

# SUSTAINABLE DEVELOPMENT REPORT 2011-2012



A white service van is shown in a dark, industrial setting. The van has a yellow stripe on the side and a door with the number 'VM8800' and a first aid kit sticker. The text 'OUR VISION:' is overlaid in large white letters on a black circular background in the bottom left corner. Below it, the vision statement is written in smaller white text.

**OUR VISION:**  
To be the preferred provider of quality  
mining services throughout the regions  
in which we operate.



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## ABOUT US

At Downer EDI Mining (Downer Mining), we have been successfully delivering contract mining and civil earthmoving services to an impressive list of global clients for over 90 years. We are now one of Australia's leading mining contractors, with annual turnover of A\$2.4 billion. As at the end of June 2012, we directly employed 5,174 people, as well as 2,116 contractors, at over 50 sites in Australia, New Zealand, Papua New Guinea (PNG), South America and South Africa, and had work-in-hand of around A\$6.5 billion.

Our vision is to be the preferred provider of quality mining services throughout the regions in which we operate. An essential part of our business strategy to achieve this is to support our coal and metalliferous mining clients at all stages of the mining lifecycle. We do this through a wide range of services including:

### OPEN-CUT AND UNDERGROUND MINING

- Mine planning and design
- Mine operation and management
- Mobile plant maintenance
- Construction of mine-related infrastructure
- Crushing

### BLASTING SERVICES

(through our wholly owned subsidiary Downer Blasting Services)

- Down-the-hole and rock-on-ground services
- Emulsion manufacturing
- Supply and delivery of bulk explosives and accessories
- Shotfiring and blast management

### TYRE MANAGEMENT

(through our subsidiaries Otraco International and Rimtec, and joint venture partner Dust-A-Side Australia)

- Next generation OTRACOM™ web-based, real-time software solutions
- Electronic tread-depth and pressure metering with PDA interface
- Distribution and supply of rim and wheel accessories, and the repair and maintenance of rims
- Haul road and dust control management

### EXPLORATION DRILLING

- Heli-portable rigs
- Exploration, resource and dewatering hole drilling
- Underground diamond drilling
- Drill rig maintenance

### SUSTAINABILITY SERVICES

- Downer Low Emissions Mining Solutions™
- Rehabilitation

### INDIGENOUS AFFAIRS

- Specialist recruitment and training methodologies
- Commercial partnerships

As a division of Downer EDI Limited (Downer Group) – an ASX- and NZX-listed company – we can also offer our clients the broad capabilities that this geographically diverse, multi-disciplined engineering, construction and resource services business has to offer.

## DOWNER MINING REVENUE BY LOCATION 2011–2012



#### QUEENSLAND

43%

#### OTHER

2.5%

#### WESTERN AUSTRALIA

35%

#### NEW ZEALAND

1%

#### NEW SOUTH WALES

15%

#### SOUTH AUSTRALIA

<0.5%

#### VICTORIA

3%

#### TASMANIA

<0.5%

## DOWNER MINING REVENUE BY COMMODITY 2011–2012



#### COAL - METALLURGICAL

46%

#### OTHER

6%

#### IRON ORE - HEMATITE

33%

#### GOLD

5%

#### COAL - THERMAL

8%

#### IRON ORE - MAGNETITE

2%



# CEO'S MESSAGE



The 2012 financial year was one of record performance for our business. Not only did we earn our largest-ever revenue, up 67.9% to \$2.4 billion, but we also improved our non-financial performance across the company. Most pleasing was the fact that the continuous improvement of our safety management systems led to significantly reduced risks to our people.

## ZERO HARM

Zero Harm to our people and the environment is our number one priority. Despite recruiting almost 3,000 new people, which always heightens risk in the workplace, safety remained top of mind for our employees. Consequently, we reached record lows for our Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR), which we reduced to 0.6 and 6.2 respectively.

We recognise that improving the health of our workforce has extensive safety benefits. That's why we have renewed our health research partnership with Queensland University of Technology (QUT) for a further three years. Over the past four years this partnership has allowed us to put pioneering health research into practice. It was also a key contributor to the international best-practice accreditation for injury and return-to-work management that we received from the International Disability Management Standards Council (IDMSC).

We made significant improvements on the environmental front, achieving a record

reduction in greenhouse gas (GHG) emissions intensity, increasing our use of renewable fuels, and maintaining our exemplary environmental compliance record of no fines, prosecutions or infringements. Our strength in this area secured us a finalist position in the "Excellence in Environmental Management" and "Contract Miner of the Year" categories of the 2012 Australian Mining Prospect Awards.

In our latest step to encourage, and lead the way in, the deployment of innovation to the minerals industry, we have embarked on a program of collaborative projects with Australia's national science agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO). Such projects may include environmental sustainability and mine optimisation.

## FINANCIAL SUSTAINABILITY

Although the start of the year began with buoyancy in the resources sector, this started tailing off toward the end of the year. Despite the recent softening of commodity prices and the challenge of reforms to resource taxation, we believe that we are well positioned to sustain, and indeed grow, our business. This confidence is based on a number of key factors. Firstly, we have a diverse service offering and experience in working in a wide range of commodities. We also have several long-term contracts with a number of blue chip clients.

We form strong and personal relationships with our clients, as demonstrated by the work we were awarded during the year.

- In Eastern Australia our relationship with BMA Coal (BMA) proved its longevity as we successfully transitioned our operations to BMA's Blackwater and Daunia Mines, following the closure of Norwich Park in April 2012. In January we take over operations at Meandu Mine, with a five-and-a-half year contract with Stanwell Corporation worth over \$600 million.
- In Western Australia we were pleased to start working with another new client, Karara Mining Limited, following the award in February 2012 of a six-year, \$570 million contract at the Karara Iron Ore Project.
- Blasting Services secured \$160 million of work, including a three-year contract with Jellinbah Resources worth around \$90 million. Notably, seven clients extended or renewed their contracts during the year, demonstrating the strength of our client relationships.
- Otraco also extended and won new contracts worth \$115 million, while continuing to build its presence overseas,

including winning a new contract with Anglo American Platinum at Kolomela Mine in South Africa.

- Finally, our Underground and Exploration Drilling division continued to deliver on its long-term projects, securing an increase in the scope of work at Cracow gold mine and winning new underground work at Ok Tedi copper mine in PNG.

## PEOPLE AND COMMUNITY

Our people are our most valuable resource, and over the past year we have continued to invest in their development. We increased our graduate and apprentice intake, launched two new leadership development programs and continued to develop our online learning management system.

We also made great strides towards strengthening the diversity of our workforce, welcoming a record 163 Indigenous employees to our business. Our efforts in this area culminated in us being named the joint winner of the 2012 AHRI (Australian Human Resources Institute) Commonwealth Bank Diversity Award for Indigenous Employment.

In Western Australia we formed new community partnerships with Brightwater Care Group and Food Rescue. The valuable donations we made to these charities will support people recovering from severe acquired brain injuries, and help feed disadvantaged and vulnerable people.

Without doubt, the backbone of our success is the integrity, passion and can-do attitude of our people. The initiatives highlighted throughout this report are not the result of one individual – rather they are the result of teamwork and cooperation across numerous business units and divisions each and every day. I thank every one of our employees for their outstanding contribution.

