

2013 Sustainability Report



ABOUT DOWNER

Downer EDI Limited (Downer) is listed on the Australian Securities Exchange and operates as three divisions – Infrastructure, Mining and Rail – across market sectors including Minerals & Metals, Oil & Gas, Power, Transport, Telecommunications, Water and Property.

Downer employs more than 20,000 people and provides comprehensive engineering and infrastructure management services to its customers, primarily in Australia and New Zealand but also throughout the Asia-Pacific region, South America and South Africa.

DOWNER INFRASTRUCTURE

Downer Infrastructure operates predominantly in Australia and New Zealand and is one of the largest providers of engineering services for critical infrastructure in both countries, employing more than 10,000 people in Australia and more than 4,500 in New Zealand. Its scale provides a strong platform for delivering integrated asset life-cycle solutions and services to its customers.

Downer Infrastructure has formed many valuable partnerships with customers and communities across Australia and New Zealand and is committed to understanding, adapting and responding to their needs.

DOWNER MINING

Downer Mining has been delivering contract mining and civil earthmoving services to its customers for over 90 years. It is one of Australia's most diversified mining contractors, employing more than 4,500 people across more than 50 sites in Australia, New Zealand, Papua New Guinea, South America and Southern Africa.

Downer Mining supports its coal and metalliferous mining customers at all stages of the mining lifecycle, providing services including:

- open-cut and underground mining;
- blasting services;
- tyre management;
- exploration drilling; and
- sustainability services.

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**Total revenue rose
7.1% to \$9.1 billion**

**Underlying net profit
after tax (NPAT)¹
increased 10.3%
to \$215.4 million**

**Underlying earnings
before interest and tax
(EBIT)¹ increased by
6.9% to \$370.3 million**

Lakshita (Lucky) Seth excelled in her apprenticeship studies at TAFE and yet found it hard to find her dream job of becoming a qualified electrician. She was offered office-based work and told she would never become an electrician. Lakshita, a mature-age woman who came to Australia from India, refused to give in and her persistence was rewarded when she was employed by Downer Rail. "My age, gender, nationality, none of that counted. This was a company interested in my passion for the industry".

**Lakshita Seth,
Apprentice Electrician Downer Rail**

DOWNER RAIL

Downer Rail employs more than 2,000 people and is a leading Australian provider and maintainer of passenger and freight rolling stock. Downer Rail’s capabilities also include rail signalling, security and safety solutions for passenger cars, freight wagons, locomotives and light rail.

Downer has formed strategic joint ventures (JVs) with leading technology and knowledge providers to support its growth objectives in the passenger market, including with Keolis, Bombardier and Hitachi.



WELCOME TO DOWNER’S 2013 SUSTAINABILITY REPORT

Downer is committed to designing, constructing and maintaining the best solutions for our customers while focusing on the health and safety of our people and the sustainability of the environment and the communities in which we operate.

In order to remain a successful business in fluctuating market conditions, we continue to balance the need for short-term results against the long-term sustainability of our company by optimising costs, improving efficiencies and maintaining our systems without compromising our sustainability performance.

We continue to strive for a Zero Harm workplace and we can only achieve this by maintaining our focus on the critical risks in our business. Despite the intense focus on workplace safety and injury prevention across the Group, there was a tragic workplace fatality in New Zealand in October 2012. On behalf of Downer, I extend our deepest sympathies to the family, friends and colleagues of Graham Brown.

In response to this incident, Downer has intensified its focus on critical risks and incidents that have the potential to cause serious injury. During the year we focused on occupational and supervisory training by investing in our people to enhance their skills. Project teams have been established to focus on specific harm themes, to identify and understand the nature of high potential risk incidents and

to ensure that we have controls in place to reduce the likelihood of their re-occurrence.

Our sustainability strategy is designed to reduce our impact on the natural environment and during the year we continued working hard to improve our energy efficiency, including through the introduction of new technologies. Downer’s carbon intensity for 2012-13 remained static when compared to the previous year and our carbon intensity has reduced by 38% since 2009-2010. We are very proud of this achievement. This trend is reflected in our continuous improvement in carbon disclosure and performance reporting with CDP⁴.

We are continuing to challenge all aspects of our operations to optimise value for our shareholders and provide the most sustainable solutions for our customers. During the 2013 financial year the company delivered a 7.1% increase in total revenue to \$9.1 billion and a 10.3% increase in underlying net profit after tax to \$215.4 million. The Board also declared a total dividend payout of 21 cents per share for the financial year.



Grant Fenn, Managing Director and Chief Executive Officer

4. CDP (previously branded Carbon Disclosure Project) is an international, not-for-profit organisation providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information.

Greenhouse Gas intensity remained static²

12.8% reduction in Total Recordable Injury Frequency Rate (TRIFR)³

1. Underlying EBIT and NPAT are considered a more appropriate measure of Downer’s performance than ‘statutory’ results, because the statutory results include an Individually Significant Item (“ISI”) that is unlikely to be recurrent. The ISI relates to an \$11.5 million provision for the settlement of an arbitration claim made by SPPA in relation to the construction of an electrical services tunnel in Singapore. A reconciliation of the underlying result to the statutory result is provided in the Investor Presentation and Annual Report, both lodged with the Australian Securities Exchange and available on the Downer website.

2. Direct and indirect GHG emissions from sources owned or controlled by Downer calculated on a dollar revenue basis

3. TRIFR is the number of fatal injuries + lost-time injuries + medically treated injuries per million hours worked

SUSTAINABILITY AT DOWNER

Downer recognises it has an obligation to customers, shareholders, employees, contractors and the community, to operate in a way that minimises its environmental impact while advancing the overall sustainability of the business.

Downer respects the places and communities in which we operate. Our ability to understand and manage the sustainability and environmental impacts of our activities is fundamental for our long-term success as a business and will drive continued improvements in our environmental performance. Downer has a risk-based approach to managing environmental and sustainability performance, with material risks reviewed regularly and with performance data reported internally on a monthly basis.

Our sustainability reporting focuses on the issues, risks and opportunities that are both relevant to our business activities and of most importance to our stakeholders. Reviewing our performance in the context of emerging global risks and opportunities enables us to adapt our operations accordingly, with a particular focus on our interdependence with global supply chains.

Downer's Board oversees the Company's environmental performance. It has established a sustainability charter and strategy and allocates internal responsibilities for managing the Group's efforts to reduce its impact on the environment. See our website for the Zero Harm Committee Charter [http://www.downergroup.com/Documents/Investors/Corporate-Governance/Board-and-Committees/2012-04-23_Zero-Harm-Committee-Charter-\(website-version\).pdf](http://www.downergroup.com/Documents/Investors/Corporate-Governance/Board-and-Committees/2012-04-23_Zero-Harm-Committee-Charter-(website-version).pdf)

This report covers the activities of the businesses that are members of Downer EDI limited (Downer or Downer Group). We disclose our non-financial sustainability-related performance for the year ended 30 June 2013 (unless otherwise stated) through this Sustainability Report which supplements the detailed financial reporting provided in the 2013 Downer Annual Report.

Significant changes to boundary or measurement methods applied in this report compared with the prior reporting period (2012 Sustainability Report) are addressed in the relevant sections. Information for joint ventures has not been included, which is consistent with previous reports. The Group disposed of the consulting business Spiire Australia at the end of June 2013, however this report incorporates Spiire Australia's data as part of the sustainability performance reporting.

