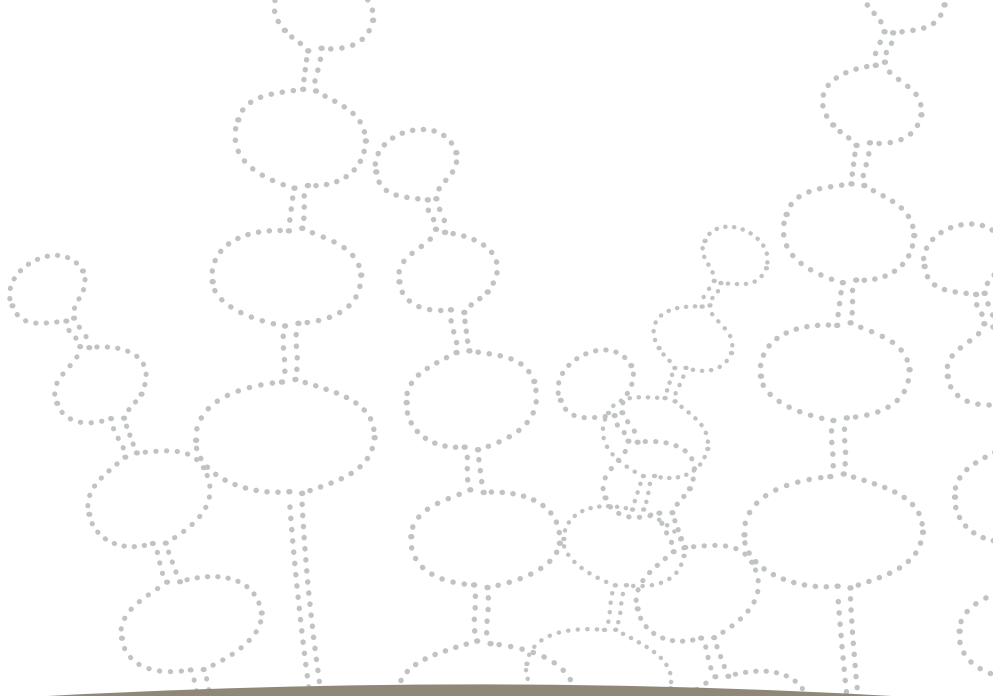


# Sustainability Report 2010

Building a sustainable world



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# CEO Statement



*Downer is one of Australasia's largest diversified engineering and infrastructure companies, and we operate in a highly competitive environment. We pride ourselves on the excellence of our work, and we firmly believe our ability to provide sustainable products and services differentiates us from our competitors.*

Our people design, build, operate and maintain critical infrastructure throughout the Asia-Pacific region. The best way we can contribute to sustainable development is to understand the sustainability challenges associated with our projects and to assist our clients to develop solutions in innovative ways.

For example, when we use our low-carbon asphalt products, we issue our client with a certificate that records their total carbon emissions saving for that project.

This confirms the environmental benefits associated with their choice of a low-carbon Downer product instead of traditional road-surfacing products. Also, as you will see from the Awards section of this report, our Consulting team has been widely acknowledged for its design of environment-friendly buildings.

We are also switching to alternative fuels, like B20 biodiesel<sup>1</sup> in our mining fleet, to reduce our consumption of traditional fossil fuels. Our Mining division is now the largest consumer of B20 biodiesel in the Australian mining sector.

We operate within carbon-intensive industries, such as the resources sector and road infrastructure, and we are very aware that we should lead by example in reducing our own greenhouse gas (GHG) emissions. Our inclusion in the Carbon Disclosure Project's Carbon Disclosure Leadership Index for the second year running (see page 22) recognises our proactive approach in this regard. We are the only contracting organisation listed in this Index.

None of our sustainability achievements would have been possible without the engagement and innovative thinking of our people. At Downer, the health and safety of our people is of paramount importance, and we aspire to the goal of Zero Harm - we believe that all injuries are preventable.

Our key focus over the past year has been to equip our people with the knowledge and support networks required to work safely, and to feel empowered to suggest and implement changes in the workplace.

Our people have wholeheartedly embraced opportunities to become more involved. This is evidenced by the reduction in our Lost Time Injury Frequency Rate (LTIFR)<sup>2</sup> from 1.4 in 2008-2009 to a record low of 0.94 last year. Teams across Downer have won a number of awards during the year for their Zero Harm performance. Many new initiatives – such as the Zero Harm Awareness Program and Zero Harm Leadership Program (see page 13) – have contributed to this, but the most important factors have been the commitment of our people and their determination to bring about positive change.

From a financial perspective, the 2010 financial year was a difficult year for Downer and its shareholders. The pre-tax provisions in relation to the Waratah train project have been extremely disappointing. However, the rest of Downer's business continues to perform well, and we entered 2011 with significant new contracts with blue-chip clients and work-in-hand at a record level of over \$20 billion. So, we are very well positioned for future growth.

In conclusion, I would like to thank all Downer employees, as well as our customers, for their support over the past year, in particular the part they have played in the many sustainable development initiatives discussed in this report.

A handwritten signature in black ink, appearing to read 'Grant Fenn', written over a white background.

**Grant Fenn**

Managing Director & Chief Executive Officer

<sup>1</sup> B20 biodiesel comprises 20% tallow and waste cooking oil and 80% mineral diesel.

<sup>2</sup> 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.

# Our Business

As at 30 June 2010, we employed approximately 21,500 people worldwide, and had total annual revenue of A\$6.1 billion and assets worth A\$3.5 billion.

As at August 2010, our work-in-hand was at a record level of over A\$20 billion.

Downer EDI Limited ('Downer', 'Group' or 'the Company') is one of Australasia's largest diversified engineering and infrastructure companies. Our core strategy is to provide engineering design, operational support and maintenance services for the essential infrastructure assets of clients throughout the Asia-Pacific region.

Our broad capabilities provide clients with whole-of-lifecycle solutions across six major sectors:

- Resources
- Transport
- Communications
- Social infrastructure
- Energy
- Water

Servicing these sectors are five specialised divisions that work collaboratively to provide tailored solutions to clients:

## Consulting

Delivered by CPG to public and private sector clients:

- Engineering design, project management, feasibility studies, master planning, architecture, urban design and environmental sciences
- Geosciences, geology and geological modeling; mine planning, resource estimation and optimisation; technology solutions and technical training to the resources sector

- Design for minerals processing and coal handling and preparation plants, including manufacture and supply of mineral separation equipment

## Engineering

- Engineering, procurement and construction management services
- Electrical and instrumentation construction and services
- Structural, mechanical and piping construction and services
- Design, installation and management of power systems, including transmission lines and renewable energy facilities

## Mining

- Contract mining services, including open-cut and underground operations
- Whole-of-lifecycle mine planning
- Exploration drilling
- Drill and blast services through Downer Blasting Services
- Tyre management through Otraco and Rimtec

## Rail

- Design, build, fit-out and maintenance of passenger rolling stock
- Design, build and maintenance of freight rolling stock, including locomotives and rail wagons
- Importation and commissioning of completed locomotive units for use in the resources sector

## Works

- Essential services for the development, management and maintenance of road and rail assets in the public and private sectors
- Installation and maintenance of utility services including power, gas and telecommunications
- Operation and maintenance of treatment plants and reticulation for water and wastewater.

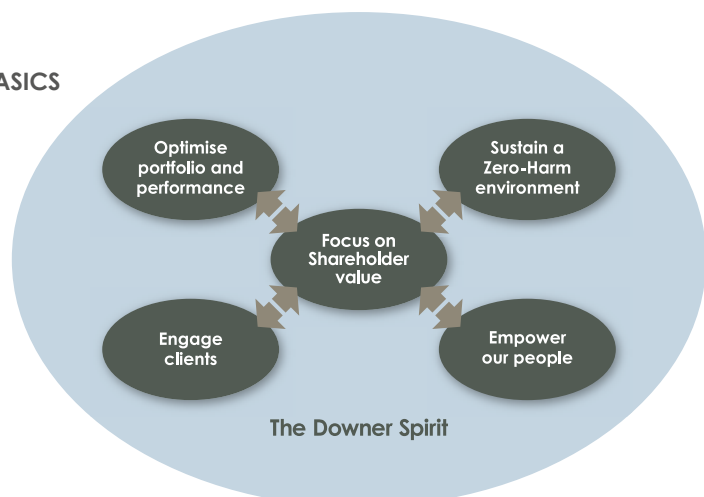
## Sustainable development at Downer

For Downer, sustainable development means managing and growing our business in an environmentally, economically and socially responsible manner.

Our Back-to-Basics Program embodies our fundamental approach to this, by driving a balanced focus on:

- Relentlessly pursuing Zero Harm to our people, the environment and the communities in which we operate by delivering products and services in a safe and sustainable manner
- Fostering long-term relationships with our stakeholders, understanding their perceptions of our performance, and working with them to develop ways of exceeding their expectations
- Understanding and responding to emerging risks and opportunities, and developing robust risk management and governance processes
- Creating a culture of engagement and participation that encourages our people to contribute, innovate and grow.

**FIGURE 1  
BACK-TO-BASICS  
PROGRAM**



# Our Business

## Our reporting approach

We are committed to tracking and disclosing our sustainability impacts, challenges and opportunities. We aim to meet this commitment through:

- Inclusion of key sustainability metrics and performance commentary in our Annual Report
- Presentation of key sustainability metrics and performance commentary at our Annual General Meeting
- Participation in sustainability-related investment indices and performance benchmarking programs
- Publication of an annual Sustainability Report

Our 2010 Sustainability Report provides a summary of our non-financial sustainability-related performance for the year ended 30 June 2010, within the following parameters:

- Information about our GHG emissions and energy consumption is reported for all entities over which we have operational control
- Information for joint ventures is not included in this report
- Health and safety statistics are reported for all sites that we own and/or operate

Our 2010 Annual Report provides comprehensive financial information for the Group and can be viewed online at [http://www.downergroup.com/Documents/financialDocs/FY10/Downer/FY10/Downer\\_2010\\_Annual\\_Report.pdf](http://www.downergroup.com/Documents/financialDocs/FY10/Downer/FY10/Downer_2010_Annual_Report.pdf).

We have reported our performance against the Global Reporting Initiative (GRI) G3 Guidelines, again achieving a self-declared B+ rating. A GRI content index is included on pages 29-34 of this report. This B+ rating has been reviewed by an independent third party, Ernst & Young, as part of its limited assurance procedures.

Ernst & Young has provided limited assurance over our total direct (Scope 1)<sup>2</sup> and indirect (Scope 2)<sup>3</sup> GHG emissions



Downer's asphalt manufacturing plant at Sommerton, Victoria.

(see page 20), our Total Recordable Injury Frequency Rate (TRIFR)<sup>4</sup> (see page 12) and the percentage of employees by contract type, location and gender (see pages 15-16). Ernst & Young's assurance statement is included as pages 26-28.

There have been no significant changes in the boundary or measurement methods applied in this report from the previous reporting period (2009 Sustainability Report).

Restatements have been made to prior year LTIFR data due to updates in incident classifications and amendments to hours worked (see page 12).

