



2014 Sustainability Report

CONTENTS

Message from the CEO	1
Sustainability at Downer	2
Governance	4
Health and Safety	6
People and Community	9
Environment	12
Assurance Statement	17

ABOUT DOWNER

Downer provides a range of engineering, construction, operation and maintenance services to customers in market sectors including Transport, Utilities, Telecommunications and Resources.

Downer employs approximately 20,000 people primarily in Australia and New Zealand but also in the Asia-Pacific region, South America and Southern Africa.

DIVISIONAL ACTIVITIES

Downer currently operates through three divisions – Downer Infrastructure, Downer Mining and Downer Rail.

DOWNER INFRASTRUCTURE

Downer Infrastructure operates predominantly in Australia and New Zealand and is one of the largest providers of engineering services for critical infrastructure in both countries, employing more than 9,500 people in Australia and more than 5,500 in New Zealand. Key capabilities include road infrastructure construction and maintenance; electrical and instrumentation (E&I) services; civil, structural and mechanical services; power, transmission and electricity distribution market services; and services to the telecommunications and water infrastructure sectors. Downer Infrastructure also operates three subsidiary companies that offer innovative services to customers in the mining and resources sector:

- Mineral Technologies is a leading provider of mineral separation and mineral processing solutions worldwide, delivering a comprehensive range of integrated equipment and services that cost-effectively transform ore bodies into high grade mineral products;
- QCC Resources delivers process and materials handling solutions for all stages of the project lifecycle from initial concept, prefeasibility and feasibility studies, to innovative coal handling preparation plant (CHPP) design and engineering, which leads to procurement and construction management (EPCM) services being provided by the Downer Group; and
- Snowden provides consultancy services on a wide range of mineral commodities to customers around the world.

In October 2014, Downer acquired Tenix Holdings Australia Pty Ltd (Tenix) for \$300 million on a cash and debt free basis. Tenix is a leading provider of long-term operations and maintenance services to owners of electricity, gas, water, wastewater, industrial and resources assets in Australia and New Zealand.

DOWNER MINING

Downer Mining has been delivering contract mining and civil earthmoving services to its customers for over 90 years and is one of Australia's leading diversified mining contractors, employing more than 3,500 people across more than 50 sites in Australia, New Zealand, Papua New Guinea, South America and Southern Africa.

Downer Mining provides services and support to its coal and metalliferous mining customers at all stages of the mining lifecycle, including:

- open-cut and underground mining;
- blasting services through the subsidiary Downer Blasting Services;
- tyre management through the subsidiary Otraco International;
- exploration drilling and crushing;
- mine planning, design and construction for mine-related infrastructure;
- mobile plant maintenance;
- mine reclamation and land rehabilitation through ReGen; and
- indigenous training and development.

DOWNER RAIL

Downer Rail employs approximately 1,400 people and is a leading Australian rail transport solutions provider. Downer Rail's capabilities include the provision, maintenance and overhaul of passenger and freight rolling stock and the development of innovative solutions for passenger cars, freight wagons, locomotives and light rail.

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

WELCOME TO DOWNER'S 2014 SUSTAINABILITY REPORT



**TOTAL REVENUE \$7.7 BILLION
INCLUDING \$0.4 BILLION
OF CONTRIBUTIONS FROM
JOINT VENTURES**

**NET PROFIT AFTER TAX
(NPAT) INCREASED
5.9% TO \$216.0 MILLION**

**WORK IN HAND \$18.0 BILLION
AT 31 DECEMBER 2014**

**20,000 PEOPLE
AT 31 DECEMBER 2014**

**1.8% REDUCTION IN TOTAL
SCOPE 1 AND SCOPE 2
GHG EMISSIONS¹**

**11% REDUCTION IN TOTAL
RECORDABLE INJURY
FREQUENCY RATE (TRIFR)²**

MET TARGET OF TRIFR <5

During the 2014 financial year, we continued to focus on the services we provide to our customers and how these can be improved so Downer remains a profitable and sustainable business. In this Sustainability Report we focus on the issues that are material and important for our company and stakeholders.

The health and safety of Downer's people is our first priority. The goal of Zero Harm requires mature management systems and culture, relentless commitment and an intense focus on managing critical risks. We have further strengthened our programs and our health and safety performance in terms of reducing total recordable injuries and lost time injuries has again been effective. Over the past five years we have reduced our total recordable injury frequency rate (TRIFR)² by 40% and lost time injury frequency rate (LTIFR)³ by 15%. A significant achievement this year has been to meet the goal of reducing TRIFR to less than 5 by the end of June 2014.

However, Downer regrettably suffered a workplace fatality in Western Australia in April 2014 when an employee died while performing stringing work for the construction of a new transmission line. On behalf of Downer, I extend our deepest sympathies to the family, friends and colleagues of Kane Maxwell.

Our efficiency programs across the business have identified substantial energy savings for our operational sites, as well as for some of our customers. This is reflected by a reduction of 1.8% in our Group-wide greenhouse gas (GHG) emissions

(Scope 1 and Scope 2)¹ for the year and the implementation of a program of GHG emission reduction and energy saving initiatives that will deliver more than 386TJ of annualised energy savings, equating to an abatement in carbon emissions of 38,000 tonnes of carbon dioxide equivalent (ktCO₂e) across Downer's operations and those of our customers and suppliers (including Scope 3 GHG emissions). During the year, each of the divisions developed business-specific five year energy management plans and set targets for reducing GHG emissions and improving energy efficiency.

Downer was affected by subdued mining-based construction and services markets during the year, however the company responded quickly by reducing costs and improving productivity. Downer delivered a 5.9% increase in net profit after tax to \$216 million despite a 15.3% decline in total revenue.

The Board declared a total dividend payout of 23 cents per share for the financial year, up 9.5% on the previous year.

I take this opportunity to thank our employees and contractors for their contributions throughout the year.

**Grant Fenn, Managing Director and
Chief Executive Officer**

1. Scope 1 emissions are those produced directly by Downer EDI Group activities. Scope 2 emissions are indirect emissions, such as electricity consumption.
2. TRIFR is the number of fatal injuries + lost-time injuries + medically treated injuries per million hours worked.
3. Lost time injuries (LTIs) are defined as injuries that cause the injured person to be unfit to perform any work duties for one whole day or shift, or more, after the shift on which the injury occurred, and injury that results, directly or indirectly, in the death of the person. The LTIFR is the number of LTIs per million hours worked.



SUSTAINABILITY AT DOWNER

Our ability to understand and manage the sustainability and environmental impacts of our activities is fundamental for our long-term success as a business

The future for Downer as a sustainable business depends on the whole-of-business response to the pressures on the sectors in which we operate. We are constantly looking for smarter and more cost-effective ways of doing business by focusing on improving efficiencies and productivity and recognising and implementing the best solutions for our customers.

Key to our sustainability approach is recognising that our business activities have an impact on the community and the environments in which we operate. We strive to recognise and understand potential impacts on our customers, shareholders, employees, contractors and the community and then develop appropriate mitigation measures.

Downer has a robust Risk Management Framework that ensures a consistent approach to the identification, assessment, monitoring and management of risk and opportunity across the company, including those associated with sustainability and climate change. Our approach is enhanced by applying formal evaluation and continuous improvement metrics. Our approach continues to provide an appropriate balance between economic and environmental sustainability.