We have reported against the Global Reporting Initiative (GRI) G3.1 Guidelines and have engaged an independent third-party auditor to provide limited assurance over our Total Recordable Injury Frequency Rate (TRIFR), our total direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions¹, significant environmental spills (greater than 100 litres or kilograms) and any safety or environmentally related fines or prosecutions. The limited assurance statement from Deloitte Touche Tohmatsu is included on pages 19 to 20 of this report.

A GRI content index for this report has been prepared and is located on our website www.downergroup.com/Zero-Harm/Sustainable-Development/. We have reported at GRI Application Level B+ which has been reviewed and assured by Deloitte Touche Tohmatsu as part of its third-party limited assurance.

STAKEHOLDERS

We identify our stakeholders as those individuals or groups which have a financial or other interest in the business activities of Downer. We have classified our stakeholder groups as primary and secondary as shown in Figure 1. Our primary stakeholders are those which have a direct stake in our Group and its success. They are also likely to be the main audience for our sustainability reports.

The following engagement methods, among others, were used to identify the sustainability performance criteria considered most critical by our stakeholder groups:

- Communication through information provided in reports, market and other announcements, newsletters and Downer's website;
- Consultation through surveys and questionnaires, focus groups, one-on-one interviews and project-specific community consultation exercises;
- Dialogue with stakeholder forums and meetings; and
- Partnerships developed with joint ventures and alliances.

MATERIALITY

In accordance with the GRI's G3.1 Guidelines, our annual corporate reports (Annual Report and Sustainability Report) cover topics and indicators that reflect our economic, environmental and social impacts and particularly those that are considered material². In defining these material topics, we have taken into account various internal and external factors and drawn upon feedback received directly from our stakeholder engagement processes.

1. Scope 1 greenhouse gas emissions are those produced directly by Downer Group activities. Scope 2 greenhouse gas emissions are indirect emissions such as electricity consumption.
2. Material issues are those that may substantively influence the assessments and decisions considered and made by our stakeholders.

FIGURE 1: STAKEHOLDER GROUPS



3. Includes facilitated/one-on-one/ group/ two-way dialogue meetings covering issues including health and safety, environmental and sustainability impacts, community concerns and project performance



“We work on projects that can affect large sections of the community and we need to ensure that they have reliable and up-to-date information. We have been very successful using social media to engage the community in the project and allow them to get a better understanding of what we are trying to achieve.”

Brandy Smith
Stakeholder Communications
Manager, Hamilton Ring Road
Project New Zealand

GOVERNANCE

The governance framework provides a platform for making decisions that are based on our organisational values - courage, collaboration, excellence and integrity.



GOVERNANCE SYSTEMS

Effective corporate governance is integral to achieving our sustainability goals. Our corporate governance framework provides the platform from which:

- The Board is accountable to shareholders for the operation, performance and growth of the organisation;
- Management is accountable to the Board;
- The risks we face as an organisation are identified and managed; and

- We communicate with our shareholders and the wider investment community.

Implementation of the governance structure across the company is supported by our financial and risk management business systems and our management systems for quality, health and safety and environment.

The Downer values are a critical part of who we are, as we strive to apply collaboration, courage, excellence and integrity to everything that we do. We are committed to ensuring we design, construct and maintain the best solutions for our customers while keeping our focus equally on the safety of our people and the sustainability of the communities we work within. Our values are the underlying framework for our Standards of Business Conduct which apply to all of our people, including directors, employees and contractors of Downer and its subsidiary companies throughout the world.

CORPORATE POLICIES AND STANDARDS OF BUSINESS CONDUCT

Downer has a number of corporate policies which describe how we conduct our business so that we comply with our legal, ethical, regulatory and other obligations.

We expect our people to understand and comply with these policies and procedures which can be viewed online at: www.downergroup.com/Documents/Investors/Corporate-Governance/Board-Policies/Standards-of-Business-Conduct.pdf. Our Executives, Senior Managers and Directors take part in a bi-annual Financial and Corporate Governance Self-Assessment (also called the Directors' and Officers' Questionnaire) which ensures that complete and accurate information is provided as part of the reporting processes. These declarations confirm a sound system of risk management and internal compliance control and provide assurances that the system is operating effectively in all material respects in relation to the financial and non-financial reporting risks.

In recognising the need for the highest standards of corporate behaviour and accountability, the Board endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

The key aspects of our Group corporate governance approach are detailed in the Corporate Governance Statement in our 2013 Annual Report (pages 119-125) and can be viewed online at www.downergroup.com/Documents/Investors/Corporate-Governance/Corporate-Governance-Statement-2012-2013.pdf.

Part of maintaining and protecting our assets and operations, including our corporate reputation, involves implementing rigorous controls, monitoring their performance and reporting to ensure we meet our obligations. Downer engages third-party auditors to augment the internal audit program which includes oversight by the Board Audit and Risk Committee.

The Company's compliance with its health, safety, environment and sustainability commitments and the relevant legal and regulatory obligations is monitored by the Board Zero Harm Committee.

Supplier management is a key element of ensuring that the Downer governance structures and obligations are maintained. Active management and review of performance through a supplier rating system allows an assessment of quality and service performance and cost performance which is balanced against implementation of best practice. We work with our suppliers to make the necessary improvements through the development of improvement action plans.

INFLUENCING SUSTAINABILITY POLICY DEVELOPMENT

We contribute to Australian sustainability-related policy development through direct submissions and dialogue with government departments and industry groups.

Our employees maintain links to, and participate in, a range of professional associations. Our ability to inform and influence policy and decision-makers is facilitated by our membership of a diverse group of peak industry bodies, including:

- Association of Consulting Surveyors of Victoria;
- Australasian Railway Association Incorporated;
- Australian Asphalt Pavement Association;
- Association Constructors Association;
- Australian Industry Group;
- Australian Mines and Metals Association;
- Business Council of Australia;
- Chamber of Commerce and Industry (Australia);
- Chamber of Minerals and Energy of Western Australia;
- Employers and Manufacturers Association (New Zealand);
- Engineering Employers Association South Australia;
- Institute of Professional Engineers New Zealand;
- Infrastructure Partnerships Australia – Transport, Water and Sustainability Taskforces
- Minerals Council of Australia;
- National Electrical Communications Association of New Zealand;
- Queensland Resources Council;
- Rail Industry Safety and Standards Board (Australia); and
- Urban Development Institute of Australia.

HEALTH AND SAFETY

Our priority is maintaining a healthy and safe working environment for our people. The goal of Zero Harm requires continuous improvement to achieve zero work-related injuries and environmental incidents.



The safety of our employees and contractors, as well as the communities that are affected by our operations, remains a priority for Downer. A major focus during the year was the review of hazards, both in the workplace and those associated with our business operations, which enables us to better identify risks while implementing the most appropriate controls. Constant reinforcing of our key safety principles, the 10 Cardinal Rules, and the drivers behind these, helps to ensure we get the fundamentals of safety right.

PERFORMANCE

Our safety performance, as reflected by our safety statistics, has been improving in recent years, however we still have much to do in managing safety within the business. Regrettably, despite our continued efforts to keep our people safe, one of our workers was fatally injured on a work site in New Zealand in October 2012. An extensive investigation of the incident was undertaken by senior safety professionals, managers and technical specialists into all aspects of the incident and the related work systems and practices.

