union Page 94
Work with our Indigenous partners to increase the value of these business relationships. This included: <ul style="list-style-type: none"> ▪ Growing our partnership with Bama Services ▪ Working with Waanyi Enterprises to build on our partnership and develop and deliver new programs and initiatives to benefit the Waanyi people. 	✓	Commercial partnerships Page 96
Continue to utilise the projects we deliver in a way that adds value to our communities	✓	Strategic partnerships Page 96
Increase employee involvement in community activities and partnerships	✓	Our Communities response to COVID-19 Page 98 Case study – The power of kindness Page 100

Australian bushfire crisis

When a number of communities in which we operate were devastated by the Australian bushfire crisis during the summer of 2019-20, Downer and our people provided support in many ways.

Some of our people volunteered to help in varying capacities, including as firefighters and Army Reservists (see case study page 95).

We worked closely with State and Local Governments to provide important response, recovery and rebuilding services including road maintenance, tree removal, hazard identification and repairs, traffic management, emergency traffic control and the maintenance of power generators.

We assisted with the evacuation of residents and holidaymakers from the Victorian beachside town of Mallacoota. With roads in and out of the popular tourist spot blocked, the largest civilian maritime evacuation in Australia's history was required. Members of our Utilities team worked closely with the Australia Defence Force to provide power to Mallacoota Airport, which enabled the ADF to conduct night flights once the initial smoke cleared.

In South Australia, Spotless' Laundries business collected, washed and returned over 300 kilograms of linen each day for the Adelaide Koala Rescue (AKR) service to aid the recovery of burnt and injured koalas. AKR is a volunteer-run, not-for-profit charity that operates a free 24/7 koala rescue service. They were inundated by injured koalas during the bushfire crisis. Up to 100 koalas of all ages needed to have their bedding changed every three to four hours, resulting in a very large volume of soiled linen.

Downer also donated \$500,000 to the Business Council of Australia's Community Rebuilding Initiative.

The Community Rebuilding Initiative 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. It has worked closely with the National Bushfire Recovery Agency to provide a range of services, reconstruction support and financial relief.



A first for New Zealand Rugby Union

In July 2019, Downer signed an agreement with New Zealand Rugby for the 2019/2020 seasons, becoming the first organisation to partner with the Māori All Blacks as well as the Black Ferns and Black Ferns Sevens women’s teams. The partnership is founded on a core set of values held by both organisations including: the celebration of diversity; inclusion of all cultures, people and gender; investment in high performance; and investment in the mental and physical wellbeing of our people.

The partnership kicked off on 20 July 2019, with Downer supporting the Māori All Blacks in their 26-17 win over Fiji at Rotorua International Stadium.

The sponsorship is a cornerstone of our diversity and inclusion initiatives in New Zealand, with players from each of the three teams helping us launch our Own Different diversity campaign by recording messages about how their difference contributes to a high performance team (see case study on page 79).

The partnership also includes sponsorship of the referees in New Zealand’s Mitre 10 Cup provincial competition.

Corporate Social Responsibility

Wall of Hands

Proud supporter of the Australian Literacy & Numeracy Foundation’s (ALNF) annual fundraising initiative since 2013. The ALNF works with Indigenous communities and is dedicated to raising language, literacy and numeracy standards in Australia. Additionally, in 2020, Downer employees supported ALNF’s Story Time campaign to build an online video library of people reading story books for young children to enjoy during COVID-19.

Wandering Warriors

Supporting the Australian Special Air Service Association to provide mentoring, education, coaching and employment opportunities to veterans through their transition from military to civilian life.

Genesis Youth Trust

Downer has supported the Genesis Youth Trust for many years, helping to reduce the levels of youth-offending in the wider Auckland region by working with at-risk youth to transform their lives and engage in local communities.

Role Models and Leaders Australia and Clontarf Foundation

Spotless supports programs to develop and empower young Aboriginal men and women through sport, leadership, education and employment.

Alannah and Madeline Foundation

Spotless has purchased eSmart Digital licences for schools in States where we have a Public Private Partnership.



Battling the bushfires

Downer’s Treasury Risk Manager, Gavin Ewer, knows all too well about the pain and fear bushfires cause.

Gavin’s family was affected by the 1994 bushfires that tore through Sydney’s Sutherland Shire. It is a painful memory – and one that inspired Gavin to join his local Rural Fire Service (RFS) brigade.

As Australia was ravaged by the country’s worst-ever bushfire crisis last summer, Downer and many of our people like Gavin were actively involved in helping communities affected by the crisis. A number of our people volunteered in various capacities, including as firefighters with the RFS or Army Reserve.