The Company's environmental and sustainability performance is overseen by the Board which has established a sustainability charter and strategy and allocates internal responsibilities for reducing the impact of our operations on the environment. See our web site for the Zero Harm Committee Charter <http://www.downergroup.com/Resources/Documents/Investors/Corporate-Governance/Board-and-Committees/Zero-Harm-Committee-Charter.pdf>.

This Sustainability Report focuses on issues that are material and important for our company and stakeholders. It is a supplement to the detailed financial reporting provided in the 2014 Downer Annual Report and discloses our non-financial sustainability-related performance for the year ended 30 June 2014 for the activities of the businesses that are members of Downer EDI Limited (or Downer Group).

Any significant changes to boundary or measurement methods or reporting period applied in this report compared with the prior reporting period (2013 Sustainability Report) are addressed in the relevant report sections. Information for joint ventures has not been included, which is consistent with previous reports. The Group

disposed of the consulting business Spiire New Zealand in February 2014, however this report incorporates its data to the end of that period as part of the sustainability performance reporting. The Group acquired Scarriff Pipelines from July 2013 and this data has been incorporated into the Group performance report.

Deloitte Touche Tohmatsu (Deloitte) has provided an independent limited assurance for the selected sustainability indicators of Total Recordable Injury Frequency Rate (TRIFR), our total direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions, significant environmental spills (greater than 100 litres or kilograms) and any safety or environmentally related fines or prosecutions for the Group-wide operations.

We have reported key sustainability metrics against the Global Reporting Initiative (GRI) G3.1 Guidelines and the content of the Sustainability and Annual Reports has been indexed. The GRI content index for this report is located on our website <http://www.downergroup.com/About-us/Zero-Harm/Sustainability/>. We have reported at GRI Application Level B+ which has been reviewed and assured by Deloitte as part of their third-party limited assurance.

FIGURE 1: STAKEHOLDER GROUPS



Downer continues to participate in the voluntary disclosure of its carbon performance by responding to the independent and international CDP (formerly Carbon Disclosure Project) climate change response request by reporting greenhouse gas emissions and qualitative information about Downer’s risks and opportunities relating to climate change.

Our sustainability strategy is underpinned by the core values of the company and our commitment to sustainable development with a balanced focus on:

- Sustaining a Zero Harm Environment – supporting the health and safety of our people, minimising the impact of our operations on the environment, building strong relationships with the Government, community and our supply chain and reducing our ecological footprint.
- Empowering our people – having in place effective employee engagement and retention strategies and employing ethical labour practices.
- Engaging our customers – identifying opportunities to assist our customers to improve their business and to reduce their environmental impacts, for example low carbon mining solutions and low carbon production of asphalt.

- Optimising our portfolio and performance – implementing strong risk management and governance frameworks to address current and emerging financial and non-financial risks.

Sustainability performance is linked to remuneration through Downer’s short-term incentive scheme (see Downer’s 2014 Annual Report for more detail) with 40% of the total allocated to non-financial performance. Zero Harm reflects Downer’s commitment to safety and environmental, social and governance matters. The Zero Harm element includes safety (20%) and environmental/sustainability measures (10%), underscoring Downer’s commitment to customers, employees, regulators and the communities in which we operate. In addition, 10% of the short-term incentive is allocated to people measures.

MATERIALITY

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

Internal review of the relevance of sustainability performance metrics for internal and external reporting is undertaken as part of the annual review of the Annual and Sustainability Reports and other sustainability reporting including carbon disclosure and performance reporting through CDP and the Australian Government annual National Greenhouse and Energy Reporting Scheme.

STAKEHOLDERS

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

Downer has identified the key aspects of sustainability performance that are important to its stakeholders by using a range of engagement and feedback methods, including:

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

1. Includes facilitated/one-on-one/group/two-way dialogue meetings covering issues including health and safety, environmental and sustainability impacts, community concerns and project performance.
 2. Material issues are those that may substantively influence the assessments and decisions considered and made by our stakeholders.



GOVERNANCE

Effective corporate governance is integral to achieving our sustainability goals

Downer's commitment to leading corporate governance practice includes a framework that is linked to the company values of collaboration, courage, integrity, excellence and responsibility.

These values are the key elements of how we conduct our business and they are expressed in our Standards of Business Conduct which apply to all our people, including directors, employees and contractors of Downer and its subsidiary companies throughout the world. We also encourage our suppliers, customers or non-controlled joint venture partners to apply similar policies and practices as the Standards of Business Conduct. Our standards can be viewed online at: <http://www.downergroup.com/Resources/Documents/Investors/Corporate-Governance/Board-Policies/Standards-of-Business-Conduct.pdf>.

We monitor our governance performance through bi-annual assessment of our Executives, Senior Managers and Directors who complete the Financial and Corporate Governance Self-Assessment (also called the Directors' and Officers' Questionnaire). The assessment covers financial and non-financial material risks and provides assurance to the Board that internal compliance and risk management process are being effectively implemented. The assessment ensures that complete and accurate information is provided as part of the reporting processes and to confirm we meet our legal, regulatory, ethical and other obligations.

Our corporate governance framework provides the platform from which:

- the Board is accountable to shareholders for the operation, performance and growth of the organisation;
- management is accountable to the Board;
- the risks we face as an organisation are identified and managed; and
- we communicate with our shareholders and the wider investment community.

The Board endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles) and the key aspects of our Group corporate governance approach are detailed in the Corporate Governance Statement in our 2014 Annual Report (pages 117-124).

GOVERNANCE

Downer's governance framework is supported by our financial and risk management business systems and our management systems for quality, health and safety and environment. The effective implementation of these systems is monitored through our extensive internal audit program, which is reinforced by third-party audits with oversight by the Board Audit and Risk Committee (see Figure 2).

Compliance with our health, safety, environment and sustainability commitments and the relevant legal and regulatory obligations is monitored by the Board Zero Harm Committee.

Meeting Downer's governance obligations also includes ensuring that our suppliers adhere to a standard set of principles, which are detailed in the Downer Supplier Code of Practice, including:

- governance and general compliance;
- workplace relations;
- occupational health and safety;
- ethical business practices; and
- environmental management.

We use a supplier rating system which allows an assessment of quality and service performance. Cost performance is reviewed against implementation of best practice and where necessary we work with our suppliers to develop improvement action plans.