**David Overall**  
Chief Executive Officer



**Western Australia**

**Argyle diamond mine**  
Argyle Diamonds  
(Maintenance, Tyre)

**Telfer gold mine**  
Newcrest (Tyre)

**Christmas Creek iron ore mine**  
Fortescue Metals  
(Open-cut, Blasting, Tyre)

**Marandoo iron ore mine**  
Rio Tinto (Tyre)

**Tom Price iron ore mine**  
Rio Tinto (Tyre)

**Brockman iron ore mine**  
Rio Tinto (Tyre)

**Cape Preston magnetite mine**  
Citic Pacific Mining (Tyre)

**Pannawonica iron ore mine**  
Rio Tinto (Tyre)

**Paraburdoo iron ore mine**  
Rio Tinto (Open-cut, Tyre)

**Channar iron ore mine**  
Rio Tinto (Tyre)

**West Angelas iron ore mine**  
Rio Tinto (Tyre)

**Mt Keith nickel mine**  
BHP Billiton (Tyre)

**Karara magnetite mine**  
Karara Mining  
(Open-cut, Blasting)

**Murrin Murrin nickel mine**  
Glencore International  
(Tyre, Blasting)

**Premier Coal coal mine**  
Yancoal Australia (Blasting)

**Super Pit gold mine**  
Kalgoorlie Consolidated  
Gold Mines (Tyre)

**Carosue Dam gold mine**  
Saracen Gold (Blasting)

**Sunrise Dam gold mine**  
AngloGold Ashanti  
(Open-cut, Tyre)

**Perth Office**

**Papua New Guinea**

**Ok Tedi copper mine**  
Ok Tedi Mining  
(Exploration Drilling, Underground)

**Star Mountains**  
Highlands Pacific (Exploration Drilling)

**Yandicoogina iron ore mine**  
Rio Tinto (Tyre)

**Hope Downs iron ore mine**  
Rio Tinto (Tyre)

**Mt Whaleback iron ore mine**  
BHP Billiton (Tyre)

**South Australia**

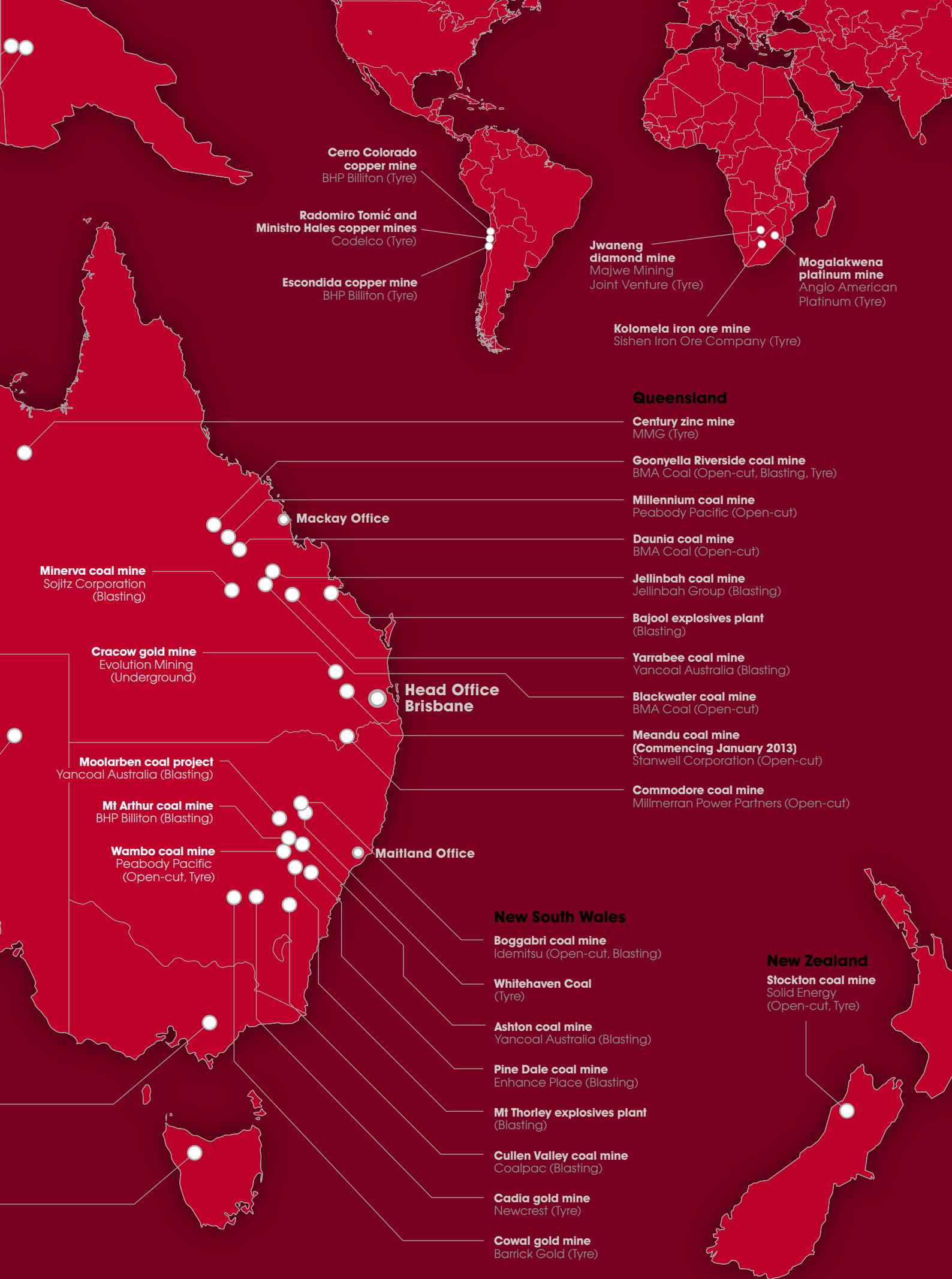
**Leigh Creek coal mine**  
Alinta Energy (Blasting)

**Victoria**

**Latrobe Valley coal mines**  
RTL Joint Venture (Open-cut)

**Tasmania**

**Savage River iron ore mine**  
Grange Resources (Blasting)



**Cerro Colorado copper mine**  
BHP Billiton (Tyre)

**Radomiro Tomić and Ministro Hales copper mines**  
Codelco (Tyre)

**Escondida copper mine**  
BHP Billiton (Tyre)

**Jwaneng diamond mine**  
Majwe Mining  
Joint Venture (Tyre)

**Mogalakwena platinum mine**  
Anglo American  
Platinum (Tyre)

**Kolomela iron ore mine**  
Sishen Iron Ore Company (Tyre)

**Queensland**

**Century zinc mine**  
MMG (Tyre)

**Goonyella Riverside coal mine**  
BMA Coal (Open-cut, Blasting, Tyre)

**Millennium coal mine**  
Peabody Pacific (Open-cut)

**Daunia coal mine**  
BMA Coal (Open-cut)

**Jellinbah coal mine**  
Jellinbah Group (Blasting)

**Bajool explosives plant**  
(Blasting)

**Yarrabee coal mine**  
Yancoal Australia (Blasting)

**Blackwater coal mine**  
BMA Coal (Open-cut)

**Meandu coal mine**  
**(Commencing January 2013)**  
Stanwell Corporation (Open-cut)

**Commodore coal mine**  
Millmerran Power Partners (Open-cut)

**Mackay Office**

**Head Office Brisbane**

**Maitland Office**

**Minerva coal mine**  
Sojitz Corporation  
(Blasting)

**Cracow gold mine**  
Evolution Mining  
(Underground)

**Moolarben coal project**  
Yancoal Australia (Blasting)

**Mt Arthur coal mine**  
BHP Billiton (Blasting)

**Wambo coal mine**  
Peabody Pacific  
(Open-cut, Tyre)

**New South Wales**

**Boggabri coal mine**  
Idemitsu (Open-cut, Blasting)

**Whitehaven Coal**  
(Tyre)

**Ashton coal mine**  
Yancoal Australia (Blasting)

**Pine Dale coal mine**  
Enhance Place (Blasting)

**Mt Thorley explosives plant**  
(Blasting)

**Cullen Valley coal mine**  
Coalpac (Blasting)

**Cadia gold mine**  
Newcrest (Tyre)

**Cowal gold mine**  
Barrick Gold (Tyre)

**New Zealand**

**Stockton coal mine**  
Solid Energy  
(Open-cut, Tyre)



# HEALTH & SAFETY

**T**he 2012 financial year saw the business raise the bar in Health and Safety (H&S) performance. We achieved new safety milestones, received international best-practice accreditation for injury and return-to-work management, and implemented a range of preventive safety measures.

These results were possible because of our strong, embedded culture where safety always comes first. This is founded on a belief that all incidents, injuries, occupational illnesses and diseases are preventable, as long as there are effective systems in place and an engaged workforce to implement and improve them. We therefore aim to build workplaces where employees want to follow safety procedures and feel empowered to innovate.

## **A CENTRAL, CERTIFIED SYSTEM**

Central to our safety environment is our H&S Management System, which provides a common platform and safety language for

our geographically dispersed employees. It promotes a systematic and collaborative approach to hazard control and accident prevention, by incorporating clearly defined policies, standards and procedures that are continually being refined.

While the system is managed by trained H&S personnel, its dynamic nature encourages employees to take ownership of safety within their workplace by embedding risk management processes into their tasks and empowering them to suggest improvements to the way they perform their work.

The H&S Management System forms part of our Integrated Management System (IMS) – our primary tool for managing risk – which incorporates our H&S, Environmental Sustainability and Quality Management policies, standards and procedures.

Our IMS has been certified by third-party accredited certification body Bureau Veritas to the following standards:

- AS/NZS 4801:2001, and BS OHSAS 18001:2007 occupational health and safety management systems<sup>1</sup>
- ISO 14001:2004 environmental management system
- ISO 9001:2008 quality management system.