Gavin spent the majority of his Christmas holiday break helping battle fires in the NSW South Coast and Southern Highlands regions.

“(The RFS) operates on a fully volunteer basis, so I make myself available any time I’m not at the office – which is from around 7:00pm until 6:00am, on weekends and when I’m on leave,” said Gavin (*pictured, below*).



“Downer has been really good – there have been times during that catastrophic fire event when I was lucky to be able to work from home, or work from the station. I could sit in the station and do the work that needed to be done, and then say, ‘I am not contactable now, because I am out (fighting bushfires)’.

“There’s also been times when I have received a call in the middle of the night (from the RFS). Generally, when you are at an active fire like that, you’re looking at a minimum 12-hour shift, so I’m not going to make it back to work the following day. In these cases, Downer has been great in allowing me to take time off.”

Meanwhile, Ryan McShane (*pictured, above*), a draftsman for Downer’s Asset Services business, spent the entire month of January on the ground on the NSW South Coast as part of the recovery effort.

An Army Reservist from the 5th Engineer Regiment of the Australian Defence Force (ADF), Ryan was called out as part of Operation Bushfire Assist to provide civil aid, humanitarian assistance and disaster relief to local communities.

Working in communities including Bega, Cobargo and Nerrigundah, the mammoth task involved clearing trees off roads, rebuilding fences and supporting locals to get back on their feet.

It was a long time away from home for Ryan, who left his wife and young daughter, Yvaine, behind in Newcastle, but he’s proud to have been able to participate in the recovery effort with the support of the ADF and Downer.

“When the nation’s in need you just want to go and assist in any way, shape or form. It’s good to be in that sort of organisation where we’re able to go and help communities in need,” he said.

“Downer was really good about it. My manager was aware there was every possibility that I wouldn’t be in at some stage for an unknown period of time. And when the Governor General signed the call out, everyone had to go. The guys here all understood, and it’s been a very easy process in that regard.”

Sporting partnerships

Sunshine Coast Lightning netball team

Downer has been the Major Partner of Sunshine Coast Lightning since the team's inception in 2017. The team is based at the Sunshine Coast, Queensland, and is one of eight professional teams competing in Suncorp Super Netball, Australia's national women's netball competition. The Lightning won the Grand Final in 2017 to claim the inaugural Suncorp Super Netball title, then won its second successive championship in 2018. In 2019, the Lightning narrowly missed out on a three-peat, losing in the Grand Final.

2019 Rugby League World Cup 9s

Downer was naming rights sponsor of the RLWC9s tournament (see case study on page 97). This continued our support for rugby league, having been naming rights sponsor of the NRL Auckland Nines in 2016 and 2017, as well as the World Club Challenge in 2018.

Williamstown Football Club

Ground sponsor and community partner to enhance the contribution to the Hobson's Bay community through local sporting clubs, schools, community groups and charities.

New Zealand Rugby Union

Downer is partnering with the New Zealand Black Ferns and Black Ferns Sevens women's teams and Māori All Blacks rugby union sides for the 2019/2020 seasons.



Tour of New Zealand

Downer has sponsored the bi-annual cycling tour of New Zealand since 2015. The Tour of New Zealand has raised hundreds of thousands of dollars for charitable organisations across the country. Downer's support for the Tour includes route planning and traffic management to ensure the hundreds of participants are kept safe. In addition, our people and customers take part in the Tour and help to raise awareness for a select group of charities.

New Zealand Masters Games

Downer is proud to sponsor the New Zealand Masters Games, held every second year in Whanganui. The Downer New Zealand Masters Games is a key event for the local community, with a focus on active lifestyles and participation for the whole community.

Commercial partnerships

Waanyi Downer Joint Venture (WDJV) – A 50:50 partnership between Waanyi Enterprises, representing local Traditional Owners, and Downer. It is the first equitable 50:50 mining services joint venture formed between a corporation and a local Aboriginal community-based organisation. The WDJV has provided care and maintenance and rehabilitation services at the Century Mine near Mt Isa in Queensland since July 2016. In September 2018 the WDJV was awarded a life of mine contract by New Century Resources Ltd to provide services for the mining of the East Fault Block and South Block Resources.