INFLUENCING SUSTAINABILITY POLICY DEVELOPMENT

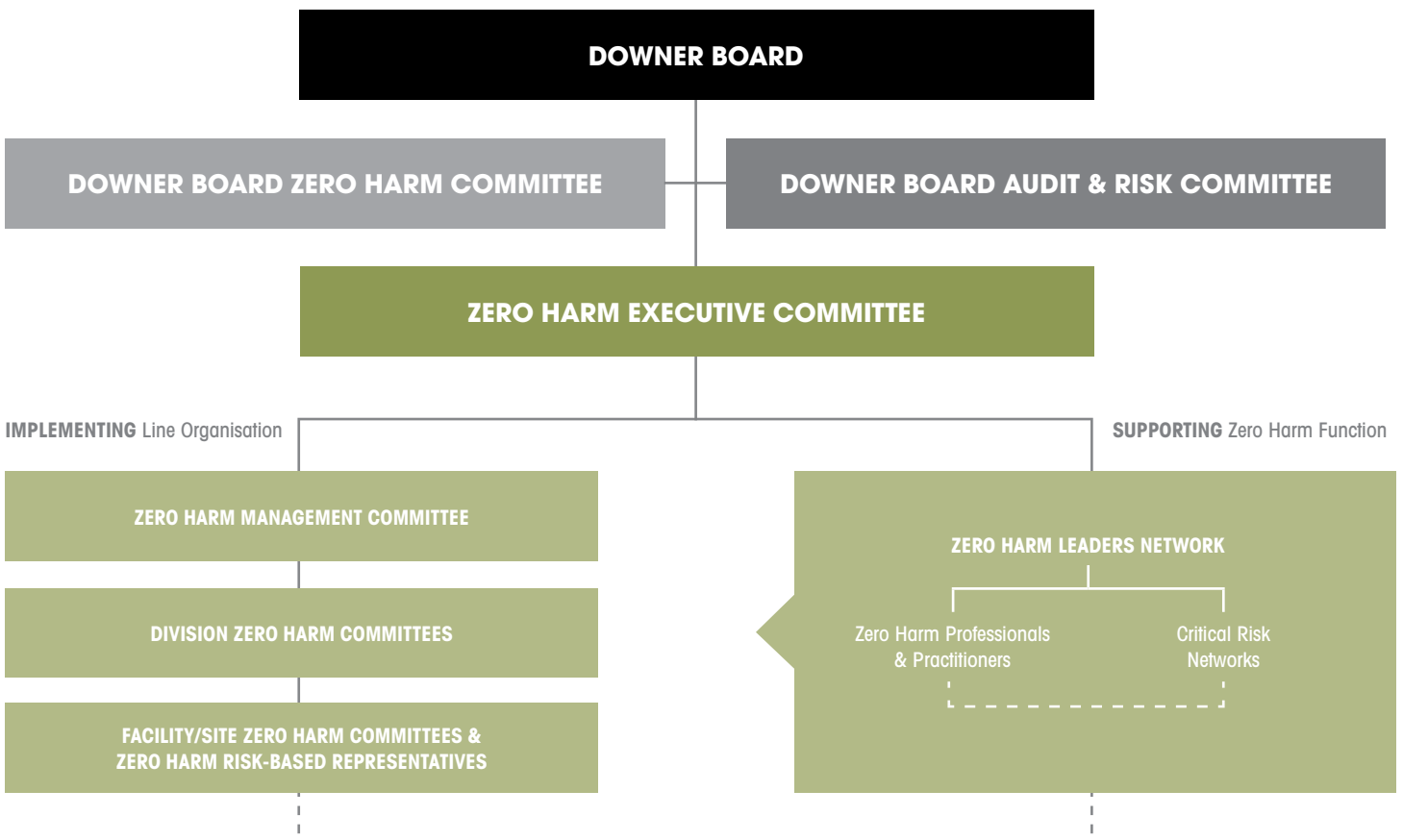
We contribute to Australian sustainability-related policy development through direct submissions and dialogue with government departments and industry groups.

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

- Association of Consulting Surveyors of Victoria;
- Australasian Railway Association Incorporated;
- Australian Asphalt Pavement Association;
- 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;
- Infrastructure Partnerships Australia – Transport, Water and Sustainability Taskforces;
- Minerals Council of Australia;
- National Electrical Communications Association of New Zealand;
- Queensland Resources Council;
- Rail Industry Safety and Standards Board (Australia); and
- Urban Development Institute of Australia.

FIGURE 2: SUSTAINABILITY GOVERNANCE STRUCTURE





HEALTH AND SAFETY

Downer's Zero Harm culture involves leading and inspiring, re-thinking processes, learning lessons from what has worked well and adopting and adapting practices that aim to achieve zero work-related injuries and environmental incidents

The health and safety of Downer's people is the Company's first priority and the goal of Zero Harm requires continuous improvement to achieve zero work-related injuries. Downer's managers are expected to lead by example and are held accountable for safety performance and creating a workplace culture that recognises that the safety of Downer's people is paramount. Employees are expected to take personal responsibility and be involved in setting and complying with Company standards and improvement initiatives and we provide support and training to enable them to maintain a safe working environment.

PERFORMANCE

Downer's health and safety performance is monitored through the measure of Lost Time Injury Frequency Rate (LTIFR)¹ and Total Recordable Injury Frequency Rate (TRIFR)². During the year, the LTIFR increased slightly to 1.08 per million hours worked at 30 June 2014. The TRIFR continued to trend down, with a reduction of 11% during the year from 5.42 to 4.83 million hours worked at 30 June 2014, thus achieving a major safety goal for Downer by reducing the TRIFR below 5 by the end of 2013-14. There has been consistent reduction in TRIFR with an average annual reduction of approximately 12% since 2009-10 when Downer first undertook third-party assurance of our safety data.

The improved TRIFR performance is due to a number of factors, including maintenance of mature management systems and culture, providing appropriate training to employees and contractors, implementation of lessons learned from investigations and audits, and an intensive focus on identifying and controlling critical risks.

Tragically, a Downer employee died in April 2014 while performing stringing work for the construction of a new transmission line in Western Australia. This death occurred despite a very high level of safety management across the company and a mature safety culture.

HEALTH AND SAFETY

This death reinforces the need to continue to relentlessly focus on understanding and managing the critical risks that have the potential to cause our people serious injury.

There were no safety related fines or prosecutions recorded during 2013-14.

CONTROLLING RISK AND MANAGING SAFETY

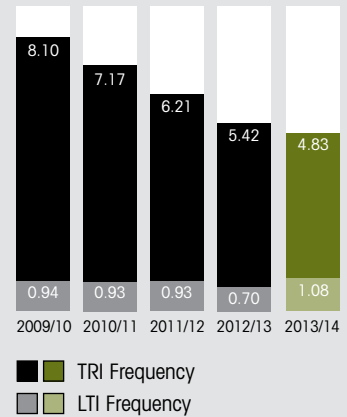
We believe that the key to maintaining a safe work environment for our people is creating a workplace culture that embeds safety into all business activities. This means that the leaders in our business – executives, managers and supervisors – are crucial to fostering safe work practice and providing the appropriate direction and support for day-to-day activities.

During 2013-14, Downer embarked on a Group-wide program of analysing and assessing how the company responds to critical risks at each level of the organisation. A detailed Group-wide Critical Risk Register was developed through an extensive program of engagement by undertaking risk identification and analysis workshops with managers and front-line employees at our facilities.

This allows us to maintain focus on key risks, strengthen our support processes and target improvement in areas that pose the most significant risk to employees.

Our goal of Zero Harm is primarily supported by our robust, third-party certified safety management systems that are tailored for the work activities of each of our three divisions. They clearly outline the standards for work practice that we expect our people (employees and contractors) to meet and we provide our people with support material, procedures, work instructions, guides, appropriate equipment and tools to assist in complying with our systems and processes. Downer has a leadership group that is committed to, and actively participates in, the safety function and our managers and supervisors drive the process of continuous improvement in safety practice.