## Data measurement techniques

Our GHG emissions (Scope 1, 2 and 3<sup>5</sup>) are calculated in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Emission factors have been sourced as follows:

- Australia – Department of Climate Change and Energy Efficiency, NGER (Measurement) Determination 2008
- New Zealand – Ministry for the Environment, Guidance for Voluntary Corporate Greenhouse Gas Reporting: Data and methods for the 2008 calendar year
- Brazil, Canada, Chile, China, Fiji, India, Macau, Philippines, Singapore, South Africa, Thailand, United Arab Emirates, Vanuatu and Vietnam (electricity

use) – U.S. Department of Energy, Energy Information Administration Form EIA-1605 (2007), Voluntary Reporting of Greenhouse Gases, Table F.3 International Electricity Emission Factors 1999–2002

- United Kingdom – Department of Environment and Rural Affairs (DEFRA), [www.defra.gov.uk/environment/business/reporting/pdf/101006-guidelines-ghg-conversion-factors.xls](http://www.defra.gov.uk/environment/business/reporting/pdf/101006-guidelines-ghg-conversion-factors.xls)

The Australian emission factors have been applied for countries where fuel-consumption emission factors have been difficult to source.

Our air travel emissions have been determined as follows:

- First, we calculate the CO<sub>2</sub> emissions from the fuel burnt. This calculation uses the emissions factors published by the Greenhouse Gas Protocol based on the per seat fuel consumption converted into CO<sub>2</sub> emitted. This accounts for the impact of CO<sub>2</sub> from fuel burn
- Secondly, a factor is applied to account for the non-CO<sub>2</sub> warming impacts of flying, which include the impact of releasing these emissions at high altitudes. This entails using a Radiative Forcing Index of 2.7, which accounts for the full global-warming impact of flying, being the net combined effect of CO<sub>2</sub> plus non-CO<sub>2</sub> effects.

<sup>1</sup> Operational control is defined by section 11 of the *National Greenhouse and Energy Reporting Act 2007* (NGER Act), and arises where a corporation has the greatest authority to introduce and implement operating, health and safety, or environmental policies for the relevant facility.

<sup>2</sup> Scope 1 emissions are those produced directly by Downer activities.

<sup>3</sup> Scope 2 emissions are indirect emissions, such as electricity consumption.

<sup>4</sup> TRIFR is the number of fatal injuries + lost-time injuries + medically treated injuries per million hours worked.

<sup>5</sup> Scope 3 emissions are those emissions that occur from sources not owned or controlled by Downer.

# Our Business

## Our stakeholders

We aim to understand our stakeholders' concerns and their expectations and perceptions of our performance, and to work with them to develop solutions and exceed their expectations. Stakeholder engagement provides a mutually beneficial source of ideas and opportunities for all parties, and we encourage stakeholder participation in our projects.

Our stakeholders are individuals and groups who are either affected by our activities or who have an interest (financial or otherwise) in our Group. We adopt various methods of engaging with our stakeholder groups as shown in the table below.

## Materiality

In accordance with the GRI's G3 Guidelines, this report covers topics and indicators that reflect our economic, environmental and social impacts, and particularly those that are considered material; that is, those that may

substantively influence stakeholders' assessments and decisions. In defining these material topics, we have taken into account various internal and external factors. (See Impacts, Challenges and Opportunities on page 7.) We have also drawn upon feedback received from our stakeholders.

## Feedback

We welcome feedback on our performance. Should you wish to provide comment on or have any queries regarding our 2010 Sustainability Report, please contact:

### Investor Relations Downer EDI Limited

Triniti Business Campus

39 Delhi Road

North Ryde, NSW 2113

AUSTRALIA

Email: sustainability@downeredi.com

Phone: +61 (0)2 9468 9700

ABN: 97 003 872 848

## Benchmarking

Our sustainable development efforts have been recognised by our inclusion in the following indices:

- Australian SAM Sustainability Index (Capital Goods Category)



- Carbon Disclosure Leadership Index (Carbon Disclosure Project Australia and New Zealand region).

### CARBON DISCLOSURE PROJECT

Further information in relation to our inclusion in the Carbon Disclosure Leadership Index is provided on page 22 of this report.

## STAKEHOLDER ENGAGEMENT METHODS

Stakeholder	Engagement method
Employees	Surveys, presentations, meetings, conferences, Intranet, training
Clients	Satisfaction surveys, presentations and briefings
Subcontractors	Meetings <sup>1</sup> , website (e.g. for induction), presentations and briefings
Suppliers	Meetings, website, presentations and briefings
Partners	Meetings, presentations and briefings
Investors and analysts	Annual General Meeting and other meetings, reports, Investor Day and other presentations, direct questions, website, visits to key projects
Communities	Liaison meetings for specific projects, community support initiatives
Governments	Submissions, industry bodies, workshops, direct meetings
Media	Media releases, media conferences/briefings, website
General public	Website, reports

<sup>1</sup> Includes facilitated / one-on-one / group / two-way dialogue meetings covering issues such as health and safety, environment impacts, community concerns and projects' performance.

# Impacts, Challenges and Opportunities

The diversity and scope of our activities mean that our potential sustainability-related impacts are wide-ranging. We realise that our social licence to operate is contingent upon our ability to identify, manage and mitigate these impacts.

## Our impacts

Our operational risks are assessed in accordance with our Group Risk Management Framework. Health, safety and environmental impacts (which are discussed in detail in the following sections of this report) are managed through our Group Zero Harm Program.

## Our challenges

As a major employer operating in many sectors across the Asia-Pacific region and beyond, we face a number of sustainability-related challenges.

## Client engagement

The long-term success and growth of our business are dependent upon our ability to serve our clients effectively. Our clients include many major blue-chip organisations, which illustrates the robustness of our counterparty relationships. Understanding our clients' sustainability challenges and assisting them to identify solutions allows us to make the greatest contribution to sustainable development. For example, many of our major clients are including carbon-reduction targets in their sustainability plans. In response to this, we are developing low-emissions solutions to assist them with meeting this challenge.

## Contract risk management

Contract risk management is fundamental to our business. Therefore, managing contract risk satisfactorily, and within a formal, effective and robust framework, is critical to our long-term success. While the risk management process has been, and



Working with our clients to help the world stay connected.

continues to be, enhanced, contracting risk remains intrinsic to the nature of our business.

## Climate change

Climate change remains a challenge for governments, industry and communities worldwide. We recognise that we operate within carbon-intensive industries, and therefore key challenges for us are the effective management of carbon-related data and the reduction of our GHG emissions (see pages 19-23).

Further climate change related challenges for our Group include the availability of key resources, such as energy and fuel, and potential business interruptions due to the predicted increase in extreme weather events.

## Attraction and retention of employees

In a labour market in which there is great competition for some of our most-needed skills, effective attraction and retention strategies are critical. We therefore recognise the need to provide our people with learning and development opportunities. We also offer a range of entry-level programs to encourage people to start their career with us, such as apprenticeships, scholarships, and graduate programs (see pages 15-18).

## Diversity

We understand that a diverse workforce will deliver valuable dividends for our organisation, including:

- Greater innovation and creativity
- Improved client engagement
- Increased morale, motivation and engagement of our people
- Attraction of the best talent

We view the improvement of the diversity of our Group as a major challenge, hence this will be a key focus area over the coming years (see pages 15-16).

## Political factors

We undertake work for a range of public and private sector clients. Our performance may be influenced by a number of political considerations, including the priority accorded by governments to infrastructure projects, the attitude of governments to private sector participation in such projects, and changes in the level of government spending.

The proposed Mineral Resource Rent Tax (MRRT) caused some uncertainty during the year, as some clients considered whether or not to defer decision-making on projects; however, the impact on our business so far has not been significant.

## Regulatory change

The proposed harmonisation of occupational health and safety laws in Australia will result in significant changes to the regulation of workplace safety. The reforms will have implications for all companies operating within Australia and, in particular, for company directors and managers, who will be subject to new obligations under the new laws.

# Impacts, Challenges and Opportunities

## Our opportunities

Our broad range of capabilities places us in a unique position to contribute to sustainable development by offering whole-of-lifecycle solutions to our clients in the key sectors of resources, transport, communications, social infrastructure, energy and water. Across these sectors, we strive to engage in projects that have a positive impact on our natural and social environments, while helping our business to grow.

## Resources

Risks to mining operations increasingly include legislative compliance, energy costs, community expectations and future regulatory emission tax uncertainty. Our Mining division has proven methods for cost-effectively reducing exposure to climate change through the development of a suite of robust commercial and practical options for GHG emissions management and increasing energy efficiency. These include renewable fuels, emissions abatements and offsets, and fugitive methane management.

## Transport

Strong employment, population growth, higher fuel prices, road congestion and environmental factors have resulted in increasing demand for rail transport. Australians have increased their use of rail as a form of transport over the last five years, particularly in Melbourne, where patronage reached record highs in 2007.

Total passenger journeys increased by 11.7% in the five years to 2007, and reports from rail operators indicate that passenger numbers grew even faster in 2008 and continued to grow in 2009.

Rail freight activity is also increasing, largely driven by the increased resources demand. The shift from road to rail is estimated to be three times more energy-efficient.

We are a leading supplier and maintainer of passenger and freight rolling stock, and have recently extended into passenger transport with our joint venture partner Keolis, after winning the franchise rights to the largest light rail network in Australia – Yarra Trams in Victoria.

We also have a strong capability in the construction and maintenance of roads across Australia and New Zealand. We are dedicated to adopting the latest technology to provide our clients with low-emission asphalt products that reduce their carbon footprint (see page 23).

Through our Consulting division, we also have widespread experience in planning, designing and managing the construction of airports, addressing key aviation requirements such as safety, security, efficiency, and comfort.

## Communications

The communications sector has a critical role to play in the advancement of sustainable development. Video and audio conferencing, for example, can save millions of miles in air travel



Downer Rail's Millenium Train.

alone. We offer end-to-end critical infrastructure management services to the communications sector. This includes facilities management and maintenance services, through to the design, engineering and deployment of major infrastructure projects.

## Social infrastructure

Through our Consulting division, we have capabilities in the area of urban development design. Recent projects include the design of new greenfield townships, urban revitalisation of historical precincts, new public institutional buildings, and adaptive reuse of heritage buildings.

## Energy

The Federal Government's reforms to the Renewable Energy Target scheme, which come into effect in January 2011, are predicted to increase demand for large-scale renewable energy generation.

Through our Engineering division, we have a significant profile in the renewables sector, being the largest balance-of-plant contractor in the growing wind farm sector, in which we partner with major wind turbine suppliers.

## Water

The combined capability of the Group means that we are able to offer complete asset lifecycle solutions for municipal and industrial water, wastewater treatment plants and reticulation networks.



Maintenance Superintendent Jamie Walker at the Commodore mine in South East Queensland, where the use of biodiesel has contributed to a 30% reduction in GHG intensity over a four-year period.



# Governance

Our corporate governance framework provides the platform from which:

- The Board is accountable to shareholders for the operation, performance and growth of the Group
- Downer management is accountable to the Board
- The risks of our business are identified and managed
- We effectively communicate with our shareholders and the wider investment community.

## Our approach

To assist us to maintain an effective system of corporate governance, the Board (under the oversight of the Nominations and Corporate Governance Committee) commissioned an extensive review of our corporate governance structure and systems during 2009.

Following on from the review, we have enhanced our corporate governance framework and updated its ancillary frameworks to ensure that we continue to promote leading corporate governance practices.

This report provides a general overview of our approach to governance. Our Corporate Governance statement for the year ended 30 June 2010 contains further details about our approach to governance, including our compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Our Corporate Governance statement is contained in our 2010 Annual Report and on our website at [http://www.downergroup.com/Documents/Policies/2010\\_CG-Report.pdf](http://www.downergroup.com/Documents/Policies/2010_CG-Report.pdf).