Bama Services – Downer has partnered with this leading Indigenous business on a range of initiatives since 2014. The partnership has already delivered \$10 million worth of major infrastructure on the Peninsula Development Road in Cape York. In April 2020, the partnership secured another package of works for an 11.2 kilometre road upgrade from Kennedy River to Rocky Creek, north of Laura on the Cape York Peninsula. The works carried out will comprise earthworks, drainage including installation of 11 culverts, subgrades and treatments, embankments, roadworks preparation, seal coating and road furniture. The Downer-Bama partnership will improve the accessibility, safety and reliability of transport infrastructure for the local community. But the partnership goes beyond that. It is also about Downer developing skills, capability and experience in the local Aboriginal and Torres Strait Islander workforce, leading to a greater sense of empowerment and broader employment opportunities.

Strategic partnerships

AKL Paths – Downer and Auckland Council established a partnership in 2015 to focus on strategic commercial and social outcomes to help achieve the Auckland Long-Term Plan and the Mayoral Vision for Auckland. Through this relationship, Downer has been developing a digital product that uses location intelligence coupled with Auckland Council's data to help Aucklanders discover over 200 local walking and cycling paths across the region. AKL Paths improves the health and wellbeing of users by highlighting parks, streets and beaches across Auckland and providing useful information to users including a map, path duration and location of facilities such as playgrounds, libraries, public toilets, basketball courts and pools.



Downer takes Rugby League World Cup 9s to western Sydney

Downer partnered with the International Rugby League Federation and National Rugby League to bring a feast of international football to western Sydney on 18-19 October 2019.

In one of our major community support initiatives of 2019, Downer was naming rights sponsor of the Rugby League World Cup 9s, which brought together the best rugby league talent from across the globe for two days of non-stop action at Parramatta's Bankwest Stadium.

Downer delivers a number of services in western Sydney, including the construction of Stage 1 of the Parramatta Light Rail.

The RLWC9s was a celebration of football and culture, with nearly 30,000 fans of the 12 competing nations gathering in the stands to cheer on their country.

The tournament was broadcast live on Fox Sports, attracting over 250,000 viewers, who watched Australia defeat New Zealand 24-10 in the men's final and New Zealand cause an upset by downing the previously undefeated Australian Jillaroos 17-15 in the women's final.

There were plenty of Downer faces in the crowd enjoying the first World Cup played in the nine-a-side format since 1997. As major sponsor, Downer was given 100 tickets to both days of the tournament, which we gave away to employees and their families.

We also gave four lucky children a once-in-a-lifetime chance to share the field with their heroes as official Ball Kids. Employees were invited to nominate their children and relatives for the plum job of standing (and running) on the sidelines during matches to collect the footballs that went out of play. They even got their own uniform – complete with Downer branding – and were able to meet a few of the players.



Our Communities response to COVID-19



Our communities need our support more than ever during times of crisis.

As the COVID-19 situation unfolded, Downer was focused on minimising the impact of the pandemic on our operations and supporting our people through the worrying and uncertain time. But we never lost sight of the fact our communities were suffering as well, and needed our support.

At the beginning of the outbreak, it was determined that Aboriginal communities were particularly vulnerable to COVID-19.

The Waanyi Downer Joint Venture was quick to reach out to community leaders across the Lower Gulf region in Queensland to see how they could lend a hand.

COVID-19 response kits (*pictured above*) were built, which contained essential hygiene and cleaning supplies such as hand sanitiser, anti-bacterial wipes, face masks, cleaning spray and thermometers. The kits were dispatched to Gidgee Healing in Mt Isa, with final destinations including Burketown, Doomadgee, Mornington Island and Normanton.

We were also able to use our assets and services to help those in need.

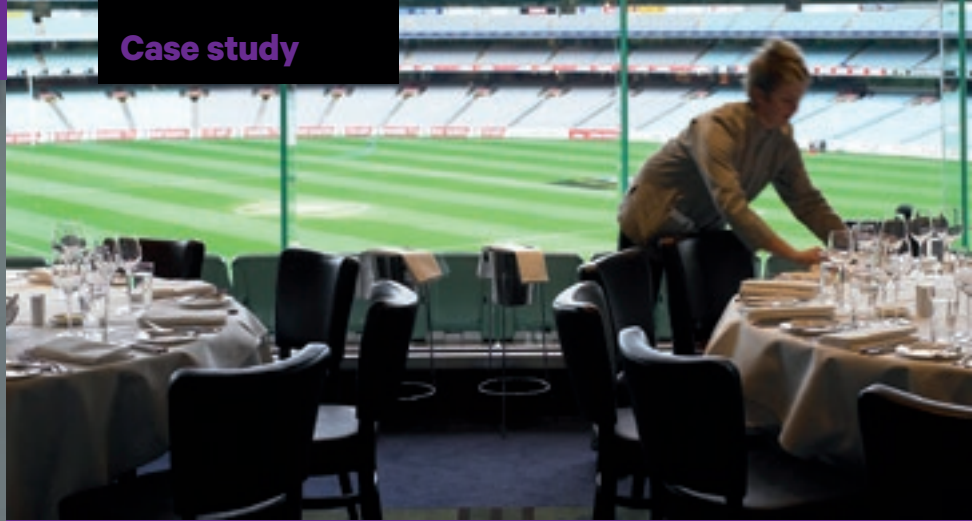
Our Keolis Downer joint venture adapted their on-demand bus services on Sydney's Northern Beaches and Mt Barker region in Adelaide to help get elderly residents to the shops for supplies and to do other essential travel when social distancing measures and stay-at-home edicts were in place. In Perth, volunteers