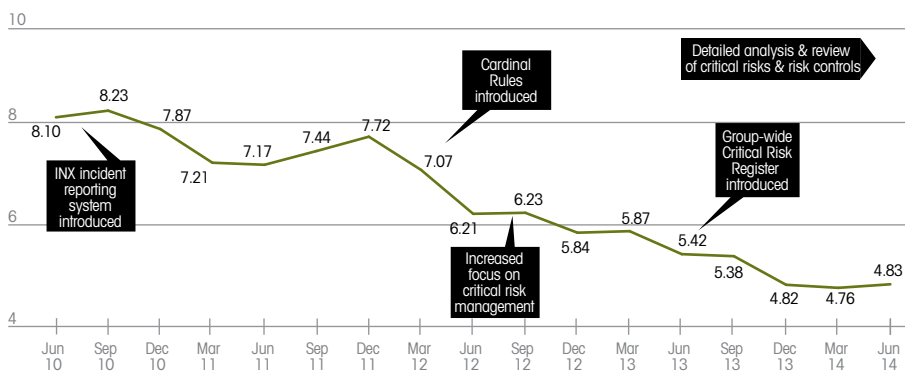
FIGURE 3: LOST TIME AND TOTAL RECORDABLE INJURY FREQUENCY RATES (PER MILLION HOURS WORKED)



OVER THE LAST 5 YEARS:

- LTIFR – 15% reduction
- TRIFR – 40% reduction

FIGURE 4: TOTAL RECORDABLE INJURY FREQUENCY RATE (12 MONTHS ROLLING AVERAGE) PER MILLION HOURS WORKED



1. Lost time injuries (LTIs) are defined as injuries that cause the injured person to be unfit to perform any work duties for one whole day or shift, or more, after the shift on which the injury occurred, and injury that results, directly or indirectly, in the death of the person. The LTIFR is the number of LTIs per million hours worked.
2. TRIFR is the number of fatal injuries + lost-time injuries + medically treated injuries per million hours worked.

CRITICAL RISK PROJECT

Our focus on specific critical risks has benefitted from the “take-home” lessons we have learned from detailed investigation and identification of root causes for high potential risk incidents, increased reporting of near-incidents and the encouragement of employees to undertake safety observations of hazards on work sites and initiate action to rectify issues.

Some of the key focus areas for critical risks have been vehicle interactions, plant-pedestrian interactions, isolation of energy from all sources, working at heights, managing work exclusion zones and capability training for supervisors and employees. A range of projects have been conducted across the Group to address these issues, including:

- Focussing on providing our leaders with a range of training and education options to improve their skills and confidence in leading safety initiatives. The various training programs we have developed across the Group have successfully incorporated safety training for leaders into the capability framework for managing activities and projects.
- Assessing emerging technologies such as proximity sensors that may be suitable for modifying our vehicles and mobile plant, including audio or visual alerts for collision potential. Trials have been conducted in various sectors of our business to identify the best fit-for-purpose solutions.
- Undertaking a detailed review and analysis of stored energy isolation incidents and existing controls and how they were implemented. The findings have led to the development, or revision, of standards, procedures and other documentation, and a rollout of information through workshops and toolbox talks as part of the consultation process.
- Reviewing the way we load and unload vehicles and how we manage the transportation of plant and equipment led us to adopting a program developed by Coates that reduces the risk of incidents, protects the safety of our workers and reduces the potential for damage to equipment.
- Investigating how we undertake work in remote situations or where Downer does not have complete control of sites, such as where we undertake in-field servicing or maintenance of vehicles, plant or equipment.

HEALTH PROGRAMS

Whilst keeping our people safe at work is an imperative for Downer, ensuring that we also consider the health of our employees is fundamental to maintaining an effective workforce. Downer operates a number of workplace health programs including:

- Employee Assistance Program (EAP) is a confidential counselling service for employees and their eligible family members which is paid by Downer at no cost to the employee. The service is provided by an independent organisation of qualified and experienced professionals in counselling, coaching and workplace consulting. The service provides coaching and strategies for employees in the work-life journey.
- EAP – Dietician Service – employees have access to accredited, practicing dieticians who provide advice on a full range of nutrition issues including weight management, digestive health, using nutrition to assist with medical conditions, and children’s health.
- Downer provides its business travellers and expatriates with quality health care, medical and security assistance worldwide, 24 hours a day. It is a fully integrated program to ensure that employees receive the care and expertise that they need, whenever and wherever they need it. Examples where support is provided include loss of medication, obtaining a referral, pre-travel advice and support in a personal or security crisis.
- Downer Mining has an established Mental Health awareness and management program that provides practical skills and support for workers and their families, especially those working at remote mine sites away from their normal places of living.
- Downer Mining has developed the Enhancing Workforce Health Program which provides information that may assist employees to discover information, resources and activities which may suit their personal health needs, skills, goals and lifestyle.
- Targeted programs to help employees in Queensland quit smoking have been conducted in conjunction with Queensland Department of Health.
- Access to discounts for health care funds, gyms and fitness centres to promote good health and well-being.

SAFETY PRACTICE RECOGNISED

- 2013 National Safety Council of Australia Ltd (NSCA) National Safety Award of Excellence:
 - Highly Commended for Best Communication of a Safety Message for Downer Infrastructure, Rose Hill for their Near Miss Reporting Program – “Mate ... that was bloody close”. The thrust of the near miss reporting was to prevent incidents by encouraging the reporting of hazards before an incident occurs.
 - Finalist for Best Solution of a WHS Risk – medium to large business for Downer Rail – Port Waratah Facility. The locomotive maintainers found a solution to frequent and lengthy manual handling risks by introducing a purpose designed portable trolley that can accommodate new parts, old parts and tools required for the task.
- 2013 AustStab Award of Excellence – Work Health and Safety.
- National Electrical and Communications Association (NECA) Excellence Awards NSW State Winner – Downer Infrastructure M2 Tunnel Project.
- Downer New Zealand received the NZ Contractors Federation (NZCF) Safety Award, \$2-\$10m category, for the Victoria Wharf Project in Devonport, Auckland.
- BHP Billiton 2013 Contractor HSEC Awards – Downer Mining was Winner for Recognising Excellence in HSEC Initiatives and Performance for Otraco’s Mount Whaleback team for their innovative, simple and sustainable approach to eliminating incidents involving IN-80/95 tyre inflators.



PEOPLE AND COMMUNITY

Downer has approximately 20,000 people with 97% working primarily in Australia and New Zealand, as well as Asia-Pacific, South America and Southern Africa (see Figure 4). This includes full-time and part-time employees, fixed term contract employees and casual and temporary employees, however it excludes independent contractors

Our workforce reduced by approximately 7% during 2013/14 due to the change in scope of some of our contracts and restructuring within the business to ensure we are appropriately aligned with market conditions. However, central to creating long-term sustainable business for Downer is investing in the development of our people.

COLLABORATION AND LEADERSHIP

The future and resilience of our company will be supported by the capability of the people who lead the business. Downer continued to invest in its people during the year, by offering training and mentoring programs to its leaders.

One initiative was a tailored safety and environment program for Downer's supervisory and project management staff.

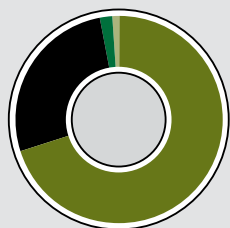
We also continued to support apprentices across a range of trades with initiatives such as Downer Mining's two-year graduate program.