## Our Board

The business is managed under the direction and oversight of the Board, with day-to-day management of operations delegated to the Managing Director and Chief Executive Officer, and, through him, to the Executive Leadership Team (ELT) and senior executives.

In 2009-2010, Downer adopted a revised Board Charter, which sets out the functions and responsibilities of the Board and describes the functions delegated to management. The charter is available on our website at [www.downergroup.com](http://www.downergroup.com).

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

- Overseeing the Company, including its control and accountability systems
- Appointing and removing the Managing Director and Chief Executive Officer and senior executives
- Monitoring performance of the Managing Director and Chief Executive Officer and senior executives
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance

The primary goal set for management by the Board is to focus on enhancing shareholder value.

During 2009-2010, the Board comprised the Chairman (an independent, non-executive director), five independent, non-executive directors, and one executive director (the Managing Director and Chief Executive Officer).

Details about the members of the Board, including their skills, experience, status and term of office, are available on our website at <http://www.downergroup.com/About-Us/The-Board.aspx>.

The Chairman is appointed by the Board to provide leadership to the Board and to ensure that a high standard of values, processes and constructive interaction are maintained. The Chairman represents the views of the Board to our shareholders

and conducts the Annual General Meeting. The composition of the Board is assessed by the Nominations and Corporate Governance Committee to ensure that the requisite balance of skills for the business is represented.

The Board has established a number of committees to assist the Board to effectively and efficiently execute its responsibilities. The Board Committees review matters on behalf of the Board and make recommendations for consideration by the full Board. The main Board Committees are listed below:

- Audit Committee
- Nominations and Corporate Governance Committee
- Remuneration Committee
- Risk Committee
- Zero Harm Committee
- Disclosure Committee
- Tender Review Committee
- Listed Company Transactions Committee.

Following a comprehensive review of our Board Committee Charters during 2009-2010, we engaged in a program of renewal of our Board and Board Committee procedures. In addition to the new Board Charter in early 2010, the Board adopted enhanced charters for each Board Committee.

Further information in relation to our Board Committees is available at: <http://www.downergroup.com/Investors/Corporate-Governance/Board-Committees.aspx>.

## Zero Harm Committee

The Zero Harm Committee has been established to assist the Board in its oversight of the Company's compliance with its Zero Harm commitments, which include health, safety, environment and sustainability, as well as its legal and regulatory obligations.

In broad terms, the Zero Harm Committee is responsible for:

- Ensuring that the Zero Harm initiative is a core value and priority across the Group

# Governance

- Overseeing the development and implementation of policies and practices to ensure that the company complies with its Zero Harm obligations and commitments
- Ensuring that the Group's health, safety, environment and sustainability policies and practices are reviewed on a regular basis to make sure that they are current, effective and in line with leading practice
- Ensuring that appropriate performance measures and targets to monitor compliance with the Group's health, safety, environment and sustainability policies and practices are established
- Monitoring the Group's performance against the established measures and targets to ensure that this framework facilitates continuous improvement in health, safety, environment and sustainability matters.

The Zero Harm Committee Charter sets out the functions and responsibilities of the Zero Harm Committee and how the Zero Harm Committee will operate. A copy of this Charter is available at <http://www.downergroup.com/bulk/documents/governance/august2010/Zero%20Harm%20Committee%20Charter.pdf>.

## Zero Harm Leaders Network

Our Zero Harm Leaders Network is a Group-wide network of our senior Zero Harm professionals and operations

personnel, and has a key direction-setting role. Its purpose is to provide technical policy support, advice, recommendations and implementation channels to the ELT and the Board.

It is structured to provide a balance of business interests, and its key activities include:

- Recommending policy and standards to the ELT for adoption by the Company
- Developing strategies from the outcomes of ELT and Zero Harm Committee meetings
- Enabling two-way communication of Zero Harm messages and emerging trends, which can then be reflected in medium- and long-term planning
- Providing a mechanism for employees to provide recommendations or direction to the highest governance body through their divisional representative.

## Corporate Code of Conduct

Our directors and employees conduct business according to the Corporate Code of Conduct, which is designed to maintain confidence in the integrity of the organisation, and the responsibilities and accountability of individuals. A copy is available at <http://www.downergroup.com/Documents/Policies/Corporate-Code-of-Conduct-Rev-0.pdf>.

Our Corporate Code of Conduct sets out a number of principles with which

our people are required to comply when they are working for or representing Downer, including:

- Commitment to shareholders
- Legislative compliance
- Environmental protection
- Workplace health and safety
- Equal employment opportunities
- Confidentiality
- Conflicts of interest.

The Corporate Code of Conduct also clearly sets out individual responsibility and accountability for reporting and investigating non-compliant practices.

As part of our ongoing corporate governance program, in 2009-2010, we conducted a series of formal training and continuing education sessions. These sessions covered a number of governance matters, including our governance policies. The sessions were conducted by external legal advisers and were particularly practical, providing attendees with the legal and policy background to enable them to make appropriate commercial decisions.

We also initiated a professional conduct program for all employees during the year. This program is designed to provide guidance on our Corporate Code of Conduct, as well as the legislative aspects of equal employment opportunity, diversity and the standard of conduct we expect from our employees.

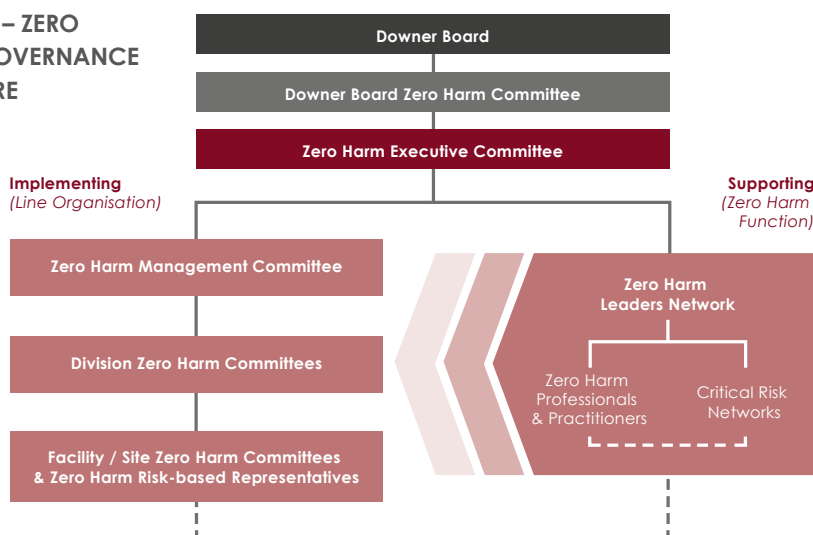
The abovementioned programs are ongoing, and training and continuing education sessions are scheduled periodically to ensure that all our people are aware of and understand their responsibilities.

## Communications

In 2009-2010, the Board adopted a new Communications Policy to assist the Company and its authorised spokespeople to:

- Communicate effectively with the Company's shareholders
- Provide the Company's shareholders and the general investment community with access to balanced and clear information about the Company

**FIGURE 2 – ZERO HARM GOVERNANCE STRUCTURE**



# Governance



- Encourage the Company's shareholders to participate in general meetings

The Communications Policy is available on our website at: <http://www.downergroup.com/bulk/documents/governance/august2010/Communications%20Policy.pdf>.

In addition to our Annual General Meetings, we communicate with our shareholders in a number of ways, including:

- Annual and half-yearly reports
- Media releases
- Disclosures pursuant to our legal and regulatory obligations
- Investor days
- Company briefings.

We use our website to promote and facilitate communication with our shareholders, by making available all media releases, announcements to the ASX and the NZX, financial presentations, annual and half-yearly reports, and annual investor day and Annual General Meeting presentations by the Chairman and the Managing Director and Chief Executive Officer.

## Influencing sustainability policy development

We contribute to Australian sustainability-related policy development through direct submissions and dialogue with government agencies, for example:

- NGER Act – we have made a number of submissions relating to the ongoing development of this Act, and have attended meetings with the Department of Climate Change and Energy Efficiency
- Energy Efficiency Opportunities (EEO) Regulations – we have provided feedback to the Department of Resources, Energy and Tourism in relation to the enhancement of reports required under the EEO program and have contributed to the development of government workshops
- Harmonisation of occupational health and safety regulations – we have contributed to the development of the proposed model Act through direct submissions and dialogue
- Department of Education, Employment and Workplace Relations – we are in regular dialogue with the Office of the Federal Safety Commissioner

Our ability to inform and influence policy and decision-makers is facilitated by our membership of a number of peak industry bodies, including:

- Association of Consulting Engineers Singapore
- Association of Consulting Surveyors of Victoria
- Australasian Asphalt Association
- Australasian Railway Association Incorporated

- Australian 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
- Minerals Council of Australia
- National Electrical Communications Association of New Zealand
- Queensland Resources Council
- Rail Industry Safety and Standards Board (Australia)
- Roads Australia
- Safety Institute of Australia
- Singapore Green Building Council
- Singapore Institute of Architects
- Singapore National Employers Federation
- Singapore Society of Project Managers
- Urban Development Institute of Australia.

# Health and Safety

Our goal to sustain a Zero Harm environment requires the engagement and dedication of our employees, contractors, partners, suppliers and clients. We have developed systems, processes and, most importantly, a culture that drive us beyond compliance. We believe in challenging industry norms and developing new ways of working as we strive for best practice.

## Our approach

Caring for and protecting our people continue to be of the utmost importance for us. Over the past year, we have focused on the critical areas of risk management and visible active leadership to support our objectives and work towards our goal of Zero Harm.

Our objective is to equip our people with the systems, knowledge and support networks that they require to work more safely and efficiently, and to feel empowered to suggest and implement changes to improve.

## Risk management

In 2009-2010, we further enhanced our risk management process by introducing the concept of critical risk networks.

The critical risk networks bring together teams of highly-skilled people from across our Group to ensure that our policies, standards and processes for managing activities with high-severity consequences are based on leading practice. The networks also focus on implementation of policy and raising awareness, and provide an ongoing forum for discussion to deliver continual improvement.

The first of these networks has focused on energy isolation. In the year ahead, we intend to apply the same approach for management of vehicle interactions and working at heights.

## Leadership

A new Zero Harm Executive Committee has been established to support the Board Zero Harm Committee. The purpose of the Zero Harm Executive Committee is to:

- Demonstrate leadership and facilitate a transformational change improvement in Downer's Zero Harm performance
- Act as the policy approval body for Group-wide Zero Harm matters
- Regularly review the effectiveness of Zero Harm management processes and ensure improvement.

Members of the committee include the Managing Director and Chief Executive

Officer, Chief Operating Officer, and divisional Chief Executive Officers.

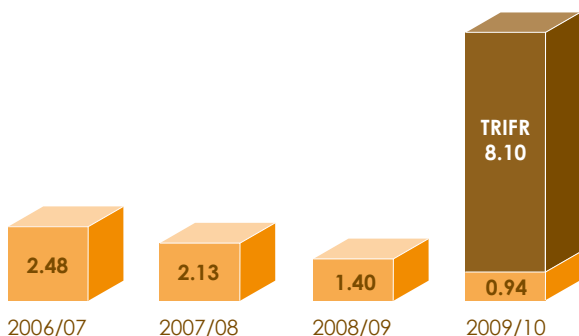
Our focus for the year ahead is to improve the knowledge, capability and skills of our line management to assist them in taking greater responsibility and accountability for Zero Harm. Line managers will be supported by a Zero Harm Practitioners Network. This network comprises competent, qualified and experienced health and safety professionals and practitioners, and will empower and enable line managers by providing assistance and support, and robust Zero Harm systems and communications tools.