In response to this tragic incident, Downer has intensified its focus on critical risks and incidents that have the potential to cause serious injury. This includes a focus on our 10 Cardinal Rules which provide direction and guidance on how to address the most critical risks of the business.

We monitor the health and safety performance of our employees and contractors through two measures – Lost Time Injury Frequency Rate (LTIFR)¹ and Total Recordable Injury Frequency Rate (TRIFR)². At 30 June 2013, the LTIFR remained less than 1.00 at 0.70 per million hours worked, showing a 24.8% improvement from the previous year and a 68% improvement since 2007-08.

CRITICAL RISK REVIEW

A review of critical hazards was conducted during the year, in alignment with our 10 Cardinal Rules and the hazards that have the potential to cause serious harm or death. Project teams were established to focus on specific harm themes, including isolation of energy, vehicle to vehicle

interactions, plant-pedestrian interface, work at height and exclusion zones. The teams investigated the triggers for the critical hazards and evaluated the effectiveness of current controls.

Key outcomes have led to:

- identification of the most appropriate controls such as rules, guides, procedures, training and technology;
- detailed studies to better understand some critical risks and development of specific mitigation responses;

- implementation of fatigue management plans to lessen the risks related to equipment and vehicle incidents;
- focused training on working at height safely and being vigilant about fall prevention; and
- improved site delineation for loading and unloading areas and exclusion zones around mobile plant.

During the 12 months ending 30 June 2013, the TRIFR reduced by 12.8% from 6.21 to 5.42 per million hours worked. Downer has been reporting TRIFR since 2009-10 and there has been an average annual improvement of 12.5% during this period.

The improved performance is due to a number of factors including the significant focus on identifying critical risks and the implementation of Group-wide risk management processes in conjunction with a suite of other Zero Harm activities, including:

- emphasis on clearly identifying critical hazards, assessing the associated risks and implementing company-wide controls;
- continued focus on protecting our staff and contractors by monitoring the lifesaving rules that were introduced in 2012. These 10 Cardinal Rules provide a guide for behaviours to improve safety performance;
- regular Group-wide sharing of information around the conditions under which 'High Potential Incidents' occur, so that we can learn from these incidents and work together to find the most appropriate improvements for our critical controls;
- ensuring that occupational health and safety is at the forefront of everyone's mind by sharing a "safety moment" at the beginning of every business meeting or as part of pre-start or toolbox meetings;

- investing in targeted operational and management health and safety training, related to plant and pedestrian interface issues, and the introduction of a supervisors' "Walk Your Talk" program across the Infrastructure division;
- feedback loops for continuous improvement through audits and incident investigations to enhance learning throughout the company and ensure that everyone has an opportunity to identify and recommend safety improvements; and
- benchmarking of results against our competitors and key customers and looking for ways to adopt best practice or identify different or better ways of maintaining a safe workplace.

Downer continues to strive for a Zero Harm workplace and our goal is to continue to sustain the LTIFR below 1.0 and to reduce TRIFR to below 5.0 by the end of the 2014 financial year.

In 2012-13, Downer recorded one penalty for a workplace safety-related incident which occurred at the Dry Creek Asphalt Plant in May 2009 when a worker sustained multiple and extensive injuries. The Magistrates Court of South Australia (industrial offences jurisdiction) fined Downer \$188,643, including court costs and levies.

FIGURE 2: LOST TIME AND RECORDABLE INJURY FREQUENCY RATE (PER MILLION HOURS WORKED)

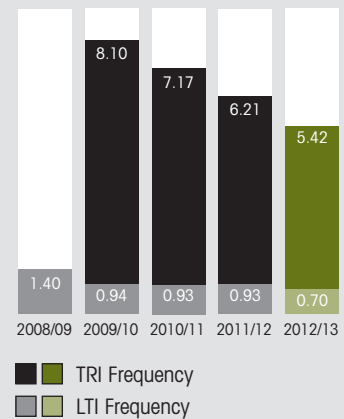
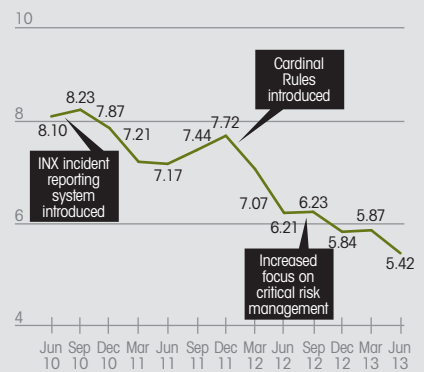


FIGURE 3: TOTAL RECORDABLE INJURY FREQUENCY RATE 12 MONTHS ROLLING AVERAGE (PER MILLION HOURS WORKED)



1. Lost time injuries (LTIs) are defined as diseases or occurrences that result in a fatality, permanent disability or time lost from one day/shift or more. The LTIFR is the number of LTIs per million hours worked.
 2. TRIFR is the number of fatal injuries + lost-time injuries + medically treated injuries per million hours worked.

Elton Cousins (left) received the People's Choice Award at the Queensland Mining Industry Health and Safety Conference from former Director General Department of Natural Resources and Mining, Dan Hunt.



SAFETY AWARDS

Downer focuses on a leadership-driven safety culture to achieve its safety performance goals and, in doing so, has been recognised over the past 12 months for its continued diligence:

- **High Voltage Electrical Flashover Prevention Program (Mining division):** Elton Cousins, Electrical Superintendent at Goonyella Riverside Mine, developed an innovative, cost-effective solution to high-voltage inverter cabinet flashover problems on diesel-electric trucks, which prevented arcing across high voltage terminals and busbars that caused significant and costly damage to several trucks. The solution, involving the use of insulating vinyl stickers, led the manufacturer of the busbars to modify its design and has since been recognised with the following awards:
 - Mining Electrical Safety Conference Innovation Award 2013;
 - People's Choice Award at the Queensland Mining Industry Health and Safety Conference Queensland Mining (QMIHSC) Innovations Awards 2012; and
 - Gold Award for Safety from BHP Mitsubishi Alliance's annual Achievement Awards 2012.

- **G6 Procurement Group Adelaide – Contractor of the Year 2012:** The G6 Procurement Group is a joint initiative of six of the metropolitan local government councils in Adelaide. Downer's South Australian road infrastructure business has provided integrated road surfacing treatments and solutions for the councils for over 14 years.
- **Work Health and Safety Award – The National Electrical and Communications Association (NECA) 2012:** Downer Infrastructure West was an award winner for demonstrating commitment to achieving an optimal health and safety environment by delivering numerous simultaneous projects across WA while maintaining safe environments for all employees.

LEADING IN SAFETY

As part of Downer's commitment to employee safety, we have continued to invest in leadership training across the company, particularly for front-line supervisors and senior operational and functional managers. The training has been tailored to the needs of the specific business units and includes:

- Downer Mining reframing its HSE Leadership Course for front-line supervisors and senior and functional managers. The four-day course is based on the Supervisor Capability Framework and has synergies with other HSE and HR Training; and
- Downer Infrastructure linking safety leadership training with the management of projects and including it as a key component of the project management Capability Framework. The training highlights the inclusion and reinforcement of Zero Harm principles within the project management process, from design and planning through to delivery and close-out.