from our Path Transit bus network helped transfer crews and passengers from cruise ships that were stranded after being refused entry to other ports. Many of the passengers were elderly and scared – and their emotions overflowed as they were greeted by our volunteers.

We also worked with our partners on innovative initiatives to help them achieve their own goals.

Due to the social distancing measures in place to stop the spread of the virus, the Australian Literacy and Numeracy Foundation could not operate as they normally would during the pandemic. But they adapted quickly to ensure they could continue delivering their valuable services to children across Australia. One of their new initiatives was the free online Story Time project, which gives children around the nation the opportunity to enjoy the magic of storytelling, regardless of the social distancing restrictions they face. Downer employees were keen to help build up ALNF's online video library, with a number of our team taking time out to record themselves reading a children's book, which we sent to ALNF to share with children across Australia.

Even in the course of their daily work routine, our people kept their communities front-of-mind and tried to offer support in any way they could. Small gestures to brighten people's day during lockdown made a big difference.



Unused MCG food and drinks help those in need

During the AFL season, the Melbourne Cricket Ground is heaving with screaming fans every weekend. But when the season was put on hold due to COVID-19, the MCG fell silent.

Gareth Husband works for Downer's metering services business, Skilltech, reading meters for our customer, Multinet Gas, in Victoria. Knowing the impact COVID-19 was having on his local community, and being made aware of a family in self-isolation, Gareth decided to cheer them up. A video of Gareth breaking into a spontaneous version of Monty Python's 'Always Look on the Bright Side of Life' went viral after the appreciative family posted it to the Kindness Pandemic Facebook page, which is dedicated to spreading happiness during COVID-19. The customer added the caption: "This guy just came to check our gas meter. He wanted to make sure we were all doing okay, so he sang us a happy song. All in the spirit of kindness and community." From there, the video was picked up by mainstream media, shining a light on Gareth's musical talents and, most importantly, community mindedness.

We are proud to support our communities through thick and thin. From distributing COVID-19 kits to protect vulnerable communities, to small touches like a song to remind people to remain upbeat during difficult times, the pandemic highlighted Downer's culture that encourages our people to support the communities we are part of.



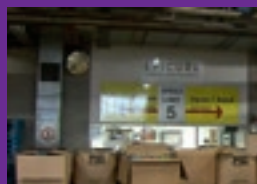
With no crowds, there was no use for the food and drinks Spotless' hospitality business, EPICURE, serves up to hungry punters each weekend.



Rather than letting it go to waste, we donated 27,000 drinks and packaged food products to SecondBite's food rescue program to help support struggling families.



The team from EPICURE got together with employees from the Melbourne Cricket Ground and Coca-Cola to clean out kitchens and vending machines and deliver to SecondBite.



SecondBite exists to provide access to fresh, nutritious food for people in need across Australia. They rescue surplus food from across the retail network and redistribute it – free of charge – to more than 1,300 local charities around the country, providing food relief to people in need.



The power of kindness

Connecting our people with our local neighbourhoods is an important role Downer plays in maintaining sustainable communities. Over the past year, the New Zealand team has been out and about across the country, with our people volunteering their time and skills, and showcasing our company tagline – Relationships creating success.

The Hawkins team in Mt Maunganui created a community recycling station for their Zespri project where the public could collect reusable construction waste generated by the site, rather than sending it to landfill. The team saw their waste disposal for the site reduced by 10 per cent. Small local change can have a big impact!

Stream clean-ups were also an engaging way for our people to contribute. The National Support Centre and Spotless teams did two stream clean-ups along Puhinui Stream, with hundreds joining in from Downer, local schools, Auckland council and local not-for-profit groups. The stream had become a dumping ground for some pretty questionable items, with nine shopping trolleys, two couches and a cash register recovered, along with three truckloads of plastic and household waste. All this within a two-kilometre stretch of waterway!