It also complies with the following international and national management system standards/codes:

- National Occupational Safety Association (NOSA) South Africa
- National Safety Council of Australia (NSCA) 5 Star
- Enduring Value – The Australian Minerals Industry Framework for Sustainable Development.

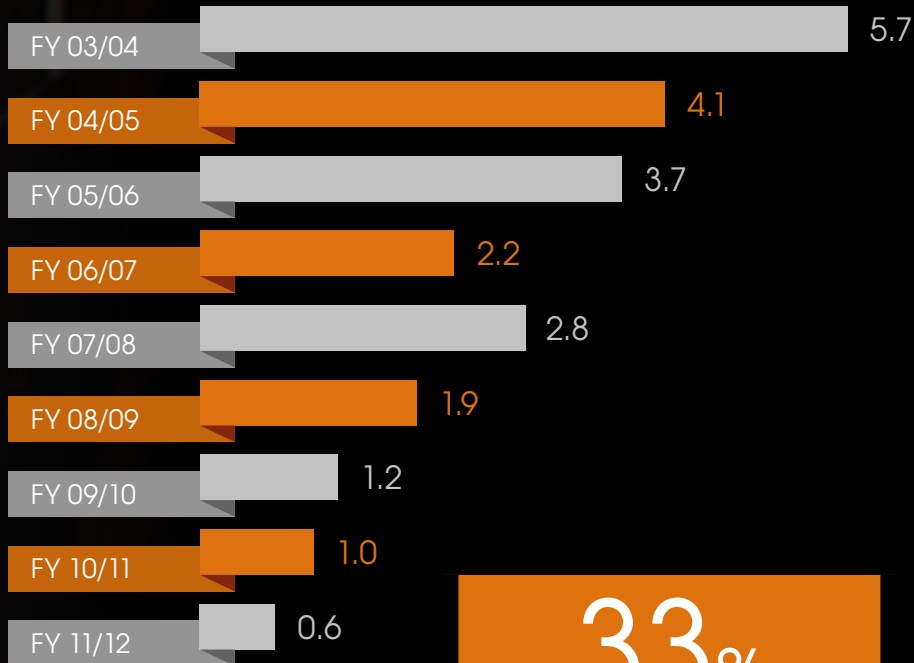
To ensure our compliance with the IMS, we have a thorough internal audit regime to verify the level of implementation of the system across our sites. Bureau Veritas also conducts annual surveillance audits.

*1. Otraco is still in the process of obtaining full safety certification. This is expected to be completed in early 2013.*





### LTIFR PERFORMANCE



**33%**  
reduction in LTIFR  
in FY 11/12

### SHARING SAFETY LESSONS FOR A SAFER WORKPLACE

Over the last four years we've seen a continuous improvement in our LTIFR and TRIFR. A key contributor to our ongoing safety performance success is our ability to identify frequently recurring incidents and to promptly implement preventive measures.



The *Be Seen, Be Safe* kit.

At the end of the 2010–2011 financial year we noticed an increase in incidents involving mobile plant equipment and, on closer investigation of these incidents, it was clear that a quarter were caused by a lack of procedural compliance.

Consequently, in September 2011 we rolled out a *Be Seen, Be Safe* campaign, which shared lessons from recent incidents to reinforce the importance of following safe work procedures and driving practices, and establishing positive communication. The campaign included providing each employee with a personal hazard warning kit to keep in the boot of their car, complete with hazard triangles, a hi-visibility vest, a torch and gloves.

Pleasingly, at the end of this reporting period, incidents occurring as the result of a lack of procedural compliance made up only 11% of all mobile plant equipment incidents. This clearly illustrates the power of interventions on safety behavioural change across our workforce.

## HEALTH & SAFETY



Project Manager, Clem Baldwin (right), conducts a task observation with Graduate Mechanical Engineer, David Rooke, at Commodore Mine.

### STRONGER SAFETY PERFORMANCE

During 2011–2012 our record financial results were complemented by a record safety performance. We reduced our LTIFR by 33% to 0.6 and our TRIFR by 31% to 6.2. As the past year was a time of significant business growth, promoting our safety values to our expanding workforce was integral to achieving these results.

Our lead indicators are an important metric for reinforcing our safety culture, especially with new employees, as they emphasise positive safety behaviour. Pleasingly, we closed out 99% of safety actions by due date, which was well above our target of 90%. As these safety actions are developed through hazard identification, audit or incident mitigation, this result reflects a strong improvement in incident prevention.

We also increased the number of Safety Behaviour Observations (SBO) conducted per supervisor per month from 4.9 in 2010–2011 to 8 in 2011–2012, indicating that employees are becoming more engaged in creating a safe workplace. In addition, we exceeded our target for the number of recorded hazards identified per employee.

Once again we did not incur any safety-related fines or prosecutions.

### DRIVING OPERATOR SAFETY IMPROVEMENTS

Sharing safety lessons is important to both prevent incidents from recurring and to encourage best-practice approaches. With a high volume of incidents relating to vehicle collisions or near misses, we implemented two safety interventions across the business during the year – *Be Seen, Be Safe* and *Fatigue Management* – to help prevent emerging risk situations in relation to driver safety.

We also made a commitment at the beginning of 2012 to install SAFEmine collision avoidance units in all vehicles at our open-cut projects. By notifying drivers of the relative position of other vehicles and warning them of any pending collisions, this system will provide operators with an additional level of hazard awareness.

Trials of SAFEmine over the past three years at Commodore and Millennium open-cut coal mines confirmed it as our preferred collision avoidance system, due to its operator-acceptability, 360° protection, ability to identify fixed objects, such as crib huts and lighting plants, and the fact that it can be retrofitted.

### VISIBLE SAFETY LEADERSHIP

We understand that highly visible safety leadership is critical to building safe workplaces. We therefore ensure that our line managers are equipped with the expertise and skills to safely lead their teams.

A key platform for developing safety leadership throughout the business is our Health, Safety and Environment (HSE) Leadership course. The course targets employees who supervise work teams and teaches them how to:

- Conduct inspections; identify, analyse, assess, address and monitor risks; recommend treatments; and contribute to implementation of treatments
- Participate in the preparation, testing and documentation of safe working instructions
- Investigate incidents
- Communicate effectively.

Demand for the course has grown rapidly during the past year, but unfortunately we fell short of our target percentage of line managers completing it for two main reasons. Firstly, we had a large number of new starters during the year. Secondly, in March 2012 we introduced post-course assessment, designed to reaffirm attendees' knowledge and understanding of our safety systems. At year-end, some course participants had yet to complete the assessment and therefore have not been recorded as "being trained in" HSE leadership.

We have recruited additional resources to enable us to deliver more courses and provide support to participants when completing the post-course requirements.



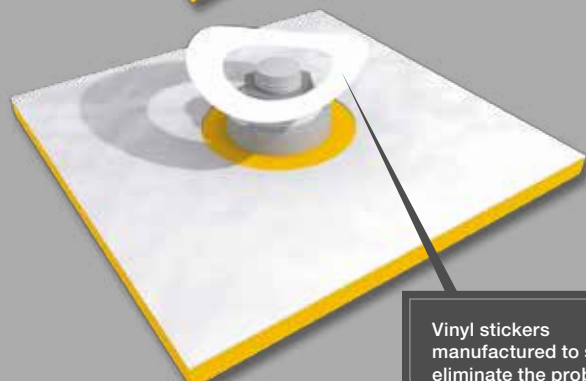
insulation weakness

Insulation weakness on busbar.



arc (link voltage)

Dust and condensation accumulating in this area becomes a conductive solution and arcing occurs.



insulation adhesive washer

Vinyl stickers manufactured to size eliminate the problem.



## A SIMPLE SOLUTION TO A BIG PROBLEM

Electrical Superintendent, Elton Cousins, is living proof that perseverance pays off! When no one was able to come up with an off-the-shelf solution to high-voltage flashover problems in the inverter cabinets of two of our diesel-electric haul trucks at Goonyella Riverside, Elton explored every avenue to identify and eradicate the cause of this serious safety issue. When at last he found it, the solution was simple, cost-effective and had widespread application.

The flashover events were the result of arcing across high-voltage terminals and the busbar, and they caused significant production losses. Most importantly, they had the potential to cause serious injury to the operators of the trucks, people servicing the vehicles and other workers on the mine site.

A combination of dust and moisture was identified as the root cause of the problem. Elton explored various solutions to combat these environmental factors. Firstly, smoke bombs were used to find out where dust was entering the cabinet. Any damaged gaskets were replaced and leaking seams were sealed. Secondly, silicone desiccant gel bags were placed inside the inverter cabinets to absorb any moisture.