## Our performance

Our focus, commitment and the efforts of our people have helped us to achieve a record-low LTIFR of 0.94 (at 30 June 2010); a 32.9% improvement on last year. While we are by no means relaxing our focus on reducing the number of LTIs still further, we are now working hard to turn the attention of our workforce to medically treated injuries (MTIs), and, accordingly, have moved to the reporting of our TRIFR. The TRIFR includes LTIs and MTIs, providing a broader indication of our performance in health and safety. It also allows us to continue to benchmark against those of our industry peers that have also moved to TRIFR reporting.

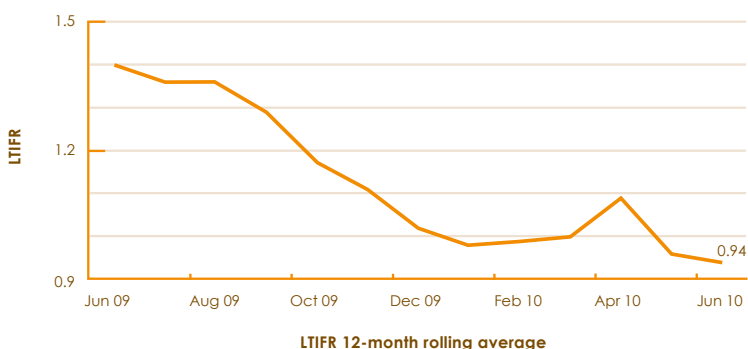
We are pleased to report that we did not incur any safety-related fines or prosecutions during the 2009-2010 financial year.

**FIGURE 3**  
LTIFR (PER MILLION HOURS WORKED)



*(Published safety statistics may be subject to change due to updates in incident classifications and amendments to hours worked)*

**FIGURE 4**  
LTIFR 2009-2010 (PER MILLION HOURS WORKED)



# Health and Safety

## Programs and initiatives

During 2009-2010, we rolled out the following initiatives that have assisted in the continued improvement of our health and safety performance:

### Group-wide Zero Harm database

In July 2010, we successfully went live with Downer's first Group-wide database, to capture, manage and report health, safety and environmental information. The new Zero Harm database facilitates real-time, workflow-based, online information recording and sharing. It provides a Group-wide approach to the management of Zero Harm information monitoring, compliance and reporting, replacing the various systems previously used throughout the Group with a single, integrated database.

The key benefits of the Zero Harm database include:

- Accurate and consistent reporting of incidents to provide better data for analysing performance statistics and trends
- Efficient management of preventative and corrective actions identified from incident and hazard reporting, auditing and improvement suggestions
- A confidential and central storage location for injury management information
- Consistent records for statutory compliance and performance data
- Reduction in the time previously spent collating incident data and monthly reports, allowing our people to be working on more proactive tasks.

We will continue to integrate the system within the Group to expand on its functionality during 2010-2011.

### Zero Harm Leadership Program

Another key initiative in 2009-2010 was the development and implementation of a Zero Harm Leadership Program. The program was designed to provide our supervisors and line managers with the skills and knowledge necessary to become effective Zero Harm leaders. We recognise that leadership is a critical factor in achieving Zero Harm, and

consequently the program incorporates adult-learning strategies that empower the ownership of Zero Harm.

The three-day program, which was piloted by our Engineering division in Newcastle (New South Wales), incorporates a workplace safety improvement project that can be completed individually or as part of a team. Projects from the program have included: improving flammable goods cabinets; working on knees and hard surfaces; overhead cranes in workshops; and removing bicycle hazards.

The initiatives are captured in formal project sheets, which are published on the Group Intranet, so that the entire business can access ideas with potential for application in their own workplaces.

We will roll out the program throughout the Group during 2010-2011.

### Zero Harm Awareness Program

Our Zero Harm Awareness Program is an excellent example of intra-Group collaboration aimed at delivering key messages in a consistent and interesting manner. The program comprises a series of DVDs featuring Zero Harm issues and initiatives from across the Group.

Launched in January 2010, the first DVD focused on Job Safety Analysis (JSA) and was strategically released to raise everyone's awareness of the importance of taking the time to plan for safe work on their return from the Christmas break. Three workplace scenarios, and one based in the home, demonstrated how to identify and control hazards by completing a JSA. The second of the DVDs for the year targeted manual handling and the third was produced to showcase environmental initiatives across the Group (see page 23). Isolation and working at heights will feature in 2010-2011.

Each DVD is complemented with learning material made available through the Group Intranet.

The DVDs were well received across our Group, for both their Zero Harm message and the opportunity for our people to view our diverse work environments.



## Case Study Cape Preston beats the heat

Recognising that their workforce was exposed to extremely hot environments, such as the engine bays of heavy machinery, the team at Downer Mining's Cape Preston site knew that they needed to go above and beyond minimal compliance to reduce the risk of heat-related illnesses. Consequently, they implemented new best-practice heat stress procedures, developed as part of Mining's Enhancing Workforce Health Program in collaboration with the Queensland University of Technology. These included:

- Weather meters to calculate the heat stress index, which provides exposure limits for different conditions
- Voluntary urine sampling, so that employees could find out their hydration status both pre- and post-shift
- A "Heat Stress Campaign" run across all Mining's sites during November and December 2009
- "CoreControl" devices (or ice gloves) to extract heat from the body and accelerate the body's natural cooling mechanisms

After the introduction of these procedures, the Cape Preston team experienced no heat-related incidents. The ice gloves in particular were a great success, with employees who used them reporting that they felt more refreshed and less fatigued after using the units for just 10 minutes on one hand only.

# Health and Safety



## Case Study New Zealand's Zero Harm culture change

Creating a new culture of safety has led to measurable results for Downer New Zealand. As a major player in the national infrastructure sector, it wanted to tackle behavioural issues that were the final obstacle to a true, positive 'safety culture' among its employees and subcontractors.

The introduction of the Zero Harm model three years ago engaged workers at all levels and gave them unique tools to take back on the job. The results have been dramatic. Since 2008, there have been:

- 50% fewer plant incidents
- a 75% drop in incident severity rates
- an 84% reduction in the number of insurance claims

These improvements have been reflected in a decrease in injury-related costs from NZ\$69 to NZ\$41 per employee over the same period, and have also earned Downer New Zealand the Industry Best Practice Award – People in the Roding New Zealand Excellence Awards 2010. The judges said:

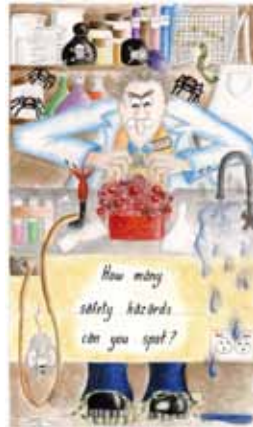
"The organisation has made a radical shift from using a compliance-based Health and Safety system to the development of an overarching culture promoting a standard where anything less than Zero Harm is not acceptable. This has been accomplished by shifting people's mindsets from 'having to' to 'wanting to' when it comes to Zero Harm."



## Case Study Kids on track for new year

The Downer Rail Health, Safety and Environment team has developed a Safety Calendar, featuring illustrations by employees' children, as part of a nationwide competition.

The competition took approximately nine months of planning, to make sure all the correct promotional material was available and distributed to the facilities,



including planning for the receipt of the posters, and assembly, printing and distribution of the calendars.

Many entries were sent from sites around Australia, and the winners ranged in age from five to 13, and represented a broad cross section of regional and metropolitan centres.

All entrants were issued with a letter, thanking them for their entry, and given a Downer drink bottle and hat, and a laminated copy of their poster.



The posters were judged by the Downer Rail Executive Manager Safety and Environment, and consideration was given to the entrants' ages, originality, and the relevance to safety at Downer. The winners of the calendar competition received a voucher to spend on books or sporting equipment, and their schools received a cheque for A\$1,000.

All Downer Rail employees received a copy of the calendar to take home to their family.

# People and Community

Our overarching goal is to empower our people, to enable them to deliver improved value to our clients and shareholders, communities and themselves. This means that we will care for, support, develop and engage them, and, through this, grow a successful international world-class business.

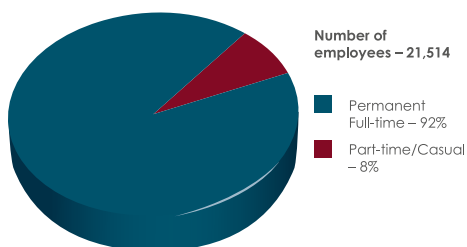
## Our approach

We want our people to strive for improvement and innovation, and have the courage to think of and actively contribute new initiatives. Therefore, empowering our people is a critical element of the Back-to-Basics Program (see page 4). The driving principles of this philosophy are to:

- Work towards a One Downer approach
- Free up the potential of every individual
- Grow talent within the organisation
- Build high-performing teams within and across Downer
- Implement the tools and actions to support our people at the front end of our business

Over the 2009-2010 financial year, we have been reviewing where we are as an organisation and understanding the most appropriate way forward, to ensure that we deliver benefits to the Group as a whole.

**FIGURE 5**  
EMPLOYEE BY CONTRACT TYPE (%)



Kirsty Thompson works in pit control at Sunrise Dam Gold Mine in Western Australia.

We have made an important addition to our ELT through the appointment of an Executive General Manager Human Resources and Corporate Affairs. This new role will focus on driving a collaborative Group-wide approach in the key area of human resources. Strategic focus areas will include:

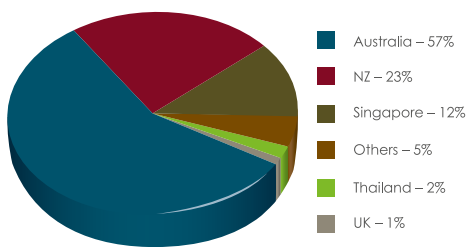
- Recruitment and retention
- Diversity
- Talent and performance development
- Rewards strategy.

During the year, we commenced work on a number of initiatives to deliver improvements in these areas, as described below:

### Recruitment and retention

A key commitment made in 2008-2009 was to implement an e-recruitment system to enable us to manage recruitment applications and measure trends more effectively.

**FIGURE 6**  
EMPLOYEES BY REGION (%)



The roll-out of the e-recruitment (known as Page Up) system across the Group is now complete. The Group-wide candidate database is growing, with around 58,000 applicants currently registered in the system.

A key benefit of this system is that it enables our existing employees to see opportunities across the Group. This will assist us to retain talent and, therefore, valuable corporate knowledge. We expect to see internal applications double over the next 12 months, which will also have the benefit of reducing the cost per hire.

We are also working on several strategies aimed at increasing the number of external applications received directly through our website, as this is our most cost-effective sourcing channel.

### Diversity

Our recruitment processes are compliant with relevant employment legislation and with our Corporate Code of Conduct, both of which prohibit discrimination on the basis of race, creed, disability, gender, marital or maternity status, religious or political beliefs, age, or sexual orientation. We believe that there is strength and success in diversity, and improvement in this area is a key focus area for us.