The Bay of Plenty Open Space Management team put their green thumbs to use with Tauranga City Council, helping to renovate the Community Garden, known as The Rock Papamoa. The garden has been providing food for the local community since it was founded in 2012, and also works closely with the local kindergarten to provide food education to the children.

The team removed over 14m³ of green waste and took time to teach the children from the Little Pipi preschool how to plant a new vegetable garden.

Andrea McKay, from The Rock Papamoa, said they were delighted with the support from Downer.

“The work the Downer team helped with has already assisted us in enabling the wider community to use and benefit from the gardens,” Andrea said. “The spirit of community and giving that the team showed is a testament to the Downer organisation.”

In February, over 100 employees across the country took part in the Aotearoa Bike Challenge to promote cycling. Collectively, the Downer team completed 1,376 trips and cycled 27,140 kilometres, with Downer recognised as the national leader for construction companies. As part of the Bike Challenge, some of our people took on an extra challenge and fundraised for Variety – the Children’s Charity. Through the Bikes for Kids program, Variety provides hundreds of deserving or disadvantaged Kiwi kids with bikes of their very own each year. Recipients of the bikes are nominated by people in the community.

Our future focus

We will continue to review our sponsorships and partnerships to ensure all initiatives are aligned to our Purpose, Promise and Pillars and deliver value for the communities in which we operate.

The past 12 months have demonstrated the need for flexibility in our community investment strategy to allow us to adapt to unexpected circumstances.

The Australian bushfires are an example of how Downer moved quickly to support an urgent need in our communities by donating \$500,000 to the Business Council of Australia's Community Rebuilding Initiative.

We will continue to develop flexible community investment strategies to ensure we can support our communities when they need it most. We will also continue to work with our commercial partners to increase the value of these business relationships.

From 2014 to 2019, Downer formed a successful partnership with leading Indigenous organisation Bama Services, to deliver projects in northern Australia. In FY20, we strengthened this partnership by forming the Bama Downer Joint Venture, which secured the Kennedy River to Rocky Creek (as outlined on page 96). We will also keep working with Waanyi Enterprises to build our partnerships and deliver new training programs and initiatives to benefit the Waanyi people.

A key commitment made in Downer's 2019 Sustainability Report was to increase employee involvement in community activities and partnerships. In FY19, our New Zealand team ran a pilot program for their Volunteer Leave initiative, which encourages teams to participate in community engagement activities. Following the success of this pilot, Downer expanded the program across New Zealand in FY20 (refer to case study on page 100).

As well as New Zealand's Volunteer Leave program, our people supported our communities in a number of ways this year, including assisting towns devastated by the Australian bushfire crisis (see case study on page 95), and volunteering to take part in ALNF's Story Time campaign. We will continue to look for opportunities that allow our people to be involved in unique initiatives that support our communities.

Emerging issues and market trends

As the world navigates through the COVID-19 pandemic, corporate organisations will have a crucial role to play in the immediate and long-term recovery of their communities.

Many communities are more vulnerable now than they have been in decades and mental health issues have increased.

Corporate organisations will need to shape their community giving programs to focus on the immediate needs of their communities, balanced by their own economic outlook and obligations to their people and shareholders.

Community support programs will need to be agile to adapt to unexpected events, and also consider avenues for non-financial assistance, such as opportunities for employees to partake in structured and targeted volunteer programs within communities.

It will require more than just money to support our communities. Corporate organisations will also need to invest time and impart expertise to help communities get back on their feet.

Long-term partnerships over short-term sponsorships

Over the past decade there has been a reduction in companies giving one-off contributions. Traditional corporate giving, such as ad-hoc and one-off sponsorships, is being replaced by long-lasting partnerships with communities and charitable organisations.

Downer has embraced this shift in thinking. We aim to invest our time and money into programs that drive education, increase employment opportunities and improve quality of living, with a specific focus on people from disadvantaged backgrounds.

We achieve this by creating partnerships that are reinforced by the meaningful actions of our people. One of our greatest assets is our expertise – we're market leaders across a broad range of sectors, and we take pride in sharing our skills and capabilities.

Generational shift

The generational change happening in workplaces is also bringing change to corporate social responsibility strategies. Younger generations place far greater value on their employer's social policies and corporate giving programs than any generation before them. This has resulted in companies increasingly implementing sponsored giving and volunteering programs, which provide community benefits and help build job satisfaction among employees.

Over the past 12 months, Downer has embraced opportunities for our people to get involved in community support initiatives – from programs like New Zealand's volunteer initiatives (refer to case study page 100) which deliver tangible change, to opportunities for our people to support our charity partners, like taking part in ALNF's Story Time campaign.