KEEPING OUR PEOPLE SAFE...

The likelihood of being injured by moving vehicles and mobile plant, or in light-vehicle to heavy-vehicle interactions, is one of the greatest risks faced by Downer and its employees. We have a number of tailored programs to reduce these types of risks, including:

SAFEMine

Downer Mining has introduced SAFEMine, an anti-collision device that uses GPS technology and predicts the travel path of each vehicle. It then provides audio and visual cues to the drivers to alert them to the relative position of other vehicles and warns of potential collisions so that appropriate preventative actions can be taken. The system has been introduced at two mine sites and the intention is to progressively introduce them at other sites, in collaboration with our customers.

CAPABILITY TRAINING

One of the most significant risk areas in our Infrastructure division has been the traffic interface with vehicles, plant and pedestrians. Tragically, over the past few years Downer has experienced a number of serious incidents and this has emphasised the need for us to build on the skills and knowledge of our

supervisors in this area. In response we have introduced training to improve the supervisory skills necessary for keeping our people safe in these high risk conditions. The two-day program, *Supervising Traffic, Plant and People: What's My Role?*, provides participants with the opportunity to obtain nationally recognised units of competency that meet the industry requirements to work as work zone traffic controllers, implement traffic control plans and gain a Spotters ticket.

This occupational training is ensuring Downer supervisors have the competency to sign off on traffic management plans and safe work method statements and are better able to plan work layouts and sequencing to ensure traffic movement related risks are controlled or avoided more effectively.



PEOPLE AND COMMUNITY

Downer has more than 20,000 people working around the world, 95% of whom are located in Australia and New Zealand. This includes full-time and part-time employees, fixed-term contract employees and casual and temporary employees.



OUR VALUES

At Downer we value people who:

- Work in **collaboration** with others in our organisation and take pride in the achievements of the team;
- Strive for improvement and innovation, and have the **courage** to think and actively contribute new initiatives that benefit Downer overall;
- Demonstrate **integrity** and responsibility through honest, respectful and transparent communication;
- Strive for **excellence** in achieving their goals through strong leadership and commitment to the job at hand; and
- Are **responsible** and **accountable** for the care and protection of their peers, the business, the communities in which we operate, and the environment.

EMPLOYEE BENEFITS

- Superannuation – Downer contributes to retirement plans in most countries in which we operate and in accordance with local regulatory requirements.
- Paid Parental Leave benefits are in place in Australia and New Zealand – designed to achieve

- a ‘family friendly’ work environment that will increase employee loyalty and promote higher retention rates.
- Employee Assistance Program offers an independent professional and confidential counselling service for employees and their eligible family members.
- Tertiary Assistance - we encourage employees to unearth their full potential and develop their careers by covering costs associated with relevant study and study leave.

- Health care and other support for business travellers and expatriates with quality health care, medical and security assistance worldwide, 24 hours a day.
- Corporate Family Program is a support service specifically designed to assist parents with children aged up to 18 years, those transitioning into retirement and those with caring responsibilities for other family members so they can achieve a healthy work-family balance.

We recognise that our people are instrumental to the success of our business and we strive to provide opportunities for employees to reach their career goals. We aim to provide a safe workplace where our people are rewarded, challenged and valued. As part of the company’s goal of creating a sustainable business over the longer term, we have continued to invest in the development of our people through training in leadership, supervision, project management, people management, safety and the environment.

DIVERSITY AND INCLUSIVENESS

At Downer, we believe that both “Diversity” and “Inclusiveness” are important in providing us with the right platform to grow a sustainable business which meets all of our stakeholders’ needs. While having a diverse workforce is important, it is not only the make-up of that workforce which is critical, but also the way in which we leverage that diversity and the extent to which we embrace and celebrate the differences and strengths it can deliver.

Our diversity strategy has a particular focus on gender, age and cultural diversity and this includes how we recruit and retain skilled people in the company. We have identified initiatives around the key focus areas and have an established Diversity and Inclusiveness Committee made up of senior executives across the Group which meets regularly to implement and monitor these initiatives. Our diversity policy is available on our website at: [www.downergroup.com/Documents/Investors/Corporate-Governance/Board-Policies/Diversity-and-Inclusiveness-Policy-\(website-version\).pdf](http://www.downergroup.com/Documents/Investors/Corporate-Governance/Board-Policies/Diversity-and-Inclusiveness-Policy-(website-version).pdf)

DIVERSITY THROUGH RECRUITMENT

Throughout the year, we have been working at increasing the number of female applicants across all roles in Downer. In some cases we have had to apply for, and obtain special dispensation for, gender-targeted recruitment campaigns which has slowed our progress in this area. Downer Mining has recently been granted special dispensation in order to run recruitment campaigns for specific roles within New South Wales and Queensland.

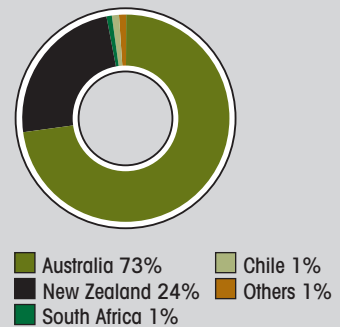
Currently, women constitute approximately 12% of Downer’s workforce, with a slightly higher representation in New Zealand (14%). There has been a 2% increase in women holding senior management or executive roles during the year and the number of female Non-executive Directors on the Downer Board remains unchanged at three of eight Board members.

SOCIAL MEDIA

Through recognising the importance of building connections, Downer established a formal Social Media policy in 2012/13 and created active profiles on social media platforms such as LinkedIn. This has enabled Downer to enhance its networking activities with passive candidates and attract the best quality talent into our business. We use our social media platforms to stay connected with the community, to share our company successes and to enable our employees to stay connected with each other.

To view our company profile and the profiles of our many staff visit: <http://www.linkedin.com/company/downer>

FIGURE 4: EMPLOYEES BY REGION



GENDER REPRESENTATION – WOMEN

- 3 of 8 Non-Executive Directors on the Downer Board.
- 12% (14% in New Zealand) of workforce.
- 8% of Senior Management/ Executive roles.

COLLECTIVE AGREEMENTS

- Approximately 77% of our employees are covered by collective agreements and industry-based awards (as at the end of September 2013).

CONNECTING WITH INDIGENOUS COMMUNITIES

In late 2013, three Downer employees took part in a six-week Indigenous corporate partnership program called Jawun, which finds skilled people in corporate Australia and connects them with Indigenous communities to share knowledge and expertise. The inaugural Downer Jawun participants worked towards:

- establishing a place of purposeful activity for Men and Boys in Warmun (Turkey Creek), Western Australia,

engaging with community men and the Council to focus on inclusion, intergeneration knowledge sharing, capacity building and health and well-being;

- providing support to the office set-up and administrative processes for Cape York Employment, an agency focused on remote jobs and community employment; and
- creating an Indigenous cook book for the National Aboriginal Sporting Chance Academy in Redfern, an agency that works with Indigenous youth to empower them through health, education, sport and cultural programs.

The Downer participants worked closely with Indigenous leaders, partnerships and communities, sharing their skills and knowledge and helping to create real change, reform and regeneration.