At Downer, the three aspects of diversity that present us with the greatest opportunity are gender, age and Indigenous employment.

# People and Community

As at 30 June 2010, we employed approximately 21,500 people in a diverse range of roles across a number of countries. Of these people, 15% were female, which is consistent with 2008-2009. In relation to our salaried workforce, 25% were female, of whom 18% were in technical/professional roles. We are continuing to work towards optimising the balance of males and females in our workforce. We are also conscious of the need to address the issue of an ageing workforce. We estimate that we are likely to lose around 25% of our salaried workforce due to retirement within the next 15 years and around 50% within the next 20 years. By comparison, only 6% of our employees are under 26 years of age.

We are also investigating a Group-wide approach to Indigenous employment. Due to the nature of the sectors in which we work, particularly within the resources sector, our operations are sometimes situated in regional and remote locations, which often have significant Indigenous populations. We recognise that we are well-placed to provide these communities with opportunities for economic participation through employment and skills development.

To provide a greater focus on increasing diversity in our workforce, particularly in these three key areas, we have assigned a senior human resources professional to develop a Group-wide strategy and implementation plan.

## **Talent and performance development**

Over 100 managers across Downer have commenced our internal Leadership Development Program. A further 32 will have joined the program by the end of December 2010.

In addition, a Professional Development Program will commence in 2010-2011 for our 'rising stars' and high-potential employees who are not currently in managerial roles.

The evolution of our divisional cadet, graduate and apprenticeship development programs also continues to be a high priority for us.

## **Rewards strategy**

We recently initiated a review of remuneration and benefit practices across the Group. Information gathered through extensive consultation with staff and management during 2010 will be used to

design a reward philosophy and strategic framework to support all business divisions.

The project is now in the audit and data-collection phase. Executive interviews have been completed, and data has been gathered from our divisions. A champion in each division has been trained in remuneration and benefits basics to build capability across the Group.

## **Employee benefits**

We are committed to providing employees with all legally-required benefits. We provide retirement plans in most countries in which we operate, and make contributions to these plans in accordance with local regulatory requirements or as agreed with our employees. These plans generally have a high level of participation.

We provide defined 'contribution' plans to employees; we do not provide any defined 'benefit' plans. For example:

- In Australia, we meet the requirements of legislation in relation to making employer contributions to complying superannuation funds of which our employees are members. All employees are entitled to choose their preferred complying fund. In addition, there are



## **Case Study** **Short visit leads to long-term employment at Sunrise Dam**

In March 2010, six representatives of the Mulga Queen and Mount Margaret Indigenous communities in Western Australia's Laverton region visited Downer Mining's operations at AngloGold Ashanti's Sunrise Dam gold mine.

With enthusiastic support from the project team, the site visit comprised an induction, dump-truck ride and visit to the

accommodation camp. As a direct result, four local Indigenous people from those communities commenced employment at the mine in April.

Further north, four new Indigenous recruits joined Downer Mining's Paraburdoo iron ore mine Indigenous training program, as a result of a recruitment drive in the Murchison Gascoyne region early in the year.

These new recruits contributed to Downer Mining's achievement of its annual Indigenous employment target, with 46 Indigenous people employed in 2009-2010 against a target of 40.

In addition, Downer Mining has continued to develop commercial partnerships with Indigenous businesses. For example, since 1996, Downer Mining has worked continuously with Indigenous-owned mining contractor, Carey Mining, at Western Australian gold mining operations, including Sunrise Dam. This association will be further strengthened at Fortescue Metals Group's Christmas Creek project in the East Pilbara, at which Carey Mining is one of four leading Indigenous companies with whom Downer Mining has formed "Teaming Agreements" for the supply of plant and people.



# People and Community

a number of divisional and corporate superannuation funds (set up under external management) that employees are offered the choice of joining

- In New Zealand, we participate in the KiwiSaver superannuation scheme.

In 2009-2010, we introduced a Group-wide Employee Assistance Program (EAP), replacing existing divisional arrangements. The EAP is a confidential counselling service for employees and their eligible family members.

The service is provided by an independent, professional organisation, Davidson Trahaire Corpsych. All counsellors are qualified, experienced professionals who have extensive training and experience in counselling, coaching and workplace consulting. The EAP aims to provide short-term, solution-focused counselling delivered in an informal and friendly manner. It is paid for by the Company.

Some of the issues about which employees access the EAP include relationships, financial problems, stress and anxiety, legal issues and coping with change.

The usage rate for this service is currently at 4.36%, which is approximately in line with the benchmark for all organisations. This indicates that our employees are aware of the EAP and are comfortable accessing it.

## Human rights

We operate in over 23 countries, and compliance with local employment laws is a fundamental requirement for all of our operations.

In all our international dealings, we ensure that Australian legislation relating to trading with companies, organisations or individuals is applied, to ensure that the Reserve Bank of Australia requirements under the Banking (Foreign Exchange) Regulations are met, and that neither the Company nor any of its subsidiaries knowingly enters into arrangements that may contravene these requirements.

In addition, we monitor the Department of Foreign Affairs and Trade website to ensure that we are aware of countries, organisations and individuals subject to sanction under United Nations Security Council resolutions.

## Employee relations

We apply a decentralised approach to the management of our people. This means that divisional management is empowered to deal directly with employees and their unions to achieve labour agreements that benefit both employees and the organisation.

We have a wide variety of employee relations arrangements in place, from individual contracts of employment, to collective agreements covering hundreds of employees. In 2009-2010, approximately 50% of our employees were covered by collective agreements and industry-based awards. These agreements include the requirement for appropriate communication of intended operational changes prior to implementation.

We have policies and procedures in place for the handling of complaints related to matters of discrimination, harassment and bullying. Grievance processes are also established in our collective agreements. We comply with all relevant legislation, and are working towards ensuring that appropriate grievance mechanisms are in place across all regions where we operate.

To the best of our knowledge, during 2009-2010, there were no reported instances of discrimination or situations in our operations where the right to exercise freedom of association or the right to collectively bargain might have been at significant risk.



## Case Study Multiple team mates help multiple sclerosis sufferers

In a significant display of the Downer Spirit, employees raised over A\$150,000 for people living with Multiple Sclerosis (MS), cycling 90km from Sydney to Wollongong for the 2009 MS Gong Ride.

The Gong Ride is held annually on the first Sunday of November, and last year the 136-strong Downer team was

the top fundraiser out of the 792 teams that entered the event, which raised a total of close to A\$3 million for MS Australia.

Downer has been the event's lead sponsor every year since 2006.

# People and Community



## Case Study Landfill lessons reap rewards

Community engagement initiatives generated by our employees at Mt Cooee Landfill in Balclutha, New Zealand have contributed to the site earning a 98% satisfaction rating in a recent local council survey. Key to this great result was a program that educates local school children about the 'waste world'.

The program has now been operating for two years, and involves visits to local schools to present information about waste streams, the lifecycle of waste, and waste collection and reduction in the local community. The students also visit the site and are encouraged to develop plans for how they could impact the landfill operations through their community's recycling initiatives. The community response to the program has led directly to increased separation and correct disposal of waste.

Mt Cooee Landfill has also become a collection agent for farmers' chemical drums, which are dropped off at the landfill and collected by a specialist recycling company.

The Downer Macquarie Arch, built and gifted by Downer, featured in Macquarie Visions, a free public event in May and June 2010, celebrating the 200th anniversary of Australia's visionary leaders Lachlan and Elizabeth Macquarie. The 10-metre-high arch greeted visitors to Macquarie Street, Sydney with its conduits of light and grand steel arches.

Built with the assistance of New South Wales Public Works and designed by Sydney architect Joe Snell, the arch symbolised one of Governor Macquarie's greatest achievements in visioning the future of Australia and represented the road he commissioned over the Blue Mountains. Under Governor Macquarie's vision, engineer William Cox and a team of convicts built this remarkable road in less than six months, earning their emancipation in doing so. This road improved the viability of Australia to develop commerce, trade and civilisation.

Two centuries on, Downer shares and maintains Governor Macquarie's vision, working in partnership with communities across the globe to build towns, cities and nations through the provision of critical infrastructure services designed to enhance standards of living.



## Case Study Celebration of the past symbolises our vision for the future

# Environment

Issues relating to environmental sustainability present risks, challenges and opportunities for our Group. We believe that a collaborative One Downer approach will deliver the most significant performance improvement in this area.

Our vision is to reduce our impact on the natural environment and help our business to grow by achieving excellence in sustainable environmental performance.

## Our approach

To foster our One Downer approach, an Environmental Network was established in February 2010. The network consists of environmental representatives from each of Downer's divisions and constitutes a sub-committee to the main Zero Harm Practitioners Network.

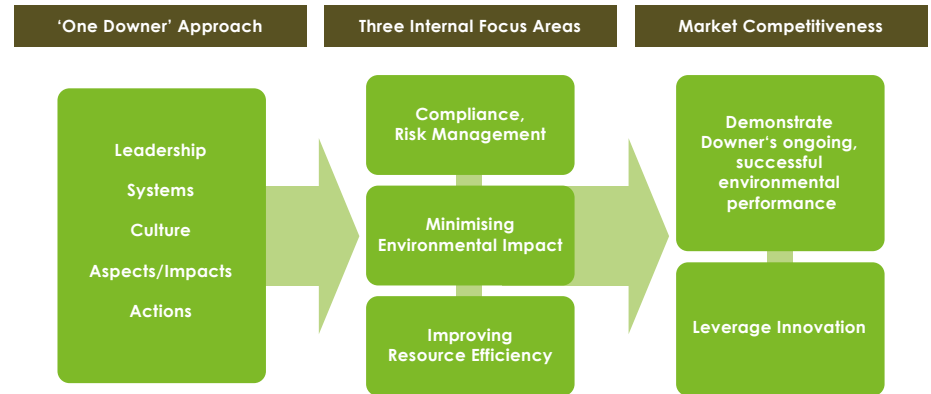
During initial meetings, the network developed a strategy that adopts a three-tiered approach to environmental sustainability, as shown in Figure 7.

An action plan has been developed that identifies the key activities required to deliver against this strategy.

## SPILLS AND INCIDENTS

2009-2010 Spills >100 litres (L) or >100 kilograms (kg)		
Material	Number of Spills	Quantity of spill
Oil (L)	20	10,050
Diesel (L)	2	440
Coolant (L)	1	300
Grease waste (kg)	1	150
Emulsion & ammonium nitrate (kg)	6	4,860
Bitumen (L)	1	1,900
Asphalt emulsion (L)	1	100
Kerosene (L)	1	200
<b>Total</b>	<b>33</b>	

FIGURE 7 – DOWNER ENVIRONMENTAL SUSTAINABILITY STRATEGY



## Compliance and risk management

We aim to embed risk management into all of our critical business processes, so that we are able to identify risks and manage them in a consistent and proactive manner before they impact on our Zero Harm objectives.

Our environmental impacts are identified and managed by specifically-tailored aspects and impacts registers and environmental risk processes at the project level, with control strategies employed according to risk status. Our systems are developed in accordance with the requirements of AS/NZS ISO 14001:2004 – Environmental Management System and the Downer Risk Management Framework. During the past year, we have continued to improve our systems across the Group, with a view to achieving leading practice.

We are pleased to report that we did not incur any environment-related fines or prosecutions during the 2009-2010 financial year.