Independent Limited Assurance Report to the Directors of Downer EDI Ltd

Conclusion

Based on the procedures performed, and the evidence obtained, for the year ended 30 June 2020:

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

Information subject to assurance

The Selected Sustainability Information, as presented in the Downer EDI Ltd (Downer) Sustainability Report 2020 and available on Downer's website, comprised the following:

Selected Sustainability Information	Value assured FY20
Direct emissions of greenhouse gases (scope 1) – kilotonnes of CO ₂ -e	395
Indirect emissions of greenhouse gases (scope 2) - kilotonnes of CO ₂ -e	81.8
Energy consumed - terajoules	6,637
Energy produced - terajoules	100,448
Number of significant environmental incidents	0
Number of environmental fines	4
Number of environmental prosecutions	0
Value of environmental fines or prosecutions - \$	\$6,761
Number of safety fines	7
Number of safety prosecutions	0
Value of safety fines or prosecutions - \$	\$34,839
Total Recordable Injury Frequency Rate (TRIFR) – per million hours worked (Group – excluding Spotless and Hawkins)	2.88
Total Recordable Injury Frequency Rate (TRIFR) – per million hours worked Spotless	3.26
Total Recordable Injury Frequency Rate (TRIFR) – per million hours worked Hawkins	5.35
Lost Time Injury Frequency Rate (LTIFR) – per million hours worked (Group – excluding Spotless and Hawkins)	0.67
Lost Time Injury Frequency Rate (LTIFR) – per million hours worked-Spotless	1.69
Lost Time Injury Frequency Rate (LTIFR) – per million hours worked-Hawkins	1.86



Science Based Target (SBT) Scope 1 & 2 Greenhouse Gas Emissions Intensity - tonnes CO ₂ -e/AU\$m	44.05
Indigenous Cultural Awareness Training, Te Ara Whanake & Te Ara Maramatanga Training - hours delivered	3,922
Mental Health First Aid Training - employees trained annually	763

Criteria used as the basis of reporting

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

Basis for conclusion

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

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

Summary of procedures performed

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

- enquiries with relevant Downer staff, and review of selected documentation, to assess the appropriateness of Downer's process for the application of GRI Standards for Defining Report Content and Quality;
- enquiries with relevant Downer personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- review and challenge of Downer's materiality assessment process;
- analytical procedures over the Selected Sustainability Information;
- site visits to Auburn rail depot, DM Roads, Downer New Zealand Road Science and Hawkins construction site, and Dandenong laundry;
- walkthroughs of the Selected Sustainability Information to source documentation; and
- review of the Downer Sustainability Report 2020 in its entirety to ensure it is consistent with our assurance work.

How the Standard defines limited assurance and material misstatement

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

Use of this Assurance Report

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



Management responsibility

Management are responsible for:

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

Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 30 June 2020, and to issue an assurance report that includes our conclusion.

Our independence and quality control

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

KPMG

Sydney

30 September 2020

GRI Standards Content Index

Indicator	Description	Location of information	Notes
GRI 102: GENERAL DISCLOSURES			
1. ORGANISATIONAL PROFILE			
102-1	Name of the organisation	About this report – pages 4-7	
102-2	Activities, brands, products and services	About Downer – pages 8-13	
102-3	Location of headquarters	<i>Annual Report:</i> Registered office and principal administration office – page 141	
102-4	Location of operations (number of countries where organisation operates and names of countries with significant operations)	About Downer – pages 8-13 <i>Annual Report:</i> F3. Controlled entities – pages 109-110	
102-5	Nature of ownership and legal form	<i>Annual Report:</i> F. Group structure – pages 103-111 Information for investors – pages 140-141	
102-6	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	About Downer – pages 8-13 <i>Annual Report:</i> Review of operations – pages 6-12 B1. Segment information – pages 66-69	
102-7	Scale of the organisation (number of employees, operations, net sales, total capitalisation, quantity of products/services)	About Downer – pages 8-13 <i>Annual Report:</i> Review of operations – pages 6-12 Consolidated Statements and B1. Segment information – pages 60-69	Quantity of products and services not identified.
102-8	Information on employees and other workers (total workforce by employment contract, type, gender and region)	People – pages 70-91	
102-9	Supply chain (description as it relates to activities, brands, products and services)	About Downer – pages 8-13 Value chain – page 7	
102-10	Significant changes to the organisation and its supply chain (organisation's size, structure, ownership or its supply chain)	<i>Annual Report:</i> E. Capital structure and financing – pages 95-102 F. Group structure – pages 103-111	