INDIGENOUS RECRUITMENT STRATEGY RECOGNISED

Downer's innovative approach to Indigenous recruitment was recognised with a 'Highly Commended' award in the Business division at the 2013 Queensland Reconciliation Awards. Downer Mining was recognised for its efforts to employ local Indigenous trainees using culturally-appropriate recruitment methodology at a former operation at Norwich Park Mine.

Our approach has proven to be successful due to the high level of engagement between site management and the local community. Thirteen of the 15 trainees employed in 2011 are still employed with Downer as fully-fledged mobile plant operators, having remained with us through a mine shutdown and relocation to Blackwater Coal Mine after our client ceased production at Norwich Park Mine.

INVESTING IN THE FUTURE COMMITMENT THROUGH OUR APPRENTICESHIP PROGRAMS

Downer's Waratah Train Project (WTP) Apprenticeship Program supports the community by embracing the development of skills for the Rail industry and by creating sustainable employment opportunities. We have a contractual obligation to take on a certain number of apprentices each year in a host program agreement with MRAEL (an Australian apprenticeship centre that is contracted by the Commonwealth Government to provide Australian Apprenticeships Support Services). Currently, we have nine full-time apprentices who also attend TAFE one day a week.

Three of our three-year apprentices have earned merit awards, receiving scholarships valued at \$1,200 from the MRAEL Group Scholarship Program. They were Adam Burns, Christopher Kuhn and Daniel Lipa (Auburn Delivery team). Each was nominated for their commitment and dedication to their job. They have also become leaders within the team, inspiring new apprentices. The scholarships are designed to further improve skill levels and capabilities, with the funds available to invest in professional development or the purchase of new tools.

Facility Support team Leader at Auburn Mahendra Bhagwat also received recognition for being an 'outstanding mentor' at work within the Mentor Category due to the time he invests in our apprentices.

EXTENDING LEARNING OPPORTUNITIES THROUGH A GRADUATE PROGRAM

Downer Mining's Graduate Program is a two-year rotational program that gives successful candidates a thorough insight into the diverse and highly competitive industry of Mining. Graduates learn about the culture and values that have made Downer Mining such a successful company for over 90 years. They also learn much about themselves and their ability to work in teams, and the leadership attributes and commercial acumen necessary to be successful in the business. Each graduate is allocated a Mentor, Workplace Buddy and a Career Sponsor to support them during the program, allowing each graduate to maximise their opportunities and learnings.

The recruitment and selection process involves the use of a highly effective Assessment Centre methodology developed to ensure the engagement of high quality talent into our business. We recently conducted Assessment Centres for our graduate recruitment across the Mining East and West businesses. A total of 35 candidates were assessed, resulting in the appointment of 14 positions including Mining Engineers, Surveyors, Environmental Engineers, Health Safety and Environment, Human Resources and Commercial roles.

The new graduates work through a rotational program across various locations nationally. Initially based out of Downer's Brisbane and Perth operations, the graduates then rotate to other sites for specific roles to ensure a robust and varied experience. The program combines formal academic development along with hands-on experience, exposing the participants to real business issues.

INTERNSHIPS PAVE THE WAY FOR CAREERS

Downer's Internship Program enables graduates to develop their skills and experience while also increasing their potential for full-time employment. It is an important program for recent graduates, many of whom need to supplement their academic qualifications with practical experience.

In 2013 a number of graduates participated in the program, with many going on to receive full-time job offers. Ben Zhang, a Downer Infrastructure (DI) employee, initially spent three months as an environmental intern before accepting a casual position as an Environmental Officer and then full-time employment with DI.

"I had a Bachelor degree of Environmental Management and Masters degree of Urban Planning, however I wasn't able to find any job related to those fields due to lack of related working experience. The internship enabled me to gain full-time employment on the NBN Project in a role that uses my qualifications in environmental management and urban planning", Ben said.

Dyanna Hernandez, an intern with Downer's HR department, said "I struggled to get into my chosen career as I lacked experience. The Internship at Downer has helped build my confidence and expand my knowledge with the help and guidance of the HR team and to network with employees from all levels."

DEVELOPING LEADERSHIP SKILLS AND COMMUNITY BENEFITS

Over the past 12 months a number of Downer Rail employees have completed the Waratah Train Project's Leadership Program, which involves community projects at sites near the WTP manufacturing facilities. One project at Lake Macquarie, held in conjunction with NSW National Parks, involved the clearing of Bidu Bush, an introduced South African plant that takes over and suffocates other plants. It was a first for NSW National Parks in the Newcastle region.

The project was challenging and successful, with strong teamwork shown by our employees from Cardiff and Auburn.



Waratah Train Project staff clearing Bidu Bush at Dudley Beach

"It was a gruelling few days but was a huge success due to the organisation of contingency plans and the flexibility of the crew."

Paul Fergusson
Test and Commissioning Manager, Downer Rail

ENVIRONMENT

Our values and beliefs underpin everything we do. We are committed to conducting our operations in a manner that is environmentally responsible and sustainable.

REGEN - NEW MINING SERVICE



Downer Mining has extended its range of services to include mine reclamation and land rehabilitation. The new **ReGen** service offering allows Downer Mining to provide a one-stop option for a suite of contract mining services, including design, bulk earthworks, civil works, revegetation and monitoring and maintenance. Whilst ReGen is a new brand for the Mining business, the team has a proven record in rehabilitation and land and water management at a range of mine sites across Australia.



Environmental graduates Ignacio Czajkowski and Alannah Wigg measuring revegetation growth at Commodore Mine, Qld.

Our environmental sustainability strategy provides the focus for tracking and reporting our sustainability-related performance against three key areas: compliance and risk management, minimising environmental impact and improving resource efficiency.

COMPLIANCE AND RISK MANAGEMENT

Downer has a broad range of businesses that are diverse in nature. Our ability to identify, mitigate and manage the risks in our businesses is fundamental in ensuring we achieve sustainable growth without compromising our environmental performance.

We manage environmental risk by implementing and maintaining robust environmental management systems which are benchmarked against the international environmental standard ISO14001.

Our structured approach to identifying and managing risk ensures that our divisions operate under "aspects and impacts" registers that are risk-specific and incorporate appropriate levels of controls to assist us in achieving our goal of Zero Harm to the environment.

MINIMISING ENVIRONMENTAL IMPACT

The risk management strategies we implement on our projects and business activities are integral to the management of environmental risks. Effective project planning focusing on industry-specific risks and opportunities reduces the potential for, and number of, actual spills or other environmental incidents.

We have a strong culture of reporting incidents, both internally and to the appropriate regulatory authorities, and the level of environmental awareness amongst our staff and contractors enables us to capture valuable information when environmental incidents occur. During 2012-13, we met our group-wide target of zero Level 5¹ or Level 6² environmental incidents and additionally no Level 4 (significant) environmental events were recorded. However, despite our best efforts to implement effective control mechanisms, Downer received three fines during the year in relation to environmental incidents.

- Downer was fined \$1,408 by the Greater Dandenong City Council for breaching the Greater Dandenong Planning Scheme by carrying out works (earthworks and vegetation removal) on land subject to a development overlay prior to approval of a development plan.

- Two infringement notices (each for \$1,500) were issued against Downer Infrastructure by the NSW Environment Protection Authority for an incident involving the spill of bitumen emulsion from a 1,000-litre Intermediate bulk container (IBC) at our Tamworth asphalt plant. The bitumen emulsion was transported off site during a high intensity rainfall event, constituting a contravention of licence conditions and pollution of a waterway. Our response to the incident included clean-up of the drainage channel, Group-wide notification of failure of the IBC, development and implementation of a more effective integrity check for IBCs and works being undertaken to improve bunding on site.