However, when neither of these proved effective in preventing the flashover events, attention was turned to the area of the busbars on which the dust was accumulating. This is when Elton came up with the idea of using insulating vinyl stickers.

He approached electronic, electrical and mechanical suppliers for stickers, which were tested by placing a high-voltage charge either side of them. Ultimately, it was the product from our vehicle decal manufacturer that proved to have the ideal qualities.

The supplier was provided with a template of what was required, and the stickers were manufactured and trialled on a truck. When there was no flashover on that particular truck following the next wet-weather event, the stickers were applied to all the diesel-electric trucks that had the potential for flashover events, and we've not had another incident since. The manufacturer of the busbars has now incorporated the insulating vinyl stickers into its design and is trialling them across other sites.



Elton's innovation won the People's Choice Innovation Award at the 2012 Queensland Mining Industry Health and Safety Conference. Acting Director General Department of Natural Resources and Mines, Dan Hunt (right), presented Elton with his award.



## HEALTH & SAFETY

### SOUTH EAST SETS STANDARD FOR INJURY MANAGEMENT

In 2012 our South East team received international best-practice accreditation for injury and return-to-work management.

South East has been participating in the Coal Mines Insurance Incentive Scheme since it was set up in 2007/2008 to reward policy holders who develop and implement strategies that focus on injury management. The scheme is contributing to lower claim liabilities and helping achieve sustainable low scheme pricing structures for the NSW Coal Industry.

The challenge was to meet key performance indicators across three areas – Injury Management, Early Reporting of Claims, and Occupational Health and Safety Performance – and so become eligible to receive up to 15% off our annual premium. A large component (8%) is dedicated to injury management, and we were required to participate in a three-day audit developed by the IDMSC, in association with the National Institute of Disability Management and Research (NIDMAR) in Canada. The methodology is considered best practice and benchmarked as a global standard. A score above 80% guarantees the organisation international accreditation.

South East has progressively improved year on year and, in 2012, achieved an overall score of 84.6% for the audit and 100% for all KPIs. Based on this, we can now use the designation of “IDMSC Certified” for three years and have received a refund of \$480,000 on our premiums for the year.

One of the key drivers for improvement was our OneLife Health Program at Wambo, which was funded using money refunded from the previous year. Overall, our participation in the program has resulted in premium refunds of around \$957,000 over five years.



Pictured with the IDMSC certificate (from left) are: Downer Group CEO, Grant Fenn; Downer Mining Group Manager Health, Shaun Smith; and Downer Mining CEO, David Overall.

### ENHANCING WORKFORCE HEALTH

We recognise that promoting and enhancing our employees' health and well-being goes hand in hand with maintaining and improving their safety. Therefore, to create a sustainable workforce in an industry experiencing constant change, we have placed great emphasis on raising the profile of health within the H&S domain. As such, we have employed three Regional Health Advisors to support the Health strategy, and implement a range of targeted health promotion and preventive initiatives across the business.

The significant progress we have made in this area was demonstrated in June 2012 when we received International Disability Management Standards Council certification for three years. This means we are now recognised as having an international best-practice approach to injury and return-to-work management (see case study above).

In May 2012 we extended our partnership with the Workforce Health Innovation group at the QUT Institute of Health and Biomedical Innovation (IHBI) for a further three years. Four years ago, in collaboration with IHBI, we established an Enhancing Workforce Health Program aimed at developing a holistic, diversified and continuous-improvement approach to injury prevention and health management. This collaboration provides access to a range of internationally recognised experts who provide us with industry best-practice guidance and continue to support the H&S teams' development in the health domain.

A key outcome of the program to date is the implementation of numerous procedures in the management of mining-specific health issues. These have been developed in response to employee H&S climate surveys that highlighted potential health risk factors. This data was also used to develop recommendations for site-specific health programs, as well as identify opportunities

for interventions across the continuum of health surveillance.

Going forward, the program will focus on the areas of musculoskeletal injury and disorder, metabolic disorder and weight management, and mental health. Activities and findings resulting from these focus areas will be used to improve pre-employment screening, develop adaptation processes for new employees, create new evaluation tools and improve data management.

In 2012–2013 the program will build on this year's momentum by rolling out a series of campaigns on key health topics, including cardiovascular health, and prostate and breast cancer. The campaigns will use new and innovative ways of delivering health promotion material, including videos of health stories from our employees. They will support our current annual health calendar, which collates regional and national health promotion initiatives to target our health priorities.



International Disability  
Management Standards  
Council Certification



Regional Health Advisor, Natasha Palethorpe, conducts an ergonomic assessment on HSE Coordinator, James Ritchie, at Wambo Mine.

## RAISING DIABETES AWARENESS IN THE PILBARA

Health education forms a vital component of our Enhancing Workforce Health Program, as it helps improve the health status of our employees and, in turn, their families and communities.



Mobile plant operator, Stanley Collard, has his blood pressure taken by Catherine.

We frequently team up with health not-for-profit organisations and peak bodies to educate our workforce on health risks and provide them with the resources to effect change. For example, in April 2012 Diabetes WA educator, Catherine Fung, visited our Paraburdoo project to talk to our employees about Type 2 diabetes and, in particular, the pre-diabetes signs and symptoms.

Employees were offered the opportunity to take part in an individual consultation, which included blood glucose readings and foot-care assessments. For employees already diagnosed with diabetes, Catherine registered them with the National Diabetes Services Scheme and coached them on the management of their diabetes.

Catherine applauded us for taking the initiative to provide diabetes education to those workers with the illness, as well as to those at risk. She acknowledged that working on a mine site presented particular health challenges and that, while not everyone was at risk of diabetes, messages on prevention and healthy lifestyle were still extremely valuable.





# PEOPLE & COMMUNIT

Launching new employee development programs, increasing Indigenous participation and investing in community organisations are a few of the many ways in which we shared our prosperity with our employees and the communities around us during the past year.

We have not been immune to the mining industry skill shortage, especially given our rapid growth. Mining engineers and experienced tradespeople are in demand but, through our approach to attracting, recruiting and retaining talent, we have remained an attractive employer. During the year we employed around 3,000 new people, increasing our workforce to 5,174 by 30 June 2012.

## UNEARTHING RESOURCES

Graduate, apprentice and trainee programs have always been an essential and successful component of our resourcing strategy. As such, during the year we expanded these programs and introduced a new entry-level program – the Mining Engineering Cadetship.

On offer to all interested employees, the cadetship is a two-year program that combines tertiary studies with on-the-job training to qualify participants as mining engineers. The ultimate goal is to develop the talent we need to support the growth of the business while securing long-term employees for the company. In 2012 two employees started their cadetship, and we hope to offer this new program annually.

Recognising that graduates bring fresh perspectives, knowledge and leadership potential into organisations, we increased our graduate intake from 24 in 2010–2011 to 35 in 2011–2012. We employ graduates in a range of disciplines, including mining, civil and mechanical engineering, surveying, health and safety, environment, commerce, human resources and public relations. Tailored programs, regular site rotations and coaching from executive-level Career Champions are some of the many highlights of our Graduate Program.

We also offer mining engineering scholarships, and are currently supporting a student from the University of Queensland and a student

from the University of Western Australia. In addition, these students are offered a position on our Vacation Student Scheme, which serves as a stepping stone to our Graduate Program.

Tradespeople are essential to the in-house maintenance and asset management capabilities we provide to our clients. To ensure that we maintain this level of service as we continue to grow, we recruit both school leavers and mature-age candidates as apprentices in the diesel fitting, mechanical and electrical trades. During the past year, we recruited 48 apprentices nationally, taking our total number to 86, of whom 61 are mature-age.

A key component of our apprenticeship intake is our Trade Upgrade Program, which offers current employees the opportunity to become qualified in an in-demand trade. The majority of participants on this program have previous or partial trades, allowing them to receive recognition for prior learning and complete their trade in as little as eight months. This allows us to both fill positions on site that are difficult to fill and provide our employees with long-term career prospects.






2  
new leadership  
development  
courses



2 new partnerships with  
community organisations



163  
new Indigenous recruits

TY

**OTRACO'S NEW TYRE TRAINING CENTRE BRINGS MINING EXPERIENCE TO PERTH**

In 2012 our tyre management business, Otraco, opened its new tyre training centre in Perth to help develop a skilled workforce of off-the-road tyre fitters, strengthen its safety culture and offer unskilled people the chance to break into the mining industry.