Indicator	Description	Location of information	Notes
GRI 102: GENERAL DISCLOSURES			
102-11	Is the precautionary approach or principle addressed and, if so, how?	About Downer: Our Promise – page 9 Governance – pages 24-35 <i>Annual Report:</i> Business strategies – pages 15-18 Principle 7: Recognise and manage risk – pages 138-139	The precautionary principle is an intrinsic component of our operational risk management approach.
102-12	External initiatives (externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses)	About this report – pages 4-7 Governance – pages 24-35 Health and safety – pages 36-47 Environment – pages 48-69 <i>Annual Report:</i> Governance and risk management – pages 126-127 TCFD – pages 128-129 ASX Principles – page 21	
102-13	Memberships of associations	Governance – pages 24-35	
2. STRATEGY			
102-14	Statement from the most senior decision-maker	A word from the Chairman and CEO – page 1	
3. ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behaviour	About Downer – pages 8-13 Governance – pages 24-35 <i>Annual Report:</i> Principle 3: Instil a culture of acting lawfully, ethically and responsibly – page 137	Standards of Business Conduct: https://www.downergroup.com/Content/cms/media/2019/Documents/Policies/DOW_Standards_of_Business_Conduct_interactive.pdf

Indicator	Description	Location of information	Notes
GRI 102: GENERAL DISCLOSURES			
4. GOVERNANCE			
102-18	Governance structure (including committees responsible for decision-making on economic, environmental and social impacts)	Governance – pages 24-35 Health and safety – pages 36-47 Environment – pages 48-69 <i>Annual Report:</i> ASX Principles – page 21	Board and Committee Structure: https://www.downergroup.com/board-and-committees Accountability for good governance and sustainability performance is embedded in Short-Term Incentive plans for Senior Executives. Board Zero Harm Committee Charter: https://www.downergroup.com/Content/cms/pdf/Zero-Harm-Committee-Charter.pdf
5. STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Materiality and stakeholder inclusiveness – pages 14-23	
102-41	Collective bargaining agreements	People – pages 70-91	
102-42	Identifying and selecting stakeholders	Materiality and stakeholder inclusiveness – pages 14-23	
102-43	Approach to stakeholder engagement	Materiality and stakeholder inclusiveness – pages 14-23	
102-44	Key topics and concerns raised	Materiality and stakeholder inclusiveness – pages 14-23	
6. REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	About this report – pages 4-7 <i>Annual Report:</i> F3. Controlled entities – pages 109-110	
102-46	Defining report content and topic boundaries	About this report – pages 4-7 About Downer – pages 8-13	
102-47	List of all material topics	Materiality and stakeholder inclusiveness – pages 14-23	
102-48	Restatements of information	Environment – pages 48-69	Restatements were made to FY18 and FY19 Scope 1 emissions and energy consumption, in response to an adjustment to the subcontractor estimation methodology.

Indicator	Description	Location of information	Notes
GRI 102: GENERAL DISCLOSURES			
102-49	Changes in reporting	About this report – pages 4-7	
102-50	Reporting period	About this report – pages 4-7	Reporting period is for financial year 2019-20.
102-51	Date of most recent report	N/A	2019 Sustainability Report and 2019 Annual Report.
102-52	Reporting cycle	About this report – pages 4-7	Annual.
102-53	Contact point for questions regarding the report	Back cover	
102-54	Claims of reporting in accordance with the GRI Standards	About this report – pages 4-7	
102-55	GRI content index	GRI Standards content index – pages 105-112	
102-56	External assurance	About this report – pages 4-7 KPMG assurance statement – pages 102-104	Independent Limited Assurance Statement included in this report.

Indicator	Description	Location of information	Notes
SPECIFIC STANDARD DISCLOSURES			
200 ECONOMIC TOPICS			
GRI 201: ECONOMIC PERFORMANCE			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	<i>Annual Report:</i> Directors' Report – pages 4-50	
103-3	Evaluation of the management approach		
201-1	The management approach and its components	Sustainability snapshot – pages 2-3 About Downer – pages 8-13 <i>Annual Report:</i> Review of operations – pages 6-12 Consolidated Statements and B1. Segment information – pages 60-69	Community investment expenditure is not reported. Community partnerships discussed pages 93-96. Sourcing of contractors, plant, equipment, raw materials, consumables, etc mostly through Australian and New Zealand suppliers.