Downer records all environmental incidents and ranks these according to severity. We report spills greater than 100 litres or 100 kilograms which have not been contained within a primary bunding or containment system. During the year we recorded 97 spills in excess of 100 litres or 100 kilograms and whilst this number is higher than previous years it reflects the continued program of raising awareness amongst our staff and sub-contractors of environmental issues and stressing the importance of capturing and reporting information when environmental incidents occur.

ENVIRONMENT

Only one of these spills resulted in infringement notices from a regulatory authority. All other spills were either contained in secondary containment or were released to an area with no significant impact.

A number of the wastewater-related spills occurred at work camp sites where portable toilet facilities overflowed but where the wastewater was contained within the general work compounds. Some of the incidents of wastewater release occurred as part of the Christchurch rebuilding projects where Downer has been repairing and providing emergency service works for sewerage lines on behalf of local authorities. The temporary sewer or bypass lines have been subject to many acts of vandalism that have resulted in uncontrolled releases to waterways.

ENERGY AND GREENHOUSE GAS EMISSIONS

CLIMATE CHANGE RESPONSE

As climate change policy evolves in our countries of operation, particularly Australia, we believe our sustainability strategy and climate change risk controls and management processes will deliver strategic advantage as we will provide more effective solutions to our customers in managing their climate change related impacts.

Our sustainability approach presents an integrated response to the potential impacts of climate change, focusing on compliance, business improvement and business development opportunities. As Downer is largely a contract service provider, this strategy has been influenced by the climate change related issues which have an impact on our customers.

The most significant of these impacts include increased regulation requiring management and reporting of carbon related data. Downer does not meet the threshold for carbon liability under Australian carbon legislation.

Climate change related challenges for our Group that directly affect our response strategies and decision making include the availability of key resources, such as energy, fuel and water, and potential business interruptions due to the predicted increase in extreme weather events. Our response to these challenges has been to identify opportunities for reductions in GHG emissions and energy consumption, efficiency improvements, sourcing alternative energy or fuels (e.g. biodiesel) and developing business resilience plans to cope with the changes in business activity due to climate/weather-related delays such as flooding or water shortages due to drought.

ENERGY AND CARBON MANAGEMENT AT DOWNER

Downer views energy and carbon management as an ongoing business efficiency and improvement activity under three identified areas: (i) ensuring compliance with statutory regulation; (ii) improving business operations and activities by identifying and implementing energy efficiency and carbon abatement opportunities; and (iii) developing new business and consolidating existing business by providing more environmentally sustainable services and products to the market.

2012-2013 SIGNIFICANT SPILLS (>100 LITRES OR >100KG)		
Material	Number of Spills	Total Volume of Spill
Oil (litres)	52	21,758
Diesel (litres)	5	1,350
Emulsion (litres)	2	600
Ammonium Nitrate (kilograms)	3	300
Bitumen (litres)	3	1,360
Bitumen Emulsion (litres)	4	9,500
Coating agents (litres)	1	450
Asphalt (kilograms)	1	250
Wastewater (kilolitres)	26	17,898
Total	97	

1. A Level 5 environmental incident is defined as a highly significant incident reversible only in the long term (over 10 years).
2. A Level 6 environmental incident is defined as an incident which results in catastrophic widespread impacts resulting in irreversible damage to habitat and species.

FIGURE 5: SCOPE 1 AND 2 GHG EMISSIONS (ktCO₂e) (USING METHOD 2 FOR ESTIMATING FUGITIVE METHANE EMISSIONS)



FIGURE 6: SCOPE 1 AND 2 GHG EMISSIONS BY SOURCE (ktCO₂e, %)



- Liquid fuels, 186.27, 68.9%
- Electricity used by facility, 50.73, 18.8%
- Natural gas, 32.13, 11.9%
- Coal mining (Method 2), 1.21, 0.4%
- Other substances*, 0.14, 0.1%

*Petroleum based oils and greases, solvents, acetylene, and petroleum based fuels (other than oils and greases)

FIGURE 7: GREENHOUSE GAS EMISSIONS INTENSITY (tCO₂e/AUD\$M)

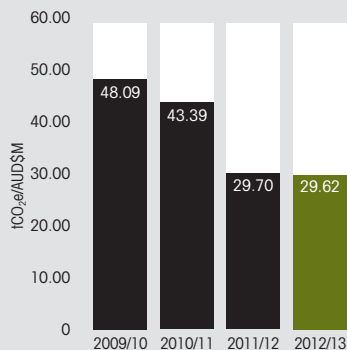


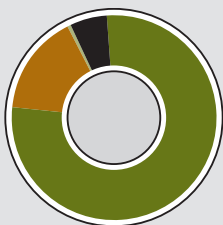
FIGURE 8: SCOPE 1, 2 AND 3* GHG EMISSIONS, ktCO₂e (%)



■ Scope 3*, 833, 75%
■ Scope 1, 220, 20%
■ Scope 2, 51, 5%

* Scope 3 includes:
 • business flights (Australian and New Zealand based staff);
 • emissions from diesel oil consumption at mine sites (not under Downer's operational control); and
 • emissions from construction projects (not under Downer's operational control)

FIGURE 9: DIRECT AND INDIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE (TJ, %)



■ Liquid fuels, 3,065.68, 77.8%
■ Natural gas, 620.34, 15.7%
■ Other substances*, 17.13, 0.4%
■ Electricity used by facility, 238.05, 6.0%

*Petroleum based oils and greases, solvents, acetylene, and petroleum based fuels (other than oils and greases)

We continue to look for ways to improve our access to reliable, accurate and robust environmental data. This year we built and implemented an in-house, Group-wide environmental data reporting system (EDRS) that has greatly improved the efficiency in which data is gathered and analysed. It also allows for better use of resources in managing our legislative reporting requirements and monitoring the ongoing improvement in the environmental sustainability of both our operations and the value chain – from customers to contractors and suppliers.

SCOPE 1 AND 2 EMISSIONS

In line with the approach adopted for our 2012 Sustainability Report, we have estimated the fugitive emissions from the Commodore open cut coal mine in Queensland by using Method 2 in accordance with the National Greenhouse and Energy Reporting (NGER) (Measurement) Determination 2008. In order to ensure consistency of data comparisons and in line with the principles outlined in the GHG Protocol³, the Scope 1 emissions for our previous reporting years have been recalculated using Method 2 to ensure direct comparisons are accurate and relevant.

A detailed assessment of the gas-bearing strata for the full extent of the Commodore mine was undertaken in 2012 and it was deemed to be a low-gas mine. The fugitive emissions released during the extraction of coal comprise carbon dioxide only, with methane emissions considered not to be material (as per NGER prescribed defaults for evaluating the Low Gas Zone).

The fugitive emissions from the coal mine were estimated to be 1,206 tCO₂e by applying a life-of-mine GHG emissions model which was developed by a specialist gas consultant in accordance with guidelines prepared by the Australian Coal Association Research Program⁴ and meeting the requirements of the NGER Determination⁵.