We have set a goal of zero significant environmental incidents for the next 12 months. We aim to achieve this through focusing on continuous improvement, by maintaining a thorough understanding of the risks in our day-to-day operations, and by further developing our risk management systems.

## Minimising our environmental impact

During 2009-2010, we recorded 33 spills of over 100L or 100kg across the Group. This is a significant increase from the 19 reported in the previous year. This increase may in part be associated with our improved reporting processes, and the increased level of awareness among our employees and subcontractors in relation to this issue. While a reduction in the number of spills is a priority for us, we expect to see an increase in the reporting of these incidents for the above reasons, and also due to the recent introduction of our Zero Harm incident reporting database (see page 13).

## GHG emissions

In Australia, we continue to face uncertainty around the Government's policy on the reduction of carbon pollution. Likewise, at a global level, the United Nations Framework Convention on Climate Change failed to reach an international agreement at the Copenhagen Summit in 2009.

# Environment

By comparison, in 2009 New Zealand passed the *Climate Change Response (Moderated Emissions Trading) Amendment Act 2009*, and has subsequently implemented financial obligations from 1 July 2010 for emissions from the stationary energy, liquid fuels and industrial processes sectors. By 2015, the New Zealand emissions trading scheme will impose obligations on all GHG emissions from all sectors.

Notwithstanding the uncertain political landscape, we believe it essential that we remain committed to identifying opportunities to reduce both our own and our clients' energy consumption and GHG emissions.

Our total Scope 1 and 2 emissions for the past three years are shown in Figure 8. The increase in emissions between 2007-2008 and 2008-2009 is largely attributable to

improvements in data collection processes and changes in the determination of operational control for facilities that we manage/operate on our clients' behalf. The consistency in the year-on-year data between 2008-2009 and 2009-2010 reflects the increased effectiveness of our data collection and management processes and slight growth in emissions intensive business activities. The marginal increase in Scope 1 emissions is associated with further improvement in the collation of our overseas data, and continual change in the scope and number of our business activities.

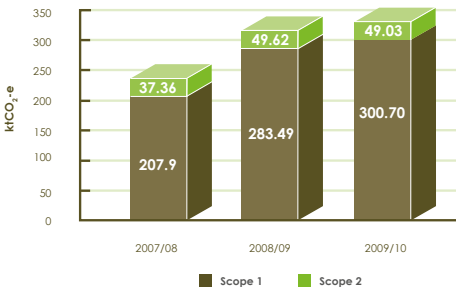
Approximately 58% of our Scope 1 and 2 emissions, as shown in Figure 9, were generated by the combustion of liquid fuels in our vehicle fleet and stationary plant. Fugitive emissions from open-cut

coal mining accounted for 17%, electricity consumption 14% and natural gas 11%.

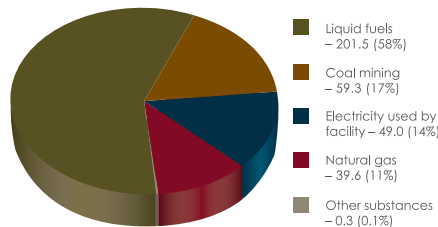
Our absolute GHG emissions are subject to annual fluctuations due to variations in our operations, such as increased asphalt production and changes in our portfolio of contracts. For this reason, we normalise our annual emissions data by calculating our emissions intensity on a dollar revenue basis, as shown in Figure 10.

This approach enables us to compare our annual data more effectively and assists with the establishment of emissions reduction targets. Our GHG emissions intensity for 2009-2010 has increased by 2.9% compared to the previous year's data. The increase was attributable to improved data collection processes for our overseas operations.

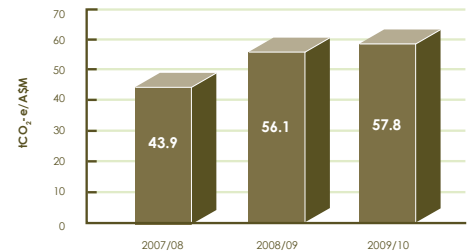
**FIGURE 8 – SCOPE 1 AND 2 GHG EMISSIONS**



**FIGURE 9 – GHG EMISSIONS BY SOURCE (ktCO<sub>2</sub>-e)**



**FIGURE 10 – GHG EMISSIONS INTENSITY**



## Case Study Otraco – cutting the carbon

Otraco, our earthmover tyre-management consulting and services business, has developed a GHG lifecycle assessment (LCA) model as part of its proprietary tyre-management software system, OTRACOM™. The model identifies the GHG emissions associated with the raw materials used in tyres, the manufacturing process, transportation to site, and disposal of tyres after use.

Otraco has applied the LCA model to the work that it has been doing at Newcrest Mining's Cadia Valley operations in New South Wales, which, over the past three years, has resulted in a 60% increase in tyre life for the mine's primary haul fleet.

Applying the LCA model over the same three-year period, there has been an estimated 41% reduction in related CO<sub>2</sub> emissions. This is equivalent to taking 436 average-sized cars off the road each year.



# Environment



We are tracking and reporting employee air-travel emissions.

## Scope 3 emissions

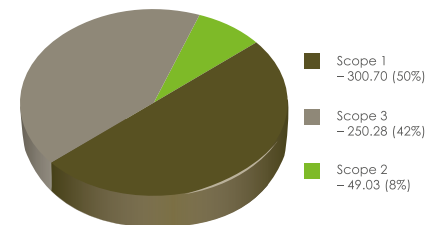
With the aim of increasing our understanding of our climate change risks and opportunities for gaining efficiencies across our value chain, we took an important step during 2009-2010 of starting to identify and understand our Scope 3 emissions. Determining the relevant Scope 3 emissions to include in a GHG

inventory is an inherently difficult task for many organisations. This is mostly due to the diversity of value chains and the difficulty in sourcing reliable data. For these reasons, we will expand and refine this component of our inventory over time.

Our process for identifying which sources to report against has included prioritising sources based on their relative sizes, the significance of their emissions and the availability of reliable data. We have endeavoured to identify and report against the sources that collectively account for 80% of our total Scope 3 emissions.

The largest contributor to our Scope 3 emissions is the consumption of fuel in our contract mining fleets, plant and equipment located at projects under our clients' operational control. This source accounts for 238ktCO<sub>2</sub>-e and almost 40% of our total inventory. Our other significant Scope 3 emission source is employee air travel for business purposes. We have only reported air-travel data for our Australian and New Zealand operations, which account for around 80% of our total employee base. We have recently installed video conferencing facilities in all of our

**FIGURE 11**  
TOTAL GHG EMISSIONS (ktCO<sub>2</sub>-e)



major offices. This is helping to reduce air travel across our Group. Our Scope 3 emissions are shown in Figure 11.

We are confident that our data capture and management processes are providing consistent, accurate data. Our current challenge is the establishment of an appropriate Group-wide GHG reduction target. This will drive further innovation in our products and services, and help to minimise our ecological footprint. To enable the identification of such a target, each of Downer's divisions is developing a GHG reduction program as part of its resource efficiency plan.



## Case Study

### Water Sensitive Cities study tour 2009

Two CPG employees, engineer Leigh Holmes and landscape architect Alexandra Lee, were among 15 young Australian water professionals who travelled to five countries in search of inspiration and ideas that could assist in the creation of a "Water Sensitive City". The group visited people and places in The Netherlands, Germany, Spain, the United Kingdom and Singapore.

The group has since released two reports: A Vision for a Water Sensitive City and Ideas for a Water Sensitive City. The reports provide over 80 practical ideas that anyone can use at home or work to inspire or implement their own Water Sensitive City.

According to our delegates: "We learnt on the tour that no one city encapsulated all the aspects that would make it truly water sensitive, but that there were common elements that occurred time and time again, many of which are easily translated to different situations."

## Voluntary GHG emissions reporting – Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation sponsored by governments and major investment institutions. It was established in 2000 to accelerate solutions to climate change by putting relevant information at the heart of business, policy and investment decisions. Some 3,000 organisations in over 60 countries around the world now measure and disclose their GHG emissions and climate change strategies through the CDP, which currently has over 530 institutional investors, holding US\$64 trillion in assets under management.

The CDP assessment covers four areas: strategy, governance, stakeholder communications and performance. Responses from participating companies are assessed and scored. Companies scoring over 70% are included in the Carbon Disclosure Leadership Index, while companies scoring over 90% are listed as the Carbon Performance Leaders Index.

Downer has been included in the Carbon Disclosure Leadership Index (Australia and New Zealand) for the second year running and is the only contracting organisation listed in this index.



Downer staff monitor driver improvements via smart GPS technology.

### Improving resource efficiency

Our use of liquid fuels accounts for approximately 75% of the energy that we consume (as shown in Figure 12). We are determined to reduce our use of liquid fossil-fuels and are exploring innovative ways to do this. Examples include:

- Technical efficiencies, such as solar-powered lighting towers, which are undergoing assessment for suitability as a replacement for traditional towers powered by a diesel generator. The aim is to trial the solar-powered units under actual night work site conditions to confirm that they provide adequate and safe lighting for night conditions. Each solar-powered lighting has the potential

to save, on average, over 6,000 litres of diesel fuel a year

- Switching to alternative fuels, like B20 biodiesel in our mining fleet, is reducing our consumption of traditional fossil fuels. Our Mining division is the largest consumer of B20 biodiesel in the Australian mining sector
- Using our mining-equipment operator-training simulators to train operators in techniques to maximise fuel-efficiency and extend equipment life reduced our energy consumption by around 223 gigajoules (GJ) at Commodore mine and around 7,646GJ at other mines on behalf of our clients in 2009-2010. These savings represent the immediate benefit

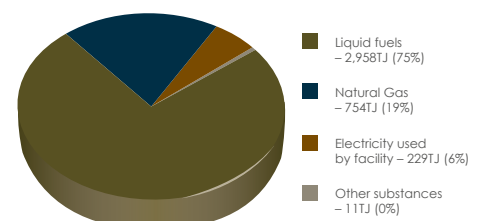
from undertaking the training in the simulator rather than doing it “live” and burning fuel in an operational vehicle

- The continued roll-out of GPS on our New Zealand fleet, integrated with job scheduling software and driver training, has delivered an immediate 23% fuel reduction with longer-term reductions expected to be around 10%. Other benefits include better safety awareness and behaviours, reduced property and vehicle damage, GHG emissions reduction and lower insurance premiums.

### Energy Efficiency Opportunities

The Australian Government's EEO Program has been instrumental in helping us to identify and progress energy-efficiency opportunities. Due to the success of this approach within our Mining and Works divisions, we are extending the program to all of our Australian operations

**FIGURE 12**  
**DIRECT AND INDIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE (Tj)**



# Environment

from January 2011. Our 2009-2010 EEO Public Report is available at <http://www.downergroup.com/Investors/Shareholder-Information/Shareholder-Reports.aspx>.

## Raising awareness

Understanding our capacity to further improve our resource efficiency is a strategic priority for us. In the 2010-2011 financial year, we will continue to develop our processes for managing data associated with water consumption and waste generation. This will provide the foundation upon which we can establish quantifiable environmental targets for the future.

To help promote resource-efficiency measures to our people, we have produced a DVD as part of the Zero Harm Awareness Program (see page 13), to showcase some of the great initiatives being undertaken across the Group.

The DVD features:

- The Mt Cooe Landfill is in Balclutha, New Zealand, where the team has introduced an innovative waste-recycling education program for local schools (see page 18)
- Representatives from Works' Archerfield asphalt plant in Queensland, who have developed more sustainable asphalt mixes and work practices
- Mining's Commodore mine team, which has implemented a ground-breaking biodiesel program and sustainable mine-management practices that are realising significant environmental achievements.