EMPLOYEE BENEFITS

Downer is committed to providing employees with all legally-required benefits, including superannuation, where Downer contributes to retirement plans in most countries in which it operates and in accordance with local regulatory requirements. We also provide paid parental leave benefits in Australia and New Zealand.

Downer is aiming to achieve a work environment that will increase employee loyalty and promote higher retention rates. We offer a number of programs that extend benefits to families including the Employee Assistance Program which is an independent professional and confidential counselling service for employees and their eligible family members. We also established a Corporate Family Program that assists with work-family balance by providing access to support services specifically for parents with children, those transitioning into retirement and those with caring responsibilities for other family members.

FIGURE 5: EMPLOYEES BY REGION



■ Australia 70% ■ Chile & Brazil 2%
■ New Zealand 27% ■ Others 0%
■ South Africa & Botswana 1%

GENDER REPRESENTATION – WOMEN

- 2 of 7 Non-executive Directors on the Downer Board
- 7% of Senior Executive¹ roles
- 6% of Manager² roles
- 12% of workforce (14% in NZ and 14% in Mining division)

DIVERSITY AND INCLUSIVENESS

Downer’s commitment to a diverse and inclusive workforce is captured in our Diversity and Inclusiveness Policy which sets out Downer’s diversity initiatives and has a particular focus on gender, age and cultural diversity. Our policy is available on our website at: <http://www.downergroup.com/Resources/Documents/Investors/Corporate-Governance/Board-Policies/Diversity-and-Inclusiveness-Policy.pdf>.

Currently the proportion of female employees at Downer has remained unchanged from the previous year at 12%, however there is a slightly higher participation rate in our Mining division and in New Zealand. One of the key objectives of our diversity and inclusiveness strategy is to increase the number of female employees in the organisation by providing development opportunities, targeted recruitment and introduction of flexible work opportunities where appropriate.

A number of key strategies have been implemented for 2014-15 to enable us to increase the female participation rate and to increase the number of female managers. From 2014-15 onward at least one female candidate will be required on the shortlist for 25% of managerial roles (currently at 17%) to support a targeted increase in the number of female Managers in Downer from 6.0% (FY2014) to 6.5%. We also intend to implement a job grading structure across Downer to enable a comprehensive gender pay review in the future.

In addition, a Group-wide formalised mentoring program will be introduced with the initial focus on women in leadership and increased awareness raising and promotion of flexible work opportunities for female employees.

The program for the recruitment of Indigenous and Torres Strait Islander employees in Australia continues to deliver strong results, particularly in Downer Mining, where the participation rate is 3.98% (higher than the mining industry average). In New Zealand, we have established targeted recruitment and development strategies to increase the number of Maori and Pacific Island employees in management and senior management roles.

CONNECTING WITH COMMUNITIES

Downer has operations in a number of countries and remote locations where we have the ability to make an impact on a diverse range of communities both in highly urbanised and less populated remote areas. We have operations at both fixed locations and short-term locations (such as road maintenance). We work towards creating enduring relationships with these communities and we implement a range of strategies focusing on social responsibility, local and Indigenous employment; governance; cultural heritage management; and stakeholder engagement.

MAORI LEADERSHIP PROGRAM

Downer has partnered with Te Puni Kokiri (Ministry of Maori Development) to promote increases in levels of achievement by Maori in education, training and employment, health and economic resources development. We have a large Maori workforce in New Zealand and we want to increase the number of Maori in leadership roles across the organisation.

We established the Maori Leadership Group development program to focus on ‘developing the whole person’ through a range of work and life skills. The pilot program we conducted included a cross-section of people, and recognised the importance of our senior employees in their capacity as mentors and teachers.

The program has leveraged off the Maori concept of whakawhanaungatanga (a process for developing relationships) to establish connections and create a productive atmosphere to work together as a group. This concept provided an opportunity to share with partners outside of our organisation and to strengthen ties with iwi in the area.

We consulted with the Maori elders on the best way to develop leaders and they have helped us highlight the key principles for participants in “who they are”, “where they come from” and “why it is important to be a leader”.

1. “Senior Executive” refers to CEO, KMP and Other Executives/General Managers as defined in the Australian Workplace Gender Equality Agency Reference guide to the workplace profile and reporting questionnaire (WGEA Reference Guide).
 2. “Manager” refers to CEO, KMP, Other Executives/General Managers, Senior Managers and Other Managers as defined in the WGEA Reference Guide.

PEOPLE AND COMMUNITY

As part of the program the participants learnt how to set goals and use Personal Development Plans to support their leadership aspirations. The program has helped to generate work and life benefits for participants, to establish a strong network of support, and offered opportunities for personal direction including:

- reconnection with whanau and the Maori community;
- further studies to help personal development;
- mentoring roles at both work and at home;
- goal-setting and mapping of future direction; and
- increased self-confidence and personal belief.

The success of the program is reflected by the improved levels of confidence demonstrated by our workers, with six of the participants having since stepped up to Supervisor and Contract Manager roles.

CONNECTING WITH INDIGENOUS COMMUNITIES

Following a successful pilot last year, Downer has entered into a five year partnership with Jawun, a not-for-profit organisation that finds skilled people in corporate Australia and connects them with Indigenous communities. At the heart of Jawun are the diverse capabilities of skilled people from corporate partners, and the desire and determination of Indigenous people to regenerate their communities.

During the year, six Downer employees took part in a six week secondment as part of the Jawun Corporate Partnerships Program that matched their interests and capabilities with the needs of the Indigenous organisations. Our employees were seconded into six organisations in Inner Sydney, Cape York and West Kimberley and the program has since provided tangible benefits to these communities including:

- IT Support for National Aboriginal Sporting Chance Academy by identifying how to better utilise their existing CRM system, configuring it to meet their requirements where possible and preparing documentation to assist in ongoing management.

- Business Planning – developed a business plan for Mudgin-gal Aboriginal Women’s Centre and obtained funding approval.
- Zero Harm – safety prequalification of an indigenous construction and landscaping business for Rio Tinto work and implementation of safety systems for Opportunity Hubs in Cape York.
- Environmental – compiled a comprehensive list of ecosystem services (targeting quadruple-bottom-line, focusing on environmental impacts) with the intention of attracting corporate, philanthropic and Government support for Cape York Land Council.
- IT Training – developed training programs for the rangers of the Kimberley Land Council to better utilise the Microsoft suite of programs.
- Policies and Procedures – developed a set of OHS procedures based on legislation and workplace safety best practise to guide on and off country work by staff, cultural monitors and country managers of the Kimberley Land Council.

DOWNER RECOGNISED FOR COMMUNITY ENGAGEMENT AND ENVIRONMENTAL PROTECTION

WINNER NEW ZEALAND GREEN RIBBON CARING FOR OUR WATER AWARD

Downer in New Zealand is a major contractor in the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) undertaking repair to the wastewater network in the aftermath of the earthquakes that have devastated much of the city infrastructure. Large volumes of wastewater have to be temporarily pumped in by-pass to the network to allow the completion of the repairs, and this creates a risk of discharge of silts and sewage to waterways.

Key to implementing effective environmental mitigation measures during these works has been the high level of awareness and understanding of our staff. The target they have set is zero dry weather overflows to rivers.