Indicator	Description	Location of information	Notes
SPECIFIC STANDARD DISCLOSURES			
300 ENVIRONMENTAL TOPICS			
GRI 301: MATERIALS			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	Environment – pages 48-69	
103-3	Evaluation of the management approach		
301-2	Percentage of materials used that are recycled input materials	Environment – pages 48-69	Data not currently collected at Group level. Downer provides products and services with increased efficiency of resource use and greater use of recycled or re-purposed materials which reduces costs for customers.
GRI 302: ENERGY			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	Environment – pages 48-69	
103-3	Evaluation of the management approach	<i>Annual Report:</i> TCFD – pages 128-129	
302-1	Energy consumption within the organisation	Environment – pages 48-69 Performance data – pages 60-61	
302-3	Energy intensity	Environment – pages 48-69 Performance data – pages 60-61	
302-4	Reduction of energy consumption	Environment – pages 48-69 Performance data – pages 60-61	
GRI 303: WATER			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	Environment – pages 48-69	
103-3	Evaluation of the management approach		
303-1	Water withdrawal by source	Environment – pages 48-69	

Indicator	Description	Location of information	Notes
SPECIFIC STANDARD DISCLOSURES			
300 ENVIRONMENTAL TOPICS			
GRI 305: EMISSIONS			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	Environment – pages 48-69	
103-3	Evaluation of the management approach	<i>Annual Report:</i> TCFD – pages 128-129	
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment – pages 48-69 Performance data – pages 60-61	
305-2	Energy indirect GHG emissions (Scope 2)	Environment – pages 48-69 Performance data – pages 60-61	
305-3	Other indirect GHG emissions (Scope 3)	Environment – pages 48-69 Performance data – pages 60-61	
305-4	GHG emissions intensity	Environment – pages 48-69 Performance data – pages 60-61	
305-5	Reduction of GHG emissions	Environment – pages 48-69 GHG emissions reduction target – pages 64-65 Performance data – pages 60-61	Downer commits to the decarbonisation of its absolute Scope 1 and 2 GHG emissions by 45-50 per cent by 2035 from a FY18 base year and being net zero in the second half of this century.
GRI 306: EFFLUENTS AND WASTE			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	Environment – pages 48-69	
103-3	Evaluation of the management approach		
306-1	Water discharge by quality and destination	Environment – pages 48-69	Newly disclosed in FY20.
306-2	Waste by type and disposal method	Environment – pages 48-69	Newly disclosed in FY20.
306-3	Significant spills	Environment – pages 48-69 Performance data – page 50	

Indicator	Description	Location of information	Notes
SPECIFIC STANDARD DISCLOSURES			
300 ENVIRONMENTAL TOPICS			
GRI 307: COMPLIANCE			
103-1	Explanation of the material topic and its boundary	Environment – pages 48-69	
103-2	The management approach and its components	Governance – pages 24-35	
103-3	Evaluation of the management approach		
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environment – pages 48-69 Performance data – page 50	

Indicator	Description	Location of information	Notes
SPECIFIC STANDARD DISCLOSURES			
400 SOCIAL TOPICS			
GRI 401: EMPLOYMENT			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	People – pages 70-91	
103-3	Evaluation of the management approach		
401-1	New employee hires and employee turnover	People – pages 70-91 Performance data – page 75	
401-3	Parental leave	People – pages 70-91 Performance data – page 78	

GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	Health and safety – pages 36-47	
103-3	Evaluation of the management approach		
403-2	Type of injury and rates of injury, occupational disease, lost days, and absenteeism, and total number of work-related fatalities	Health and safety – pages 36-47 Performance data – page 42	Report does not include absenteeism rate.

Indicator	Description	Location of information	Notes
SPECIFIC STANDARD DISCLOSURES			
400 SOCIAL TOPICS			
GRI 404: TRAINING AND EDUCATION			
103-1	Explanation of the material topic and its boundary	People – pages 70-91 Communities – pages 92-101	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
404-1	Average hours of training per year per employee	People – pages 70-91	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	People – pages 70-91 Communities – pages 92-101	
103-3	Evaluation of the management approach		
405-1	Diversity of governance bodies and employees	Governance – pages 24-35 People – pages 70-91 Performance data – pages 74-75 <i>Annual Report:</i> Board of Directors – pages 4-5 ASX Principles 1&2 – pages 130-136	
GRI 419-1: COMPLIANCE			
103-1	Explanation of the material topic and its boundary	Materiality and stakeholder inclusiveness – pages 14-23	
103-2	The management approach and its components	Governance – pages 24-35 Health and safety – pages 36-47	
103-3	Evaluation of the management approach		
419-1	Non-compliance with laws and regulations in the social and economic area	Health and safety – pages 36-47 Performance data – page 37	



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