Each of these initiatives started out as a small idea, but evolved into a true environmental success story, resulting in benefits for both Downer and the communities and sectors in which we operate.

We have issued the DVD to all of our operations, and are challenging our people to consider the ways that they can make a difference in their workplace and at home.

Exerpts from the DVD can be viewed at <http://www.downergroup.com/zero-harm/environment/>.

## Case Study Environmentally-aware clients recognised with Certificate of Carbon Emission Reduction

The use of Recycled Asphalt Product (RAP) and Warm Asphalt Mix (WAM) makes a significant difference to Downer's carbon footprint. Now, we also offer our clients a Certificate of Carbon Emission Reduction that acknowledges their respective total carbon emissions saving for a particular project.

The certificate provides our clients with confirmation of the emissions-reduction

benefits associated with their choice of a low-carbon Downer product instead of traditional road-surfacing products.

The stated savings are estimated based on an LCA analysis of the plant from which the products used in the project were produced. This assessment was independently prepared and has been validated by independent expert peer review. The LCA study determined that, for 1km of heavy-duty arterial road with a dense graded surface, 312 tonnes of CO<sub>2</sub> could be saved over a 30-year period by substituting traditional asphalt with RAP and WAM.



## Case Study Downer Rail's Green Team kicks goals

Downer Rail's Parts and Accessories business has formed a Green Team at its Wetherill Park facility in Western Sydney. The team aims to deliver improvements on compliance, environmental awareness, recycling, and energy reduction.

The team has already delivered many benefits, including a complete overhaul of the recycling process, which has resulted in a reduction of general waste from 66% to 25% of total waste and an increase in recycling from 34% to 75% of total waste. This has resulted in over A\$8,000 of savings a year.

The team has also reduced energy usage at Wetherill Park by 12% year-on-year.

# Awards

In 2009-2010, we received many awards across the Group, recognising our technical expertise and, very pleasingly, our commitment to sustainable development and Zero Harm.

## AUSTRALIA

### **National Safety Council of Australia's (NSCA) – 2010 Awards of Excellence**

Downer Works won the award for Excellence in Innovative Environmentally Sustainable Work Practices for its RAP and WAM products (see page 23), which reduce carbon emissions by up to 30%.

### **National Electrical and Communications Association (NECA) – 2010 New South Wales Excellence Awards for the Sydney Opera House – Accessibility and Western Foyers Project**

Downer Engineering was engaged to install the electrical systems for the project (including general public area lighting, specialised theatre lighting and controls, power, security, CCTV, emergency and exit lighting, auto door, and lift and escalator power supplies and controls) and was recognised with this award for its workmanship.

### **BHP Billiton Iron Ore RGP5 Port Project, Port Hedland – January 2010 Contractor of the Month**

Downer Engineering received this award for its achievements and commitment to safety.

### **NECA – 2010 Western Australia Excellence Awards**

Downer Engineering's Power business won this award for its work on the electrical and instrumentation installation for the Boddington gold mine expansion project. By completion, it had installed approximately 503,000 metres of high- and low-voltage cabling and recorded over one million man hours. The project was delivered on time, on budget and with no defects.



Downer Works wins NSCA award for innovative environmentally sustainable work practices.

### **Industrial Foundation for Accident Prevention (IFAP) – 2009 Safe Way Awards**

Downer Works received two awards from IFAP for:

- Six successive calendar months LTI-free
- Gold Safe Way Achiever Award in recognition of the implementation of its Safety Management System.

### **NECA – 2010 Victoria Excellence Awards**

Downer received two awards from NECA Victoria:

- Industrial Project Category – The Iona gas plant low operating pressure system at Port Campbell can provide gas to both Melbourne and Adelaide, and is also capable of storing excess gas in its underground wells. As this project was a hazardous installation, special requirements to comply with the cabling lighting and earthing protection were necessary, and Downer Engineering excelled in this area
- Commercial medium project category – Downer Engineering designed, installed and commissioned the electrical and communications systems for the National Ice Sports Centre. This required innovative methods for lighting requirements over two special ice rinks and included the design of a method for lamp changing.

### **VicRoads Safety Innovation Award – 2009**

CPG was awarded the Safety Innovation Award by VicRoads for its traffic engineering services work on the upgrade of the M1 corridor, as part of

Melbourne's Monash-CityLink-Westgate Freeway Upgrade.

### **Planning Institute Australia, Victorian Division – 2009 Urban Planning Achievement Award**

CPG received a commendation for Urban Planning Achievement for the development of a gaming policy for 13 municipalities across Victoria. The policy provides local government with the ability to influence the location of gaming machines, and to consider the social and economic effects of new machines within municipalities.

## NEW ZEALAND

### **Taranaki Regional Council – 2009 Environmental Excellence Award**

Downer Works received this award for advances in asphalt plant operation and environmental performance. When an asphalt plant in the Waiwhakairo industrial area was replaced with a refurbished plant from Auckland, an entirely new wet scrubber was installed to remove dust and to achieve maximum emissions control.

### **Roading New Zealand Excellence Awards – 2010 InfraTrain New Zealand Industry Best Practice Award – People**

Downer New Zealand won this award for implementing a Zero Harm Culture Change Program that moved the business from a compliance-based regime to a value-driven culture focused on individual and team participation (See page 13).



# Awards

## **Ingenium Excellence Award (Projects over NZ\$2M) 2009-2010**

Downer New Zealand was one of a group of organisations presented with this award for their work on the Northern Busway North Shore project, which provides Auckland's North Shore commuters with fast, efficient bus travel to the CBD.

## **Skills Highway Award – 2009-2010 Work and Life Award**

Downer New Zealand's Way2Work workplace literacy program was the inaugural winner of the Skills Highway Award at the New Zealand Equal Employment Opportunities Trust Work and Life Awards.

## **The Association of Consulting Engineers New Zealand – 2009 INNOVATE NZ Awards of Excellence**

CPG New Zealand won a Silver Award for Excellence and innovation for the Oamaru Treatment Plant Upgrade, raising Oamaru's water supply grading from E to A.

## **Roading New Zealand Excellence Awards – 2010 Infratrain New Zealand Industry Best Practice Award – Procurement (joint category winner)**

The Wanganui Roothing Maintenance Alliance between Wanganui District Council and Downer delivers all road maintenance plus reseals and road rehabilitation. The award was presented for a truly excellent approach to improving road maintenance delivery. Under the Alliance, the ratepayer dollar is going 15% further and response times are down from over six days to less than two days.

## **CHILE**

### **Minera Escondida – 2009 Top-performing Contractor**

Otraco Chile was recognised by Minera Escondida as one of its five top-performing contractors (out of 200) in the area of health, safety and environment. The Escondida mine, which is 57.5% owned by BHP Billiton, is located in Chile's Atacama Desert and is the world's largest copper producer.

### **Minera Escondida – 2010 Vice President's Award**

Otraco Chile received the Minera Escondida Vice President's award for an initiative that it implemented at Escondida to improve safety when parking or removing a truck for tyre maintenance. Hand signals have been replaced by guide and support bolts, as well as a magnetic indicator.

## **SINGAPORE**



The award-winning Solaris@one-north building, Singapore.

### **Singapore Institute of Architects, National Parks Board – 2009 Skyrise Greenery Award**

CPG Singapore won this award (which promotes and recognises greening efforts in high-rise developments) for its design of the Solaris@one-north office building. The design included a 1.5-kilometre-long spiral green terrace wrapped around two towers enclosing a naturally-lit and ventilated public art plaza.

### **Building and Construction Authority (BCA) – 2010 Built Environment Leadership Gold Class Award**

CPG Singapore was the 2010 recipient of this award, which recognises firms that have demonstrated leadership and excellence in implementing safety, high quality, sustainability and friendliness in the development of the built environment.

### **BCA – 2010 Universal Design Award**

CPG Singapore won two awards for incorporating into its designs features that benefit not only special groups but the community in general:

- Tampines Primary School (Gold) – the project is an integrated, community-orientated development that allows the community to share the school's facilities after school hours
- Supreme Court Singapore (Bronze).

### **BCA – 2010 Green Mark Awards**

These awards aim to drive Singapore's construction industry towards creating more environmentally-friendly buildings. CPG Singapore received awards for the following projects:

- Solaris@one-north – Platinum
- UE BizHub East Business Park, Offices and Retail Development – Gold Plus
- UE BizHub East Hotel, Suites, Serviced Offices and Convention Centre – Gold
- Park Central@AMK – Gold
- Singapore Changi Airport Terminal 3 – Gold
- Kim Chuan Telecommunications Complex 2 – Gold
- Nanyang Technological University – School of Chemical and Biomedical Engineering (Block N1.3) – Certified.

### **BCA – 2010 Design and Engineering Safety Excellence Awards (Institutional and Industrial Category)**

CPG Singapore won a merit award for the Singapore Changi Airport Terminal 3 project.



Yong Aik Fong (left) receives the 2010 BCA Award for Engineering and Safety Excellence on the Singapore Changi Airport Terminal 3 project.

### **Architects Regional Council of Asia (ARCASIA) – 2009 Award for Excellence in Architectural Design (Restoration Project) Gold Medal**

CPG Singapore won this award for the design of the National Museum of Singapore.

# Assurance Statement



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## Limited Assurance Report to the Management and Directors of Downer EDi Limited

We have carried out a limited assurance engagement in relation to Downer EDi Limited's (Downer) Sustainability Report 2009 - 2010 (the 'Report') in order to state whether anything has come to our attention that would cause us to believe that the Subject Matter detailed below has not been presented and calculated in accordance with the criteria described below.

### Subject Matter and Criteria

The Subject Matter and Criteria, as reported in Downer's Report for the year ended 30 June 2010, is as follows:

Subject Matter	Criteria
1. Total direct emissions of greenhouse gases (scope 1) (Page 20);	Downer Management have determined total greenhouse gas emissions taking an operational control approach using the World Business Council for Sustainable Development and the World Resources Institute's <i>The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition</i> . Sources for emissions factors were also drawn from the Australian Government's <i>National Greenhouse and Energy Reporting (Measurement) Determinations 2009</i> ; the U. S. Energy Information Administration's <i>Voluntary Reporting of Greenhouse Gases Program</i> (International electricity emissions factors 1999-2002); and New Zealand's Department for the Environment: <i>Guidance for voluntary, corporate greenhouse gas reporting</i> .
2. Total indirect emissions of greenhouse gases (scope 2) (Page 20)	Downer Management have determined total greenhouse gas emissions taking an operational control approach using the World Business Council for Sustainable Development and the World Resources Institute's <i>The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition</i> . Sources for emissions factors were also drawn from the Australian Government's <i>National Greenhouse and Energy Reporting (Measurement) Determinations 2009</i> ; the U. S. Energy Information Administration's <i>Voluntary Reporting of Greenhouse Gases Program</i> (International electricity emissions factors 1999-2002); and New Zealand's Department for the Environment: <i>Guidance for voluntary, corporate greenhouse gas reporting</i> .
3. Total Recordable Injury Frequency Rate (TRIFR) (Page 12)	Downer has set policies for the classification of occupational health and safety incidents, including Total Recordable Incidents, in its 2010 Sustainability Report in the 'Health and Safety' section.
4. Total number of spills greater than 100lts (Page 19)	Downer has set policies for the classification of environmental spills in its 2010 Sustainability Report in the 'Environment' section.
5. Total number of environmental infringement fines (Page 19)	Downer has set policies for the classification of environmental fines in its 2010 Sustainability Report in the 'Environment' section.
6. % of employees by contract type, location and gender (Page 15-16)	Downer has set policies for the classification of employee contract types, location and gender in its 2010 Sustainability Report in the 'People and Community' section.
7. Self-declared GRI application level (Page 5)	<i>Global Reporting Initiative's (GRI) G3 sustainability reporting guidelines</i> to assess and self-declare a GRI application level

Management of Downer have determined methods considered appropriate for reporting greenhouse gas emissions; occupational health and safety data; environmental data; and people data. There are no prescribed methods for determining the total greenhouse gas emissions; LTIFR; environmental spills and fines; or people data for public reporting and the use of different methods can result in materially different amounts.