Pictured at the Otraco Tyre Training Centre opening event (from left) are: Otraco Training Manager, Tony Crilly; Head of Community and Indigenous Affairs at BHP Billiton, Richard O'Connell; General Manager Otraco, Alistair Swanson; and Downer Mining CEO, David Overall.

The training centre, which comprises a 2,000m<sup>2</sup> tyre pad and 1,500m<sup>2</sup> of training rooms, offices, workshop and hard stand, trains tyre fitters for Otraco's operations on mine sites throughout Australia.

A key component of the facility is that it simulates the mine environment, with trainees working on real mining equipment just 30 minutes from Perth's CBD.

One of the most important advantages of this approach is that it enables the trainees to undergo their training in a very safe, controlled environment. It also enables them to decide whether they like the lifestyle, as trainees are required to work a full mine roster, work nights, undergo mock client audits and even eat in a crib room.

After completing the six-week course at the centre, the trainees graduate with a Certificate II in Automotive Mechanical – Tyre Fitting Heavy and then continue their training on mine sites.



Rachel Cameron operates one of our Liebherr R9800 excavators at Christmas Creek Mine.

With a comprehensive training program and four state-of-the-art operator-training simulators, we are well positioned to train unskilled people for roles as operators, and during the past year we recruited 90 trainee operators nationally. Our trainee operators' initial training takes place in a simulator, where they have the opportunity to familiarise themselves with machine controls and operation in a safe, simulated environment before training on actual equipment. With software to train people on a range of heavy equipment, our simulators also enable us to upskill current operators irrespective of skill level.

### UNLOCKING POTENTIAL

We want to help employees with their futures, so they can help us with ours. That's why we invest in our employees' professional development through our suite of learning and development (L&D) courses and our Tertiary Assistance Program. Our Performance Feedback and Development process provides employees with a mechanism to discuss their development requirements and aspirations. During the year

90% of our people held these conversations with their manager.

We deliver and manage our L&D courses through our online learning management system, which we continued to roll out during 2011–2012. It provides a platform for managing L&D records, and enables us to demonstrate fulfilment of regulatory and organisational obligations required in the mining industry. Employees benefit from the convenience of online learning and the opportunity for self-directed development, while the business also benefits from administrative efficiencies and the capacity for cost tracking.

Throughout the year we strengthened our leadership training capability with the introduction of two new programs – the Supervisor to Leader Program and the Strategic Leaders Program – each targeting a different stage of an employee's career. The former is designed to provide current and aspiring supervisors with the fundamentals to increase their leadership capability, while the latter is aimed at developing the business acumen and strategic-thinking skills of our managers and senior managers.

In addition to internally facilitated development courses, we offer a Tertiary Assistance Program that covers 100% of course fees, provides a textbook allowance and gives employees paid time off work to study.

### REWARDING EMPLOYEES

Generous employee benefits are key to attracting high-calibre people, and encouraging their personal and professional best once they're here. Our employees enjoy competitive remuneration packages, salary continuance insurance, deals and discounts with a range of suppliers, and many other benefits.

In 2011 we introduced paid parental leave to help employees balance their work and family commitments, and to encourage female participation in the workplace.

Our "Bring a Friend" employee referral program proved to be an effective recruitment tool again this year, as we successfully recruited 37 referred candidates (up from 10 in 2010–2011), saving the company an estimated \$362,000 in recruitment costs. The success of this



## LUKE GETS HIS BREAK IN THE MINING INDUSTRY

Luke Edmund is one of many previously inexperienced operators whom we have hired through our Indigenous recruitment strategy, which gives local Indigenous people with little to no mining experience a chance to break into the industry.

Responding to an advertisement he saw in the paper in Rockhampton, Queensland, Luke attended an information session run by our Indigenous Affairs team to discuss positions available at Norwich Park Mine.



Earlier this year Luke transferred to Blackwater Mine, where he continues to develop his career as a mobile plant operator.

Out of the 120 people who attended the session, Luke was one of the lucky 16 who were invited to attend the workshop on site. They spent two days at the mine, listening to presentations from site staff, going on a tour of the mine operations and spending some time in a haul truck simulator.

Showing a willingness to learn and enthusiasm to join the business, Luke was offered a job as a mobile plant operator upon completion of the workshop.

Having worked previously in civil construction as a steel fixer and concreter, Luke enjoys the new lifestyle and the freedom that his job gives him. He says: "It's not like working for five days and getting the weekend off. You get a lot of time to spend with your family".

program is driven by its reward component. An employee who successfully refers a candidate for a vacancy in an area in which skills are scarce receives \$2,000 and entry into a draw for a holiday.

## DIVERSITY AND INCLUSIVENESS

Our recruitment and selection procedure actively promotes diversity in the workplace, with annual targets set for the recruitment of new Indigenous employees and to increase the representation of women.

Throughout the year we both increased the percentage of females in our workforce from 12% to 14%<sup>1</sup> and delivered a strong result in our Indigenous employment strategy. Our target for 2011–2012 was to hire and train 135 Indigenous people at sites across Australia. We exceeded this target, with 163 Indigenous employees recruited.

Our Indigenous recruitment and development success was recognised in May 2012 when we won the AHRI Diversity Award for Indigenous Employment (see case study on page 19). The award recognises

our specialist methodology for recruiting and training Indigenous employees, which comprises:

- **Local community consultation**  
An integral part of our Indigenous recruitment strategy is establishing relationships with local Indigenous communities. Every time the program is run, the first step is to make contact with a local organisation to seek their support and gain a better understanding of the community.
- **Community information sessions**  
In partnership with the local Indigenous organisation, our Indigenous Affairs team and representatives from site run an information session in the community. The session offers participants an insight into the job requirements and the challenges and opportunities in mining.
- **On-site assessment workshops**  
Candidates from the information session are shortlisted for a medical as part of the requirement to attend a two-day assessment workshop that is run on site. The assessment workshop replaces

the traditional interview process. It is facilitated by members of our Indigenous Affairs team, but hosted by the site's Project Manager, Training Manager and Human Resources representatives to establish a relationship between the trainees and their supervisors from the start of the process.

Potential recruits undertake practical assessment in a training simulator, a tour of the mine and experiential learning activities, and receive presentations from site personnel.

Our special effort to target Indigenous women in our recruitment strategy contributed to the selection of our parent company, Downer Group, as a finalist in the Outstanding EEO Practice for the "Advancement of Women in a Non-Traditional Area or Role" category, in the Equal Opportunity for Women in the Workplace Agency (EOWA) 2011 Business Achievement Awards.

During the year, we continued our long-term, robust partnering arrangements with some of the largest and most enduring

1. Otraco's overseas operations are excluded from this figure.



### COMMITMENT TO COMMUNITY DEMONSTRATED BY PERTH PARTNERSHIPS

There are many people in Australia who benefit from the resources sector, but we appreciate that there are also people who are not so fortunate. In recognition of this, and in keeping with our commitment to contribute to our local communities, we have formed partnerships with two charities in Western Australia – the Perth-based Brightwater Care Group and Food Rescue.

We made a \$75,000 donation to Brightwater Care Group for their new state-of-the-art Oats Street complex, currently being built to assist people who are recovering from severe acquired brain injuries.

The donation contributes to 'Jonesy's Vision', the project of Perth mining executive, the late John Jones, who did not live to see the realisation of his vision of having the resource sector support this special initiative, as his life was tragically cut short by a plane crash while on business in West Africa in 2010.

We are committed to continuing John's challenge, and our donation will go towards building the 'Learning Hub', a purpose-designed rehabilitation centre for people living with an acquired brain injury at Oats Street and in the community.

We have also donated \$55,000 to Food Rescue, a not-for-profit organisation that aims to alleviate hunger by rescuing perishable, fresh and nutritious food from cafés, caterers, supermarkets and wholesalers, and delivering it to disadvantaged, vulnerable people.

This is accomplished through a network of recipient agencies that convert the food into meals and provide food parcels for their clients. These agencies run programs to assist a variety of people in need, including the homeless, women and children in crisis, youth in crisis, Indigenous communities, elderly people and low income earners.



Chief Operating Officer – West, Mike Sutton, and General Manager Food Rescue, Samantha Soley.

Indigenous mining contractors, including Carey Mining and Ngarda Civil & Mining. We have also initiated new partnerships with Ochre Personnel and Yamatji Mining & Civil.

With the current skills shortage in the Australian mining sector, we held recruitment campaigns in the Philippines and South America, to secure qualified and experienced personnel to join our team. We employed heavy-duty fitters from the Philippines for the Christmas Creek project and engineers from South America. While we continue to recruit the majority of our workforce from the local marketplace, we see the international sourcing strategy as an integral part of the future success of our business.