Experience shows that those who understand the issues are more likely to care and take appropriate action through their daily jobs. With this in mind, Downer developed an innovative interactive

EnviroKayak program, in which more than 190 Downer and subcontractor staff participated. The program takes staff and crews on a one hour, four kilometre kayak along the Avon River, which flows through the Christchurch CBD and the most severely affected earthquake zone.

The trips are led by an ecologist and provide an opportunity for field-based learning about the river ecology, fish spawning sites, the importance of plants on river banks and sites of archaeological significance. It also provides an opportunity for team building, to share learnings, collaborate and have fun in a new and different environment.



ENVIRONMENT

There are three foundations to the Downer environmental sustainability strategy: compliance and risk management, minimisation of environmental and sustainability impacts and improvements to resource efficiency

The strategy is aligned with our business objectives and is undertaken as part of our broader commitment to safety, environment, society and governance.

COMPLIANCE AND RISK MANAGEMENT

Managing the environmental and sustainability risks of our business activities is fundamental for Downer to be a successful and sustainable company. Downer has implemented environmental management systems in accordance with the requirements of ISO14001 and we undertake regular review and audit of these systems to ensure effective control and continuous improvement.

We have a structured approach to identifying and managing environmental and sustainability risks and during the year we increased the focus on critical environmental risks with the introduction of guidelines such as Downer's '10 Environmental Principles', environmental awareness training and handbooks on environmental management.

MINIMISING ENVIRONMENTAL IMPACT

During the year we continued to encourage our employees and contractors to maintain a strong culture of reporting all environmental incidents, regardless of initial perceptions of severity. This practice enables us to collate information on potential environmental risks and raise awareness of mitigation controls that can be implemented to prevent adverse impacts on the environment.

Downer records all environmental incidents and ranks these according to a six-level severity rating. We continue to endeavour to minimise the impact of Downer's operations and activities on the environment and during the year we achieved our Group-wide target of zero Level 5¹ and 6² environmental incidents. In addition, there were no environmental incidents that constituted serious or significant material harm (i.e. Level 4). However, despite these efforts to implement effective control mechanisms Downer received three

finances during the year in relation to environmental incidents from:

- the Queensland Department of Environment and Heritage Protection (\$2,200 fine) for contravention of a condition of environmental authority resulting from a spill of approximately 1.5 tonnes of hydrated lime at an asphalt plant in July 2013;
- the Bay of Plenty Regional Council (NZ\$750) for run-off of bitumen contaminated water to the stormwater system. The incident occurred when polymer-modified emulsion used as binder with bitumen in road surfacing was washed by overnight rain before the emulsion was fully set; and
- the Queensland Department of Environment and Heritage Protection fined Downer \$2,000 for an incident that occurred between March to April 2012 where vegetation was cleared and fill was placed within 200 metres of a spring in contravention of the Environmental Authority.

ENVIRONMENT

As part of our environmental incident reporting practices we report publicly those spills greater than 100 litres or 100 kilograms which have not been contained within a primary bunding or containment system. This does not necessarily indicate that there has been environmental harm since in most cases the incident has been contained by secondary containment systems such as triple interceptors on drainage from our depots or workshop areas or temporary bunds established immediately on site. During the year we recorded 34 spills in excess of 100 litres or 100 kilograms and it reflects the continued program of raising awareness amongst our staff and sub-contractors of environmental issues and stressing the importance of capturing and reporting information when environmental incidents occur.

ENERGY AND GREENHOUSE GAS EMISSIONS

CLIMATE CHANGE RESPONSE

Global efforts to address the challenge of climate change have received a significant boost with the recent announcement of a bilateral agreement between the United States and China to curb greenhouse gas (GHG) emissions. The proposed action by the world's largest emitters of GHGs has been further bolstered by the G20 summit held in Brisbane, which highlighted increased investment in energy efficiency as one of its aims.

In Australia, the policy landscape has also shifted as the Federal Government repealed both the Carbon Pricing Mechanism and Energy Efficiency Opportunities (EEO) legislation during 2014. However, the key component of the Australian Government Direct Action Plan (DAP), the Emissions Reductions Fund (ERF), has been established to provide companies with further incentives for emission reduction through access to potential financing for emissions reductions projects.

Downer's overarching sustainability strategy incorporates our approach to managing and reducing GHG emissions associated with our operations and activities and provides the framework for identifying energy efficient and carbon abatement opportunities. The strategy also encourages and supports actions to assist our customers and suppliers with managing their climate change related impacts.

The strategy provides the framework for the identification and management of risks to the business from the potential impacts of climate change, either legislative or market based, as well as for business continuity planning in the event that extreme weather-related events such as flooding, bush fires or drought adversely impact our businesses. This approach will assist in building resilience into our operations and activities.

OVER THE LAST 5 YEARS

- GHG emissions (Scope 1 & Scope 2) – 8.8% reduction
- GHG intensity (tCO₂e/AUD\$M) – 29% reduction

2013–2014 SIGNIFICANT SPILLS (>100 LITRES OR >100KG)

Material	Number of Spills	Total Volume of Spill
Oil (litres)	6	1,360
Diesel (litres)	5	3,700
Emulsion (litres)	1	100
Bitumen Emulsion (litres)	4	2,400
Lime (kilograms)	1	1,500
Wastewater (kilolitres)	12	10,100
Sediment (kilograms)	1	100
Sediment laden runoff	3	300
Chemicals	1	2,000
Total	34	

1. A Level 5 environmental incident is defined as any incident that causes significant impact or serious harm on the environment, where "material harm" has occurred and if costs in aggregate exceed \$50,000.
2. A Level 6 environmental incident is defined as an incident which results in catastrophic widespread impact on the environment resulting in irreversible damage.

FIGURE 6: SCOPE 1 AND 2 GHG EMISSIONS (ktCO₂e) (USING METHOD 2 FOR ESTIMATING FUGITIVE METHANE EMISSIONS)

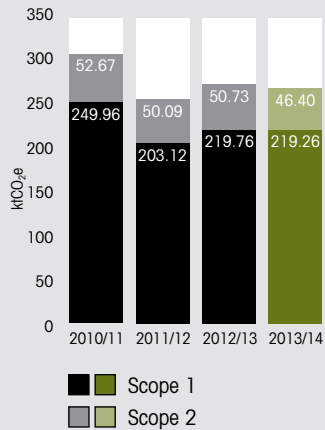
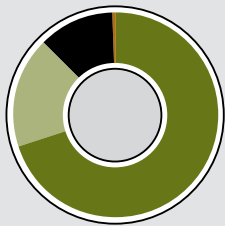


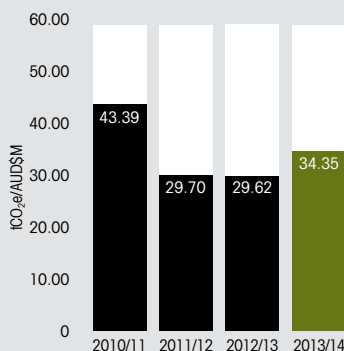
FIGURE 7: SCOPE 1 AND 2 GHG EMISSIONS BY SOURCE (ktCO₂e, %)



- Liquid fuels, 186.04, 70.0%
- Electricity used by facility, 46.40, 17.5%
- Natural gas, 31.80, 12%
- Coal mining (Method 2), 1.30, 0.5%
- Other substances*, 0.11, 0.0%

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

FIGURE 8: GREENHOUSE GAS EMISSIONS INTENSITY (tCO₂e/AUD\$M)



ENERGY AND CARBON MANAGEMENT AT DOWNER

Our approach to the management of energy and GHG emissions ensures that our business operations are compliant with current regulation and legislation, that they maximise improvements to our business operations through the implementation of best practice, and provide for the development of new business opportunities through the provision of low and reduced carbon services.