Downer's Scope 1 and Scope 2 GHG emissions for the past four years are shown in Figure 5. Our Scope 1 emissions have increased by approximately 8% for the 2012-13 period compared with the previous reporting year and there has also been a slight increase of just over 1% of Scope 2 emissions. The increase in emissions is in line with the 7.1% increase in Group-wide revenue. Since 2009-2010 we have reduced our Scope 1 and Scope 2 emissions by approximately 7% through various efficiency and emission reduction strategies.

Figure 6 presents a breakdown of Scope 1 and Scope 2 GHG emissions by source.

The consumption of liquid fuels remains the major source (69%) of our total

Scope 1 and Scope 2 emissions which are generated from our transport fleet and from the production of energy in stationary equipment (primarily asphalt plants), with diesel oil the predominant fuel consumed. Natural gas consumption accounts for 12% and electricity use 19%. The increased use of liquid fuels (approximately 10%) during this reporting period, compared with the previous period, accounts for the increase in Scope 1 GHG emissions and reflects increased business activity in our asphalt production division.

In order to make meaningful comparisons and to track our year-on-year carbon performance, we normalise our annual emissions by determining our carbon intensity, which is a measure of overall carbon emissions by dollar revenue and is shown in Figure 7.

Our carbon intensity has remained static during 2012-2013 when compared with the previous reporting year. This has resulted from an increase in revenue of 7.1% and an increase in overall Scope 1 and Scope 2 emissions by 6.8%. Downer's carbon intensity has decreased by 38% since 2009-2010 and shows that our strategy to reduce GHG emissions, improve energy efficiency and to identify the most efficient and low carbon options are paying sustainability performance dividends. This performance is reflected in our continued improvement against the carbon disclosure and performance reporting for CDP⁶.

SCOPE 3 EMISSIONS

We are continuing to broaden and improve the reporting of GHG emissions associated with our value chain. This encompasses the capture and collection of both upstream and downstream emissions data associated with the provision of our services and products. Consequently, we have undertaken an assessment of the most significant sources for Scope 3 emissions and presented our total Scope 1, 2, and 3 GHG emissions in Figure 8.

The single most significant source of Scope 3 GHG emissions is from the consumption of fuel in plant and equipment from our contract mining sites where we do not have operational control. This accounts for 96% (805 ktCO₂e) of the 833 ktCO₂e Scope 3 emissions, and represents approximately 73% of our total GHG emissions inventory.

This year we have also included emissions associated with air travel for business purposes (approximately 3% of Scope 3 emissions) for Australian and New Zealand based staff, which covers approximately 97% of our employee base. We have also included, for the first time, the emissions from electricity and fuel consumed on some construction projects where Downer does not have operational control (<1% of total Scope 3 emissions). This data allows

WORLD ENVIRONMENT DAY



Downer celebrated World Environment Day (5 June) this year by holding a series of events to raise awareness of a range of environmental and sustainability issues. We used the theme for 2013 – *Think. Eat. Save* – to encourage staff and their families to reduce their foodprints by becoming more aware of the environmental impact of food waste and loss across the food supply chain.

We held two competitions which were open to all employees and their children – a photography competition for employees and their older children and a colouring competition for younger children.

We challenged our employees and their children to create interesting and inspiring photographic images that would encourage others to take action both at work and at home. Images were aligned with three categories – *Green Structures, Nature Worth Saving and Reduce your Foodprint.*

Other local activities included planting fruit trees and herbs at sites, holding lunches and morning teas to highlight the use of sustainable products, participating in environmental quizzes, making suggestions for improving sustainability and efficiencies for the business, and raising money for, and volunteering at, food rescue based charities.

us to identify additional areas to manage, reduce downstream emissions associated with our construction business and assist our customers in improving their own carbon efficiencies.

As part of our process to improve the methodology behind, and accuracy of, our reporting of Scope 3 emissions, we have adopted an improved methodology for estimating GHG emissions associated with our business flights that accounts for the different types of flights that have been taken. This new approach is based on the methodology used by the United Kingdom Department of Environment, Food and Rural Affairs⁷ and employs three flight distance bands – short, medium and long haul (with associated emission factors) for estimating GHG emissions.

As a consequence of applying this new approach, we are able to more accurately report GHG emissions related to business air travel and have estimated the air travel-related emissions as 24 ktCO₂e. The lower figure reported for the current reporting period, in comparison to last year, reflects both the improved accuracy from applying the new methodology (which more accurately reflects our air travel profile) as well as the environmental benefits accrued from the implementation of our Travel Policy that places an emphasis on employees to explore, where possible, ways to reduce carbon intensive modes of travel. We encourage our staff to use video conferencing and teleconferencing facilities where possible to assist in reducing air travel across the Group.

ENERGY CONSUMPTION AND PRODUCTION

Total energy consumption increased by 17% this year to 3,941 TJ (terajoules). The breakdown of our energy profile by primary energy source is shown in Figure 9. Liquid fuels account for 78% of our total energy consumption, with natural gas and

electricity accounting for 15.7% and 6% respectively. Ongoing activities targeted at the operation of our transport and plant equipment seek to improve their energy performance and reduce GHG emissions. Our driver training program has brought about significant improvements and a program of retro-fitting and upgrading to more energy efficient plant and equipment is also achieving reductions in GHG emissions.

Energy produced from our Australian operations during the year was 78,768 TJ with more than 99% from mining sub-bituminous coal and the remainder from thermal generation of electricity at a mobile asphalt plant and a remote project site.

IMPROVING RESOURCE EFFICIENCY

As Downer operates within a number of highly carbon-intensive industry sectors we have adopted an integrated approach to compliance, business improvement and the identification of business development opportunities that will continue to reduce our GHG emissions and energy consumption.

Downer continues to focus on reducing its GHG emissions by improving energy efficiency across the diverse range of company business activities and industry sectors in which it operates. We have commenced the re-assessment of energy use across our Australian operations and continue to identify opportunities that can deliver energy savings and improved efficiencies for our business as well as others in the value chain.

Downer's EEO program has now been extended to business divisions within the Group that were not previously involved in the program. As a consequence, significant progress has been made in the identification of energy efficiency and carbon abatement opportunities across

these business operations. Over the most recent two-year period, our EEO Program has resulted in energy savings of more than 928 TJ, with further potential savings of 5.3 TJ identified for implementation and approximately 21 TJ under investigation.

As part of the short-term incentive program for senior managers, a 10% component of the incentive is linked to the successful implementation of energy savings plans. During 2012-13, this program identified more than 157 TJ of annualised savings, which is equivalent to approximately 4% of the Group's energy consumption.

3. The greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition. Published by the World Resources Institute 2004
4. Guidelines for the Implementation of NGER Method 2 or 3 for Open Cut Mine Fugitive GHG Emissions Reporting, 2011
5. National Greenhouse and energy Reporting (Measurement) Determination 2008 – subdivision 3.21
6. CDP (previously branded as Carbon Disclosure Project)
7. 2008 Guidelines to DEFRA'S GHG Conversion Factors: Methodology Paper for Transport Emission Factors



“Downer is looking for innovative ways to reuse and recycle our tyres, such as for use as an energy source, road surface material or for stemming blast holes.”