### COMMUNITY SUPPORT

We remain fully committed to supporting the communities in which we work and live, and

in 2012 we cemented this promise by forming partnerships with Brightwater Care Group and Food Rescue in Western Australia (see case study above).

Since 2006, we have been the Platinum sponsor of the annual MS Gong Ride, which raises funds for Multiple Sclerosis. In 2011, our 116-strong team of Downer riders once again claimed the honour of top fundraiser by raising \$150,000, bringing the grand total raised during our six years of participation to over \$580,000.

We also support communities at a project level through our annual HSE Awards, through which each winning project is given \$5,000 to donate to the community cause of their choice. This year's beneficiaries were RACQ CQ Rescue Helicopter, Tabubil Hospital, the Royal Brisbane Children's Hospital and the Royal Flying Doctor Service.

Other support initiatives have included our sponsorship of the Papua New Guinean Tabubil Cats Rugby Union Club for the past three years, enabling the team to compete in some of Australia's premier tournaments.

We also recognise that community investment initiatives are an opportunity to engage employees. As such, we encourage our employees to participate in charity events, such as fun runs and cycle rides, by paying their entry fees and providing sportswear.

In addition, we offer an annual scholarship through not-for-profit intercultural exchange organisation, AFS Australia, to the son or daughter of one of our employees to study abroad and experience life in a new culture.

Community investment will be a key area of focus for us in the coming year.



The Tabubil Cats at the 2012 Palm Beach Alleygator Tens Tournament in February.



Public Affairs Graduate, Hana Parkinson, and General Manager Business Development West and Indigenous Affairs, Daniel Archer, receive the award on behalf of Downer Mining.

## RECOGNITION FOR OUR FOCUS ON DIVERSITY

In May we were recognised for the significant contribution that we have made in the area of workplace equity and inclusion when we were announced joint winner of the Indigenous Employment Award at the inaugural AHRI Diversity Awards.

The award also acknowledged our practical and focused approach to Indigenous employment, in particular the specialist recruitment and training methodology that we undertake to hire Indigenous employees.

Responding to hurdles faced by many Indigenous people when applying for positions through mainstream recruitment strategies, our culturally appropriate selection process replaces the standard interview format (see page 17).

We have run the recruitment process at six mine sites since November 2010, bringing over 70 new Indigenous employees with little to no mining industry experience into the business. Following its introduction, our Indigenous employee representation in the workforce doubled in the 2010–2011 financial year from 40 to 80 employees. Consequently, an increased target of 135 was set – and met – for 2011–2012.





# ENVIRONMENT

**T**his year we strengthened our environmental sustainability through a broad array of initiatives and achievements, including implementing innovative internal engagement strategies, increasing our use of renewable fuels and achieving a record reduction in GHG emissions intensity.

Environmental sustainability is a fundamental organisational value and business driver underpinning our licence to operate in the resources sector. We demonstrate our commitment through our leadership and achievements in the areas of environmental governance, business improvement and business development. This approach has delivered significant social, financial and environmental benefits to the company and the mining industry.

## EMBEDDING GOOD GOVERNANCE

We have robust and efficient environmental policies and systems in place to sustain effective compliance performance, as well as a team of experts in their field. Our Executive Leadership Team participates in a quarterly CEO Sustainability Forum to discuss the

implementation of our environmental strategies and actions.

Our externally certified ISO 14001 Environmental Management System (EMS) places a strong focus on the following five governance areas:

- Compliance management
- Risk management
- Incident management
- Continuous improvement
- Performance reporting.

Each of our mining projects has an Aspects and Impacts Register and an Environmental Management Plan (EMP), which are audited regularly against internal and external standards. The specific environmental needs of our clients and other stakeholders are integrated into our planning and operational processes through the project EMPs.

Each project also has a Project Management Plan (PMP), which references the annual company-wide Key Performance Indicators (KPIs) included in the Sustainable Development Scorecard at the front of this report. The scorecard provides a concise reporting mechanism for measuring the

quarterly non-financial performance of our projects.

During the year we maintained our exemplary environmental compliance record, receiving no fines, prosecutions or infringements, despite a second consecutive year of heavy rainfall that contributed to localised flooding across our Queensland and New South Wales operations.

We reported one non-compliant dust emission event at a New South Wales project. There was no material environmental harm from this incident, and we have worked with our client to ensure that positive measures are being progressively and transparently implemented to prevent recurrence. These measures include: using dust suppression on haul roads; prioritising water cart maintenance; and implementing a comprehensive training and awareness program.

Our risk management approach focuses on: identifying, assessing and managing our environmental risks; ensuring compliance; and ensuring that our systems are appropriate, contemporary and used across all projects.





28%

increase in  
renewable fuel use



0 fines, prosecutions or  
infringements

42%

reduction in  
GHG emissions  
intensity

### DELIVERING ON OUR DOWNER LOW EMISSIONS MINING SOLUTIONS™ VALUE PROPOSITION

In February 2012 we were awarded a \$570 million mining contract at the Karara Iron Ore Project in Western Australia. To optimise the project's environmental performance, we have embedded a robust EMS, and are using our Downer Energy and Emissions Measure™ (DEEM™) tool to benchmark the project's emission and energy performance, and identify improvement opportunities.

We have also implemented innovative energy, emissions and water efficiency measures throughout the design, start-up and operational phases. We designed and built an innovative hydrocarbon management system that links the maintenance workshop and wash-down facility run-off to the same oil water separator. This initiative will recycle up to 18.25 megalitres of water per annum from the washdown bay for use on the project site, maximising water conservation and eliminating the environmental impacts of run-off.

We have installed LED lighting in the maintenance workshop and are using LED lights in our mobile lighting towers. These lighting initiatives are delivering significant savings to the project, including: reduced electricity use and lighting maintenance costs in the workshop; and reduced lighting tower fuel, oil, servicing and lighting maintenance. The annual workshop commercial savings are estimated at \$10,400, with an initial payback period of 2.1 years, while the annual lighting tower savings are estimated at \$16,000 per tower.



One of our lighting towers using LED lights at the Karara Iron Ore Project.

# ENVIRONMENT



Environmental Advisor, Matthew McKenna, conducts weekly environmental inspections at the Christmas Creek Mine train load-out facility.

Our Compliance Register Program ensures that all projects monitor their environmental performance against their compliance obligations checklist on a monthly basis. The program identifies compliance obligations, determines actions to demonstrate compliance, and ensures the routine, systematic checking of compliance status. We expanded the program during the year to include our Karara open-cut magnetite mining project and our Blackwater open-cut coal mining project.

We use our InControl incident management system to manage impacts and appropriately mitigate damage to the environment, people or equipment. The system has facilitated comprehensive, timely and open reporting of incidents, with our near miss and minor incident reporting increasing by 63%.

We use our Downer Environmental Sustainability Awareness (DESA) training program to communicate, create awareness of, and train our employees in implementing good environmental practices. The program focuses on managing cultural heritage, flora and fauna, GHG emissions, land, water,

noise and dust issues at our operations. In the past year, we trained 163 supervisor-level employees at 10 different regional hubs, increasing participation in the DESA program from 19% to 28%.

## IMPROVING OUR PERFORMANCE

As one of Australia's leading contract mining services providers, our environmental strategy is progressive and responsive, with a strong focus on continually improving our management systems and our performance. During the year we strengthened our focus on the key risk areas of water management, GHG emissions reduction and energy efficiency. We also improved our waste management performance and increased the area of land we rehabilitated at our projects.

### Water Management and Rehabilitation

To improve our ability to manage weather-related risks, we have developed a dedicated internal weather forecasting website that provides our projects with access to site-specific daily, weekly, three-month and

eight-month forecasts. Daily updates are also sent via email to the relevant officers on site who advise managers of the likelihood of adverse weather. This forecasting capability has helped the business make more informed safety, commercial, production and environmental decisions.

Our Blasting Services business has significantly improved its water management capabilities through implementing run-off water-capture systems to treat and use captured water in the emulsion-manufacturing process rather than municipal sources. Implementing these practices at the Mt Thorley emulsion manufacturing plant in the Hunter Valley is saving the business more than \$250,000 a year.

Our active water management strategy includes developing water balance models of all water management scenarios and outcomes at our 'at-risk' operations. For example, our use of OPSIM™ modelling at Commodore Mine has resulted in the best possible environmental outcome through being able to project water management as the mine progresses, allowing life-of-mine water management decision-making.