Downer has embedded the principles and practices of energy management into operational planning within the company. This has led to the implementation of a robust and comprehensive approach to managing energy consumption and for identifying energy efficiency improvements. During the year each of the divisions developed business-specific five years plans and targets for reducing GHG emissions and improving energy efficiency.

We are continuing to improve and refine our in-house Group-wide Environmental Data Reporting System (EDRS) to ensure that it fulfils the needs of our regulatory compliance obligations, as well as providing our businesses with an efficient and effective tool for reporting energy, carbon and other environmental data. The collection and analysis of the data provides an important management tool for monitoring and improving our carbon performance, as well as that of our supply chain – both upstream and downstream.

Improved data collection and reporting systems allows Downer to provide accurate information through our annual Sustainability Reporting, through regulatory reporting, as required for national GHG emissions, and energy consumption and production reporting in Australia and carbon disclosure and performance reporting to the CDP (formerly Carbon Disclosure Project).

SCOPE 1 AND 2 EMISSIONS

Our total Scope 1 and 2 GHG emissions for the past four years are shown in Figure 6.

We continue to report the quantity of fugitive methane emissions from our operations at the Commodore open cut coal mine in Queensland by using Method 2 as we have done for the 2012 and 2013 Sustainability Reports. This is in accordance with the National Greenhouse and Energy Reporting (NGER) (Measurement) Determination 2008 and in alignment with the principles outlined in the GHG Protocol³, such that the fugitive methane emissions from previous years have been recalculated to provide meaningful year-on-year comparisons of our carbon performance.

The fugitive methane emissions from the coal mine were estimated to be 1,303 tCO₂e by applying the life-of-mine GHG emissions model previously developed by a specialist gas consultant on behalf of the owner of the mine. This approach was developed in accordance with guidelines prepared by the Australian Coal Association Research Program⁴ and complies with the requirements of the NGER Determination⁵.

During 2013-14, our Scope 1 GHG emissions have remained relatively static with a slight decrease of approximately 0.2% compared to 2012-13 (see Figure 6). Scope 2 GHG emissions decreased by just over 9% during the same period, reflecting our increased efforts in identifying and implementing energy efficiency improvements in electricity consumption, as well as a move to less carbon intensive energy sources. The energy efficiency improvements have been driven by internal energy and GHG emissions reduction targets agreed with the businesses as part of our Short Term Incentive scheme.

Figure 7 presents a breakdown of Scope 1 and 2 GHG emissions by source.

The primary source (70%) of our total Scope 1 and Scope 2 GHG emissions continues to be the consumption of liquid fuels (see Figure 7). This fuel is consumed predominantly for transportation energy in our transport fleet and from the production of stationary energy in our asphalt plants, with diesel oil the major fuel consumed. Natural gas consumption accounts for 12% of emissions and electricity use 17.5%.

Downer operates across a diverse range of industry sectors and uses a carbon intensity measure to describe our annual GHG emissions relative to the Group-wide activity level in terms of total revenue (i.e. tCO₂-e/AUD\$M). Normalising annual GHG emissions by determining the carbon intensity allows us to track our carbon performance over time and make meaningful year-on-year comparisons (see Figure 8).

Our carbon intensity has increased by approximately 16% during 2013-14 compared with the previous reporting year. Even though our total Scope 1 and 2 GHG emissions have reduced by 1.8% from last year, the total revenue for the Group has reduced by 15.3% over the same period, reflecting the difficult economic climate over the last 12 months. This has resulted in a significant increase in our carbon intensity for the 2013-14 reporting year.

However, Downer's carbon intensity has reduced by 21% since the 2010-11 reporting year, with total Scope 1 and 2 GHG emissions reducing by 14% over the same period. This ongoing improvement in our carbon performance is testament to Downer's sustainability strategy and our efforts to identify energy efficient and low-carbon options. This trend is reflected in our continuous improvement in carbon disclosure reporting for CDP⁶.

CARBON OFFSETTING

Increasingly our customers are requesting more information on our carbon management and abatement activities. Some of our customers request that we offset Scope 1 and Scope 2 GHG emissions associated with these services. For 2013-14, the total GHG emissions required to be offset amounted to 802 tCO₂e. In order to offset these emissions an equivalent quantity of International Carbon Units (green Certified Emissions Reductions (CERs)), which are certified under the National Carbon Offset Standard (NCOS), were purchased to ensure fulfilment of the requirements of our contractual agreement.

SCOPE 3 EMISSIONS

Downer continues to report on sources of GHG emissions that fall outside its operational control and sources that are associated with the activities and operations undertaken by our customers and contractors. Figure 9 shows the Scope 3 emissions in comparison to the total Scope 1 and 2 GHG emissions.

Consistent with previous reporting years, the most significant source of Scope 3 GHG emissions originates from the consumption of diesel oil in on-site plant and equipment at our contract mining facilities. These emissions account for approximately 94% (658 ktCO₂e⁷) of the total 702 ktCO₂e Scope 3 emissions and approximately 68% of the total Scope 1, 2 and 3 GHG emissions inventory.

There has been a 16% reduction in our Scope 3 emissions for 2013-14 compared to the previous reporting year, despite this year's boundary of Scope 3 emissions reporting being expanded to include additional sources. The reduction can be attributed mainly to the 18% reduction in Scope 3 emissions associated with contract mining activities.

We have estimated GHG emissions from construction projects undertaken where Downer does not have operational control of approximately 22 ktCO₂e, which represents approximately 3% of total Scope 3 GHG emissions. Due to the increased level of reporting from these projects the amount of Scope 3 emissions reported this year is higher than the previous year (<0.5% of Scope 3 emissions). These emissions are from electricity use, fuel consumption and the use of oils and greases through our activities but are considered to be under the operational control of our customers.

Reporting Scope 3 emissions from our contracting and construction projects allows us to manage down-stream emissions associated with our business activities and identify opportunities to improve the carbon performance of our customers.

The total Scope 3 GHG emissions also includes emissions associated with air travel for business purposes for Australian and New Zealand based staff, which covers approximately 97% of our employee base. The air travel emissions were estimated to be approximately 22 ktCO₂e representing approximately 3% of Scope 3 GHG emissions, which is consistent with the previous year. However, there was an 11% reduction in emissions from air travel, reflecting the reduction in business activity and a concerted effort to avoid air travel where possible in accordance with the Travel Policy to reduce cost, lost time and environmental impacts.

In order to improve the accuracy of our reporting of Scope 3 GHG emissions from air travel, we have continued to apply the same methodology used last year which accounts for the different flight profiles for air travel. The approach is based on the methodology developed by the United Kingdom Department of Environment, Food and Rural Affairs⁸, which employs three flight distance groupings – short, medium and long haul (with associated emission factors) for estimating GHG emissions.