Heather Bone
Group Manager
Sustainability,
Mining Division

REDUCING GHG EMISSIONS

We are always looking for innovative ways to improve our products and services while reducing our energy use and GHG emissions. During the year we introduced a number of energy saving and GHG emission reduction projects, including:

- a new bituminous surfacing product (Microsurfacing Suspended Fibre Technology);
- replacing an old technology asphalt plant with an energy efficient, lower GHG emitting plant that has the capability to use up to 75% recycled asphalt product in the production of asphalt;
- improving the operation and maintenance of asphalt plants to reduce volume of burner fuel used;
- optimising and reducing energy (electricity and natural gas) use at bitumen supply plants by process improvement modifications;
- developing a new asphalt product made from the waste of recycled printer and toner cartridges. The toner powder predominantly consists of small particles of very high grade engineering plastics that are commonly used to modify bituminous binders for asphalt roads;
- selection of higher fuel efficiency light vehicles, switching fuel sources, driver behaviour training, introduction of software on large plant to reduce the fuel burn and increase engine reliability;

- progressively retrofitting workshops, warehouses, offices and temporary and remote lighting plants with more energy efficient and automated lighting;
- new ways of reprocessing waste oil from mine sites to use as an alternative fuel to diesel in blasting activities. Given the high volumes of waste oil that must be transported from mine sites for disposal, this new technique has the potential to reduce costs and GHG emissions associated with the transport of the waste oil for disposal;
- use of alternative lower emission fuels such as biodiesel in plant and light vehicles, especially at our mine operations;
- investigating alternatives for off-site recycling of off-the-road tyres. This eliminates the need to dispose of the tyres in the mine pit and allows the recovery of valuable components of the tyres, including the rubber and steel components; and
- implementation of improved procurement strategies, particularly through our broad-based Fit4Business Program which has allowed us to improve the efficiencies of how we develop, implement and manage our projects. This includes sourcing of materials for improved efficiency, managing the logistics of the transport and storage and managing availability of plant and equipment, spare parts and essential items for project delivery.

DOWNER RECOGNISED FOR ENVIRONMENTAL EXCELLENCE IN NZ THROUGH TWO WASTE REDUCTION PROJECTS

REDUCING WASTE TO LANDFILL

Downer and Chorus NZ have been named joint winners in the 2013 NZ Green Ribbon Large Business Leadership category for environmental excellence. From 2012, Downer and Chorus NZ have implemented initiatives to reduce, re-use and recycle waste from the ultra-fast broadband roll out. These initiatives have been so successful they have been adopted by other ultra-fast broadband partners.

The project has diverted 17.6 km of high-density polyethylene ducting, 972 x 360 kg timber cable drums and bolts, 40 tonnes of fibre optic off-cuts and significant volumes of plastic film packaging and pallets from landfill.

An additional benefit from the recycling of high-density polyethylene ducting has been the creation of employment opportunities for disabled people at Abilities Auckland and Invercargill.

GREEN VISION RECYCLING

Green Vision Recycling (a joint venture between Downer NZ, John Fillmore Contractors and Hiway Stabilisers) has been recognised for its work in turning waste products into high quality aggregates for the road infrastructure sector. The Project was the winner of the 2013 Rooding New Zealand Best Practice Award for Environmental Sustainability and was a finalist in the 2013 NZ Green Ribbon Awards Environmental Excellence category. Green Vision promotes the recovery and re-use of aggregate materials such as asphalt, topsoil and crushed concrete to reduce material going to landfill by reprocessing the material into quality new product.

A full listing of the environmental and sustainability business related awards is included on Downer's website.



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Independent limited assurance statement to the Directors of Downer EDI Limited in relation to the 2013 Sustainability Report

We have carried out a limited assurance engagement on the subject matter detailed below (the 'Subject Matter') presented in Downer EDI Limited's ('Downer') 2013 Sustainability Report in order to state whether anything has come to our attention that would cause us to believe that the Subject Matter has not been reported and presented fairly, in all material respects, in accordance with the reporting criteria described below ('Reporting Criteria').

Subject Matter and Reporting Criteria

The Subject Matter and Reporting Criteria for our limited assurance engagement for the year ended 30 June 2013 is as follows:

Selected Sustainability Indicators

We assessed whether the following selected sustainability indicators were prepared in accordance with Downer's policies, procedures and methodologies:

- Environment
 - Total direct emissions of greenhouse gases (Scope 1)
 - Total indirect emissions of greenhouse gases (Scope 2)
 - Total energy consumed and produced
 - Total number of significant environmental spills (>100 litres or kilograms)
 - Total number of environmental infringements/fines
- Occupational Health & Safety
 - Total Recordable Injury Frequency Rate (TRIFR)
 - Total number of safety prosecution/fines

GRI Application level 'B+'

We assessed whether Downer's self-declared Global Reporting Initiative ('GRI') application level of 'B+' was in compliance with the GRI Guidelines and related information, publicly available at GRI's global website at www.globalreporting.com, in particular the requirements to achieve GRI application level 'B+'.

Downer's responsibilities

The Directors of Downer are responsible for the preparation and presentation of the Subject Matter in the 2013 Sustainability Report in accordance with the Reporting Criteria. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter in the 2013 Sustainability Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate reporting criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Deloitte's responsibilities

Our responsibility is to express a limited assurance conclusion as to whether we have become aware of any matter causing us to believe that the Subject Matter has not been prepared, in all materials respects, in accordance with the Reporting Criteria.

We conducted our procedures to provide our limited assurance conclusion in accordance with Australian Standards on Assurance Engagements ASAE 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' ('ASAE 3000'), issued by the Australian Auditing and Assurance Standards Board. The procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Subject Matter, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to Downer's preparation and presentation of the Subject Matter in the 2013 Sustainability Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of Downer's internal controls.

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Assurance work performed

In order to form our conclusion we undertook the following limited assurance procedures:

- Interviewed relevant Downer management to understand the overall governance structure in respect of the 2013 Sustainability Report
- Analysed and inspected on a sample basis, the key systems, processes and procedures and controls relating to the collation, validation, presentation and approval process of the information included in the 2013 Sustainability Report.
- Performed site visits to a number of facilities and divisional offices to assess the site-based and divisional processes
- In respect of the Occupational Health and Safety data and Environment data, interviewed responsible management, assessed the systems and processes in place and reviewed evidence on a sample basis for reported data
- Compared the content of Downer’s 2013 Sustainability Report against the criteria for a GRI self-declaration at ‘B+’ level

A limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than undertaken for a reasonable assurance engagement. As such the level of assurance is lower than would be the case for a reasonable assurance engagement. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Inherent limitations

Non-financial information, including the Subject Matter may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating and sampling or estimating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The Subject Matter should be read in the context of Downer’s Reporting Criteria as set out in the 2013 Sustainability Report.

Use of our report

Our assurance report has been prepared solely for the directors of Downer. We disclaim any assumption of responsibility for any reliance on this report or on the Subject Matter to which it relates, to any person other than the directors of Downer or for any purpose other than that for which it was prepared.

Independence

In conducting our engagement, we have complied with the independence requirements of APES 110 *Code of Ethics for Professional Accountants*, issued by the Accounting Professional and Ethical Standards Board.

Matters relating to electronic presentation of information

Our limited assurance engagement included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of the 2013 Sustainability Report after the date of this assurance statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared and presented fairly, in all material respects, in accordance with the Reporting Criteria.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

PR Dobson
Partner
Sydney, 3 February 2014

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