### The Responsibility of Management for the Report

The management of Downer are responsible for the preparation and presentation of the report in accordance with the criteria described above. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the data that is free from material misstatement, whether due to fraud or error; selecting and applying specific principles, methodologies, policies and data sources used to prepare and present the data attributable to the reporting entity; and making estimates that are reasonable, when appropriate.

Liability limited by a scheme approved under Professional Standards Legislation

# Assurance Statement



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## Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the Subject Matter based on our limited assurance engagement. We conducted our limited assurance engagement in accordance with the International Standard for Assurance Engagements: ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This Auditing Standard requires that we comply with relevant ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether the specific activity data is free from material misstatement.

Our procedures included but were not limited to the following:

1. Gaining an understanding of the greenhouse gas; occupational health and safety incidents; environmental spills and fines; and people data reporting processes supporting the business activities
2. Conducting site visits to understand the basis management measure and identify sources of greenhouse gas emissions; occupational health and safety incidents; environmental spills and fines; and people data
3. Conducting interviews and collation of evidence to understand the process and controls supporting the data
4. Reviewing incident reports on a sample basis to assess whether the classification of reported incidents were appropriately recorded
5. Undertaking analytical review procedures to support the reasonableness of the data
6. Reviewing assumptions supporting the calculations of incidental emissions for reasonableness
7. Reviewing the appropriateness of the presentation of information
8. Reviewing Downer's self-declared application level of the Global Reporting Initiative's (GRI) G3 sustainability reporting guidelines

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion. These procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable engagement. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our limited assurance engagement was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.


## Use of Report

Our assurance report has been prepared for distribution to management and directors of Downer only. We disclaim any assumption of responsibility for any reliance on this assurance statement or on the specific data to which it relates to any person other than management of Downer, or for any purpose other than that for which it was prepared.

## Independence, Competence and Experience

In conducting our assurance engagement we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants. We have the required competencies and experience to conduct this assurance engagement.

# Assurance Statement



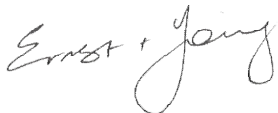
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**Conclusion**


Based on our work described in this report nothing has come to our attention that causes us to believe that the Subject Matter, as presented in Downer's report for the year ended 30 June 2010, was not presented fairly in all material respects, and calculated in accordance with the criteria detailed above.

**Matters relating to electronic presentation of the Sustainability Report**

Where web-links have been made from the full Report to Downer's web pages for the purposes of meeting the declared GRI G3 application level, our review included that web-based information that was available via these web-links as of the date of this statement. We provide no assurance over changes to the content of these web links after the date of this assurance statement.



Ernst & Young



Trent van Veen  
Partner

Sydney, Australia  
20 January 2011

# GRI Content Index



Legend			
C	Conformance	NR	Not Reported
PC	Partial Conformance	NA	Not Applicable

G3 Indicator	G3 Indicator Description	Report Status	Page	Notes
<b>1. Strategy and Analysis</b>				
1.1	Statement from the most senior decision-maker of the organisation (e.g. CEO, chair or equivalent senior position) about the relevance of sustainability to the organisation and its strategy.	PC	3	
1.2	Description of key impacts, risks, and opportunities. The reporting organisation should provide two concise narrative sections on key impacts, risks, and opportunities.	PC	7, 8	
<b>2. Report Parameters</b>				
2.1	Name of the organisation.	C	4	
2.2	Primary brands, products, and/or services.	C	4	
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	C	4	
2.4	Location of organisation's headquarters.	C	6	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	C	4, 15	
2.6	Nature of ownership and legal form.	C	4	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	C	4 & Annual Report (61)	
2.8	Scale of the reporting organisation, including: number of employees; net sales; total capitalisation broken down by in terms of debt and equity; and quantity of products or services provided.	PC	4 & 15 Annual Report (41)	
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: the location of, or changes in operations, including facility openings, closings, and expansions; and changes in the share capital structure and other capital formation, maintenance and alteration operations.	PC	5 & Annual Report (6, 7 & 41-43)	
2.10	Awards received in the reporting period.	C	24, 25	
<b>3. Report Parameters</b>				
<b>Report Profile</b>				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	C	5	
3.2	Date of most recent previous report (if any).	C	5	2009 Sustainability Report & Annual Report
3.3	Reporting cycle (annual, biennial, etc.)	C	5	
3.4	Contact point for questions regarding the report or its contents.	C	6	
3.5	Process for defining report content.	C	6	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	C	5	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	C	5	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	C	5	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	C	5	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	C	5, 12	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	C	5	No significant change to business since last reporting period
<b>GRI Content Index</b>				
3.12	Table identifying the location of the Standard Disclosures in the report.	C	29-34	

# GRI Content Index

<b>Assurance</b>				
3.13	Policy and current practice with regard to seeking external assurance for the report.	C	5	
<b>4. Governance, Commitments, and Engagement</b>				
<b>Governance</b>				
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	C	9-11	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	C	9	
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	C	9	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	C	10-11	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	C	Annual Report (18-19)	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	C	Annual Report (133)	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	C	Annual Report (132-135)	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	PC	4	
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	PC	9-11	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	C	Annual Report (137)	
<b>Commitment to External Initiatives</b>				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	C	Annual Report (137)	The precautionary principle is an intrinsic component of our operational risk management approach
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	C	6, 11	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	C	11	
<b>Stakeholder Engagement</b>				
4.14	List of stakeholder groups engaged by the organisation.	C	6	
4.15	Basis for identification and selection of stakeholders with whom to engage.	C	6	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	PC	6, 11	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	C	7, 8, 11	
<b>Economic Performance Indicators</b>				
<b>Disclosure on Management Approach</b>				
DMA EC	Disclosure on Management Approach (Economic)	PC	Annual Report (6-11)	
<b>Economic Performance Indicators</b>				
ECI	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	PC	Annual Report (41)	

# GRI Content Index

EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	C	7, 8, 19-23	
EC3	Coverage of the organisation's defined benefit plan obligations.	C	16	
EC4	Significant financial assistance received from government.	C		In 2009-2010 we did not receive any significant financial assistance from Government
<b>Market Presence</b>				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	NR		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	NR		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	NR		
<b>Indirect Economic Impacts</b>				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	NR		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	NR		
<b>Environmental Performance Indicators</b>				
<b>Disclosure on Management Approach</b>				
DMA EN	Disclosure on Management Approach (Environment).	PC	19-23	
<b>Materials</b>				
EN1	List of stakeholder groups engaged by the organisation.	NR		
EN2	Percentage of materials used that are recycled input materials.	NR		
<b>Energy</b>				
EN3	Direct energy consumption by primary energy source.	C	22	
EN4	Indirect energy consumption by primary source.	C	22	
EN5	Energy saved due to conservation and efficiency improvements.	C	22	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	C	21-23	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	PC	22-23	
<b>Water</b>				
EN8	Total water withdrawal by source.	NR		
EN9	Water sources significantly affected by withdrawal of water.	NR		
EN10	Percentage and total volume of water recycled and reused.	NR		
<b>Biodiversity</b>				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	NR		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	NR		
EN13	Habitats protected or restored.	NR		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	NR		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	NR		
<b>Emissions, Effluents and Waste</b>				
EN16	Total direct and indirect greenhouse gas emissions by weight.	C	20-21	
EN17	Other relevant indirect greenhouse gas emissions by weight.	C	21	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	C	21-23	
EN19	Emissions of ozone-depleting substances by weight.	NR		

# GRI Content Index

EN20	NOx, SOx, and other significant air emissions by type and weight.	NR		
EN21	Total water discharge by quality and destination.	NR		
EN22	Total weight of waste by type and disposal method.	NR		
EN23	Total number and volume of significant spills.	C	19	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	NR		
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	NR		
<b>Products and Services</b>				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	C	21-23	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	NR		
<b>Compliance</b>				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	C	19	
<b>Transport</b>				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	NR		
<b>Overall</b>				
EN30	Total environmental protection expenditures and investments by type.	NR		
<b>Total environmental protection expenditures and investments by type.</b>				
<b>Disclosure on Management Approach</b>				
DMA LA	Disclosure on Management Approach (Labour)	PC	15-17	
<b>Employment</b>				
LA1	Total workforce by employment type, employment contract, and region	PC	15	
LA2	Total number and rate of employee turnover by age group, gender, and region.	NR		
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	PC	16-17	
<b>Labour/Management Relations</b>				
LA4	Percentage of employees covered by collective bargaining agreements.	C	17	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	NR		
<b>Occupational Health and Safety</b>				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	NR		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	PC	12	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	NR		
LA9	Health and safety topics covered in formal agreements with trade unions.	NR		
<b>Training and Education</b>				
LA10	Average hours of training per year per employee by employee category.	NR		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	NR		
LA12	Percentage of employees receiving regular performance and career development reviews	NR		



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<b>Diversity and Equal Opportunity</b>				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	NR		
LA14		NR		
<b>Social Performance Indicators: Human Rights</b>				
<b>Disclosure on Management Approach</b>				
DMA HR	Disclosure on Management Approach (Human Rights)	PC	17	
<b>Investment and Procurement Practices</b>				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	NR		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	NR		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	NR		
<b>Non-Discrimination</b>				
HR4	Total number of incidents of discrimination and actions taken.	C	17	
<b>Freedom of Association and Collective Bargaining</b>				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	NR		
<b>Child Labour</b>				
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	NR		
<b>Forced and Compulsory Labour</b>				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.	NR		
<b>Security Practices</b>				
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	NR		
<b>Indigenous Rights</b>				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	NR		
<b>Social Performance Indicators: Society</b>				
<b>Disclosure on Management Approach</b>				
DMA SO	Disclosure on Management Approach (Social)	PC	15-17	
<b>Community</b>				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	PC	15-18	
<b>Corruption</b>				
SO2	Percentage and total number of business units analysed for risks related to corruption.	NR		
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	NR		
SO4	Actions taken in response to incidents of corruption	NR		
<b>Public Policy</b>				
SO5	Public policy positions and participation in public policy development and lobbying.	C	11	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	NR		

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Anti-Competitive Behaviour				
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	C		No legal actions have been made against Downer EDI for anti-competitive behaviour
<b>Compliance</b>				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	C	12, 19	
<b>Social Performance Indicators: Product Responsibility</b>				
DMA PR	Disclosure on Management Approach (Product Responsibility)	PC	4	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	NR		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	NR		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	NR		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	C		No incidents occurred
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	NR		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	NR		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	NR		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	NR		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	C		No fines received