## REDUCING THE RISK AND COST OF WATER MANAGEMENT THROUGH LAND REHABILITATION

Our rehabilitation services continue to deliver successful environmental outcomes at Commodore Mine in Millmerran, South East Queensland. Rehabilitation is undertaken progressively through the mine's open-cut mining pits. The topsoil is profiled to match final landform criteria consistent with the original landscape and adjacent land uses. The objective is to release the approved rehabilitated land for grazing with wildlife corridors. Seed mixes and native tree seedlings are therefore chosen to meet these purposes.

Rehabilitation is monitored for stability, water infiltration and nutrient levels, and compared to sites that are representative of undisturbed grazing lands. Third-party monitoring completed in March 2012 confirmed that our rehabilitation areas are successfully meeting, and in some cases exceeding, the condition of benchmark comparison sites. This has been achieved through continuous improvement in rehabilitation methods and seed mixes.

With the support of our client, Millmerran Power Partners, we are aiming to have water run-off from the rehabilitated areas draining directly to Back Creek rather than to on-site dams. This can only be done when the Queensland Department of Environment and Heritage Protection is satisfied that the rehabilitation provides a stable landscape for water run-off to flow directly to the natural catchment without negative environmental impacts. The rehabilitation monitoring undertaken to date indicates that Commodore is in a strong position to obtain this approval.

Once approved, clean water can be returned to environmental flow conditions more closely resembling those existing pre-mining. This will significantly reduce the risk of an uncontrolled water release.



Mining Engineer, Ian Pettigrew, at one of Commodore Mine's rehabilitation areas.

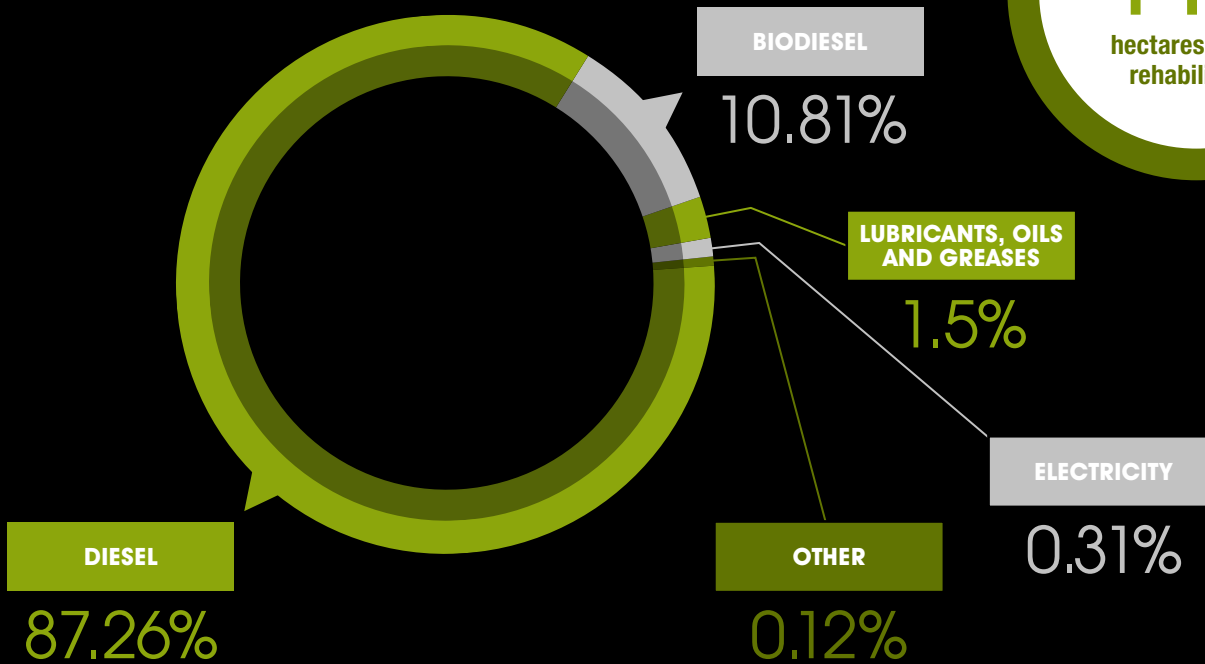


# ENVIRONMENT



**110**  
hectares of land  
rehabilitated

## TOTAL GHG EMISSIONS (SCOPE 1, 2 & 3)



**Scope 1 and 2 emissions** are those resulting from activities over which we have operational control and that we are required to report under the National Greenhouse and Energy Reporting legislation. In the 2011–2012 reporting period, our Scope 1 and 2 emissions were 18,488 CO<sub>2</sub>-equivalent tonnes.

**Scope 3 emissions** are those associated with our activities on sites that are under the operational control of our clients.

During the past year we rehabilitated<sup>1</sup> 110 hectares of mined land across our Commodore, Boggabri, Wambo and Millennium projects. As demonstrated in our case study on page 23, our site water management and land rehabilitation achievements have collectively reduced the risk and cost of water management by reducing the scale and need for infrastructure construction.

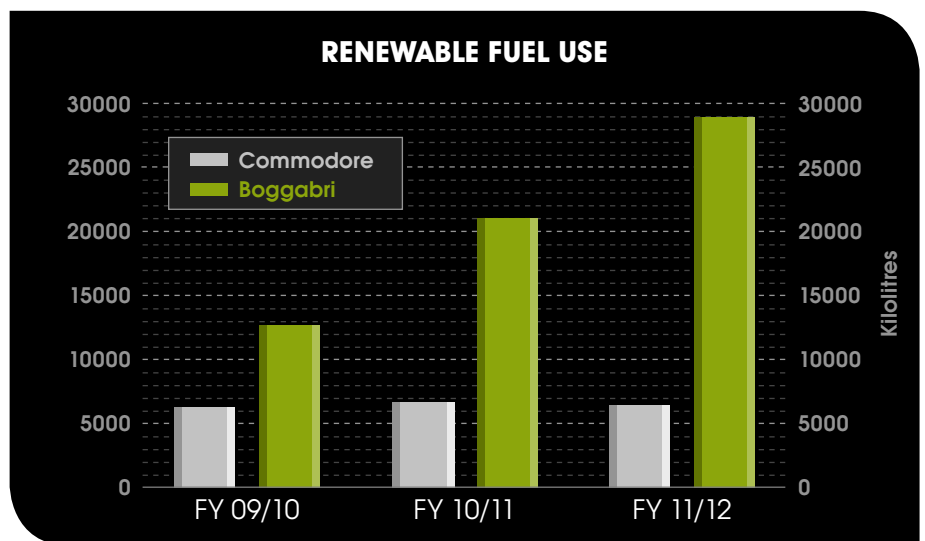
### GHG and Energy

We continue to set standards of excellence in low carbon innovation through our Downer Low Emissions Mining Solutions™. This year we achieved a 42% reduction in GHG emissions intensity<sup>2</sup>, against a target of 2%.

We remain the largest user of renewable fuels (B20 biodiesel) in the Australian mining industry, using more than 35 million litres annually at our Commodore and Boggabri operations. During the 2012 financial year we increased our use of renewable fuels by 28%, from 27,859kl in 2010–2011 to 35,549kl in 2011–2012. Our use of renewable fuels

reduced our annual GHG emissions by some 16,517 tonnes in 2011–2012, equivalent to 5,328 cars' annual emissions.

Following the successful implementation of our Fuel Efficient Operator Training program at Commodore Mine, we have expanded the program to our Boggabri operations, where it is delivering fuel savings of up to 3%.



1. Land rehabilitation includes the activities of topsoil spreading, profiling and seeding.

2. Measured as Scope 1 and 2 emissions (excluding fugitive methane emissions over revenue).

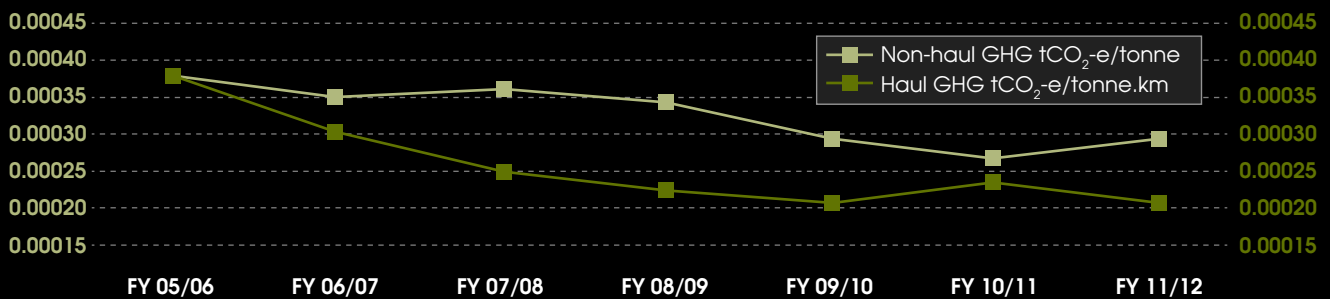
## UNIQUE APPROACH TO MEASURING AND IMPROVING OUR ENERGY AND EMISSIONS PERFORMANCE

Our unique DEEM™ tool enables us to quantify, compare and improve our operational fuel, GHG emissions and energy performance.