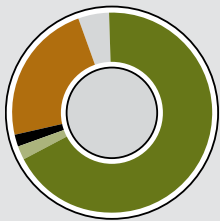
ENERGY CONSUMPTION AND PRODUCTION

Total energy consumption increased by 1% this year to 3,980 TJ (terajoules) when compared to the previous year and Figure 10 shows the Downer energy profile by primary energy source.

Consistent with previous years, liquid fuels account for the majority of energy consumption (76.8%), with natural gas accounting for 15.5% and electricity 5.8%. The total energy consumed is similar to last year. However, there was a substantial increase in the reporting of energy consumption for "other substances" such as petroleum based oils and greases, solvents, acetylene, and petroleum based fuels (other than oils and greases). This increase in energy consumption represents an increase in the use of these substances in some parts of the company, as well as the re-allocation of reported use and improved level of reporting.

3. The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition. Published by the World Resources Institute 2004.
4. Guidelines for the Implementation of NGER Method 2 or 3 for Open Cut Mine Fugitive GHG Emissions Reporting, 2011. Published by Australian Coal Association Research Program.
5. National Greenhouse and Energy Reporting (Measurement) Determination 2008 – subdivision 3.21
6. CDP – formerly known as Carbon Disclosure Project.
7. This figure also includes the combustion of small amounts of petroleum based oils and greases.
8. 2008 Guidelines to DEFRA's GHG Conversion Factors: Methodology Paper for Transport Emission Factors. Department for Environment, Food and Rural Affairs, London, UK.

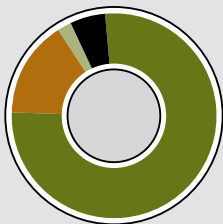
FIGURE 9: SCOPE 1, 2 AND 3 GHG EMISSIONS, ktCO₂e (%)



- Scope 3 Diesel-contract mining sites, 658, 68%
- Scope 3 Diesel-construction sites, 22, 2%
- Scope 3 Business flights (AU & NZ based staff), 22, 2%
- Scope 1, 219, 23%
- Scope 2, 46, 5%

*Includes business flights (Australian and New Zealand based staff) + emissions from diesel oil consumption at mine sites (not under Downer's operational control) + emissions from construction projects (not under Downer's operational control)

FIGURE 10: DIRECT AND INDIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE (TJ, %)



- Liquid fuels, 3,056.53, 76.8%
- Natural gas, 614.96, 15.5%
- Other substances*, 78.31, 2.0%
- Electricity used by facility, 229.86, 5.8%

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

ANNUALISED GHG EMISSIONS AND ENERGY SAVINGS

	Annualised energy savings (TJ)	% of total energy savings
Vehicle and mobile plant fuel and oil efficiency	134	35%
Use of alternative materials as primary resources	119	31%
Facility/Plant efficiency improvements	98	25%
Supply chain efficiency	23	6%
Lighting upgrades – replacing existing lights with energy efficient lighting, timers, day light sensors or skylights	8	2%
Fuel switching	4	1%
Total	386	-

ENERGY AND CARBON REDUCTION INITIATIVES

Downer has undertaken a number of energy and carbon reduction initiatives to improve carbon performance while also achieving cost savings. This program of GHG emissions reduction and energy savings has identified more than 386TJ of annualised savings, realising the potential for the abatement of 38 ktCO₂e across Downer operations and those of our customers and suppliers.

Some of the projects undertaken to achieve these savings include:

- Program of replacing light and heavy vehicles with higher fuel efficiency vehicles, switching fuel sources, driver behaviour training, introduction of software on large plant to reduce the fuel burn and increase engine reliability.
- Electricity efficiency improvements from the replacement of three old technology asphalt plants with new energy-efficient, lower GHG-emitting plants that have the capacity to use higher quantities of recycled asphalt product in the production of asphalt.
- Ongoing improvements to the operation and maintenance of asphalt plants to reduce the volume of burner fuel used.
- Optimising and reducing energy use (electricity and natural gas) at bitumen supply plants by process improvement modifications.
- Using alternative materials as primary resources in the production of asphalt, including the waste from recycled printer and toner cartridges and re-process road paving materials instead of virgin materials.

- Progressively retrofitting workshops, warehouses, offices, temporary and remote lighting plants with more energy efficient and automated lighting.
- New ways of reprocessing waste oil from mine sites to use as an alternative fuel to diesel in blasting activities. Given the high volumes of waste oil that must be transported from mine sites for disposal, this new technique has the potential to reduce costs and GHG emissions associated with the transport of the waste oil for disposal.
- Use of alternative lower emission fuels such as biodiesel in plant and light vehicles, especially at our mine operations.
- Supply chain efficiencies.



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 2 9322 7000
Fax: +61 2 9255 8485
www.deloitte.com.au

Independent limited assurance statement to the Directors of Downer EDI Limited in relation to the 2014 Sustainability Report

We have carried out a limited assurance engagement on the subject matter detailed below (the 'Subject Matter') presented in Downer EDI Limited's ('Downer') 2014 Sustainability Report in order to state whether anything has come to our attention that would cause us to believe that the Subject Matter has not been reported and presented fairly, in all material respects, in accordance with the reporting criteria described below ('Reporting Criteria').

Subject Matter and Reporting Criteria

The Subject Matter and Reporting Criteria for our limited assurance engagement for the year ended 30 June 2014 is as follows:

Selected Sustainability Indicators

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

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

GRI Application level 'B+'

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

Downer's responsibilities

The Directors of Downer are responsible for the preparation and presentation of the Subject Matter in the 2014 Sustainability Report in accordance with the Reporting Criteria. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter in the 2014 Sustainability Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate reporting criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Deloitte's responsibilities

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

We conducted our procedures to provide our limited assurance conclusion in accordance with Australian Standards on Assurance Engagements ASAE 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' ('ASAE 3000'), issued by the Australian Auditing and Assurance Standards Board. The procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Subject Matter, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to Downer's preparation and presentation of the Subject Matter in the 2014 Sustainability Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of Downer's internal controls.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited



Assurance work performed

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

- Interviewed relevant Downer management to understand the overall governance structure in respect of the 2014 Sustainability Report
- Analysed and inspected on a sample basis, the key systems, processes and procedures and controls relating to the collation, validation, presentation and approval process of the information included in the 2014 Sustainability Report.
- Performed site visits to a number of facilities and divisional offices to assess the site-based and divisional processes
- In respect of the Occupational Health and Safety data and Environment data, interviewed responsible management, assessed the systems and processes in place and reviewed evidence on a sample basis for reported data
- Compared the content of Downer's 2014 Sustainability Report against the criteria for a GRI self-declaration at 'B+' level

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

Inherent limitations

Non-financial information, including the Subject Matter may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating and sampling or estimating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The Subject Matter should be read in the context of Downer's Reporting Criteria as set out in the 2014 Sustainability Report.

Use of our report

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

Independence

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

Matters relating to electronic presentation of information

Our limited assurance engagement included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of the 2014 Sustainability Report after the date of this assurance statement.

Conclusion

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

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "PR Dobson".

PR Dobson
Partner
Sydney, 27 April 2015

DOWNER GROUP OFFICE

DOWNER EDI LIMITED

Level 2, Triniti III
Triniti Business Campus
39 Delhi Road
North Ryde NSW 2113
Australia
T +61 2 9468 9700
F +61 2 9813 8915
W www.downergroup.com
ABN 97 003 872 848