Besides its utility in setting targets and tracking performance against GHG and energy indicators, the DEEM™ also informs project business improvement decisions. It does this by quantifying and comparing the fuel, GHG emissions and energy efficiencies associated with different mining methods; mine planning and design changes; haul road changes; changing equipment operator behaviour; mining plant selection; and fuel types.

From our programs and improvements at Commodore Mine operations, the DEEM™ has measured a 44% reduction in GHG emissions and a 32% improvement in energy intensity over six years. We have continually improved DEEM™ systems to facilitate integration with mine information systems and enhance reporting efficiency. Through the implementation of measurement systems at new sites as they become operational, we are able to use a DEEM™ baseline to identify activities that affect energy and emissions performance. This comparative data is the foundation for improvement projects across our sites.

### GREENHOUSE GAS EFFICIENCY AT COMMODORE MINE



The program aims to enhance awareness among our operators of the factors that influence and contribute to fuel-efficient machine operation. The program involves training operators in our equipment simulators, with 1,801 people trained during the past year.

As mining equipment simulator software is currently unable to simulate fuel burn, we are now working with simulator supplier, Immersive Technologies, to develop software that “measures” fuel burn and simulates fuel-efficient equipment operation.

We have patented and trademarked our unique DEEM™ tool, developed to quantify, compare and improve our operational GHG and energy performance (see case study above).

Our energy efficiency performance decreased by 5.65% against our three-year target of a 3% improvement. However we are on track to realise significant energy savings in 2012–2013 through our comprehensive energy and emission reduction program. The program includes collaborating with our technical, mechanical and operational experts on a

range of equipment efficiencies. Fuel and oil reduction initiatives, and associated annual energy savings, include: fitting start-up and shutdown timer mechanisms on our lighting plants (5,243GJ); replacing the metal halide lights on our equipment with LED lights (12,936GJ); oil kidney looping our haul trucks (452GJ); lowering the retarder revolutions per minute on our electric-drive trucks (4,950GJ); and installing a new boiler, economiser, and tank and pipe insulation at our Bajool emulsion manufacturing facility (1,116GJ).

Our Downer Low Emissions Mining Solutions™ business improvement initiatives delivered almost \$500,000 in commercial savings for the business during 2011–2012, and we are on track to deliver more than \$1.1 million in savings in 2012–2013.

#### Waste Management

Each of our projects has a Strategic Environmental Action Plan (SEAP) to manage and reduce energy use, emissions, water consumption and waste generation. The plans are approved, and their implementation tracked, by our General Managers. We have improved our waste measurement through

implementing the SEAPs, with approximately 14% of our solid waste now being recycled.

#### DEVELOPING NEW BUSINESS

In 2011–2012 we focused our environmental business development activities on leveraging commercial opportunities that either align with, or contribute towards, the development of new environmental sustainability markets. Key achievements include:

- Formalising our innovation research partnership with the CSIRO
- Contributing a case study on the DEEM™ to the Energy Efficiency Opportunities Program’s publication “Analysis of Diesel Use for Mine Haul and Transport Operations”, published in English and Chinese for international distribution
- Developing our capability to reuse mining equipment engine oil as an alternative to diesel fuel in the blasting process
- Partnering with leading global tyre recycling and processing companies in the ongoing development and implementation of tyre stewardship policy and practices.

# INDEPENDENT VERIFICATION STATEMENT

## TO THE MANAGEMENT AND STAKEHOLDERS OF DOWNER EDI MINING:

Downer EDI Mining commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide limited assurance over the indicators presented in the 2011–2012 Sustainable Development Scorecard (the 'Scorecard') and supporting contextual information in the 2011–2012 Sustainable Development Report (the 'Report'). Both of these documents provide information on the company's sustainable development performance over the period 1 July 2011 to 30 June 2012.

## ASSURANCE OBJECTIVES

The objective of the assurance engagement was to state whether anything had come to our attention that would cause us to believe, based on our limited assurance procedures, that the indicators contained in the Scorecard and the related contextual information in the Report had not been prepared and presented, in all material respects, in accordance with the specified criteria.

## RESPONSIBILITY

Downer EDI Mining's management were responsible for the preparation and presentation of Scorecard indicator performance data in accordance with the specified reporting criteria. They were also responsible for the compilation and authoring of the Report.

This statement represents the assurance provider's independent opinion. Net Balance's responsibility in performing its assurance activities was to the management of Downer EDI Mining alone and in accordance with the terms of reference agreed with them. We disclaim any assumption of responsibility for reliance on this assurance statement, or on the subject matter to which it relates, to any person other than the management of Downer EDI Mining, or for any purpose other than that for which it was prepared. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

## ASSURANCE STANDARD AND SCOPE

The limited assurance engagement was conducted in accordance with Australian Standards on Assurance Engagements ASAE3000 Assurance Engagements other than Audits or Review of Historical Financial Information ("ASAE3000") issued

by the Australian Auditing and Assurance Standards Board. The engagement covered the indicators presented in the Scorecard and the contextual information relating to these indicators in the Report. These documents, along with the criteria used during the assurance engagement, can be accessed at: <http://www.downergroup.com/Zero-Harm/Sustainable-Development/Sustainability-Reports.aspx>.

## INHERENT LIMITATIONS

Because of the inherent limitations of any internal control framework and underlying data, it is possible that undetectable data manipulation, error or non-compliance may occur and not be detected. A limited assurance engagement is restricted primarily to enquiries and analytical procedures, and the work is less detailed than that undertaken for a reasonable assurance engagement. Additionally, non-financial performance data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

## ASSURANCE METHODOLOGY

Net Balance's assurance methodology consisted of evaluating the reliability of the Scorecard indicators through the review of systems, processes, information and calculations used to support the metrics. The procedures were selected using the assurance provider's judgement and an assessment of the risks of material misstatement. In making judgements, consideration was also given to the internal controls relevant to the calculation and collection of performance information relating to the selected sustainability indicators.

Evidence gathering for the evaluation of reliability and accuracy of the Scorecard indicators involved the following:

- Interviews with data owners to understand the selected performance data metric definitions, data sources, reliability of data, completeness of data and the basis of assumptions used in reporting of performance. Particular attention was paid to the consistency with recognised published standards and guidelines.
- Interviews with key personnel to obtain an understanding of the systems and the process used for data recording, collation and retention for the selected performance data.

- Review of internal and IT controls relevant to the calculation of the selected performance data.
- Re-performing of calculations for a sample of data points.
- Collection and evaluation of documentary evidence.
- Review of the contextual information relating to the Scorecard indicators in the Report to ensure that the information presented was aligned.

The assurance engagement was undertaken in November 2012 and the procedures took place at Downer EDI Mining's offices in Brisbane.

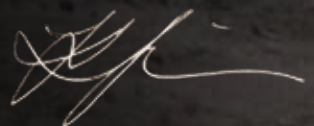
## OUR INDEPENDENCE

The Net Balance assurance team has the required competencies and experience to conduct this engagement. Net Balance confirms that we are not aware of any other issue that could impair our objectivity in relation to this assurance engagement. Net Balance has not had any part in collecting and calculating the data supporting the sustainability indicators or in drafting Report content. Further, in conducting this assurance engagement Net Balance has met the requirements of our Independence Policy. A copy of our Policy can be found at <http://www.netbalance.com/services/assurance>.

## LIMITED ASSURANCE CONCLUSION

Based on our limited assurance procedures, nothing has come to our attention that causes us to conclude that the performance indicators in the Scorecard and the related contextual information in the Report have not been prepared, in all material respects, in accordance with the specified criteria.

On behalf of the assurance team  
22 November 2012  
Melbourne, Australia



**Kirsten Simpson,**  
Lead Certified Sustainability  
Assurance Practitioner  
Associate Director, Net Balance





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### FEEDBACK

How did we do? Please send your feedback on our sustainability performance and this report to [sustainability.report@downergroup.com](mailto:sustainability.report@downergroup.com)



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