Sustainability Report 2009

"Building a sustainable world"

DownerEDi

Contents

This report covers the 2009 fiscal year.

A message from our CEO

"We are committed to providing our clients, shareholders and the community with sustainable solutions for the future."

I am pleased to present our first Group Sustainability Report. Through telling the story of our sustainability journey to date, and reflecting on our past year's performance, it is clear to me how the introduction across our organisation of common systems and philosophies - especially our Back-to-Basics Program - has achieved considerable progress and benefits.

The scale and diversity of our Group generates a wealth of new ideas and innovations. By combining the best of these, we are able to deliver superior stakeholder value through the development of sustainable solutions to key global issues, such as health and safety, infrastructure development and climate change.

Our people are our greatest asset and underpin the success of our business. Therefore, ensuring that they have a safe and healthy workplace is our foremost priority. During the past year, we introduced the Downer EDI Zero Harm Management System, which has been developed to ensure that all our activities are carried out in a safe manner, with no harm to our people, our local communities or the environment.

Our Zero Harm Program has made considerable progress in the area of occupational health and safety (OH&S), as evidenced by a 38% improvement in our Lost Time Injury Frequency Rate (LTIFR). Sadly, however, despite our best preventative efforts, one of our Mining employees was fatally injured during the year. This tragic loss has reinforced my drive and commitment to ensuring that our systems are effective and appropriate, and that our people are suitably informed, engaged and empowered to go about their work safely.

With regard to the environment, we are working hard to develop innovative and sustainable solutions to climate change, including the successful trial and implementation of biodiesel in our vehicle fleet. We are also using recycled asphalt in our road-maintenance business, which is the largest maintainer of public roads in Australasia.

Through working with our clients to reduce their environmental impacts, we have identified considerable opportunities to grow our sustainable development platform. This will continue to be a key differentiator for us in a carbon-constrained marketplace.

We recognise that we operate within a tight labour market, where there is much competition for many of the skills that we need most. While we are placing significant emphasis on attracting the right people, we are equally focussed on growing a workplace culture that encourages our employees to stay with us. We are working towards improved employee benefits and recognition schemes, to supplement our already extensive learning and development opportunities.

We are also concentrating on growing our future workforce, and plan to combine our various divisional cadet, graduate and scholarship programs into a Group-wide program. We are extremely proud of the success of our apprenticeship programs over many years, with a number of our apprentices receiving regional, state and national Apprentice of the Year awards during the past year – a great reflection on the dedication and professionalism of the individuals and their mentors.

Our employee training, OH&S programs, and projects involving ecologically sustainable design initiatives have received numerous awards. In addition to this, our sustainability efforts have been recognised through our inclusion in the Carbon Disclosure Project's Carbon Disclosure Leadership Index (CDLI) and the AuSSI's (The Australian SAM Sustainability Index) Leadership Group (Capital Goods Sector).

Importantly, and as a further step towards benchmarking ourselves against our peers, we are now actively measuring our performance against global reporting standards and have this year prepared our report with reference to the Global Reporting Initiative (GRI) G3 Sustainability Guidelines.

We believe that our approach to sustainability will help to ensure that we remain a profitable and growing company long into the future. Our sound business results in the past year, achieved in a time of general market uncertainty, are testament to the strength and talent of our entire team, and their commitment to sustainable development.

We believe that one of the most effective benchmarks of our performance is the feedback that we receive from our stakeholders, both with regard to how they consider we have performed and where they believe our future priorities should lie. Such information is critical to the continuous improvement of our sustainability performance, and I would therefore very much welcome your feedback on this report.
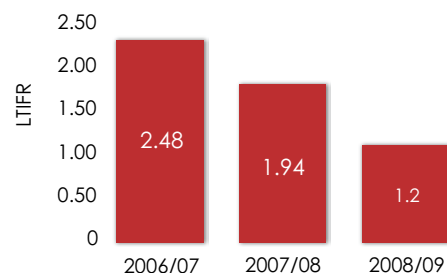
Geoff Knox
CEO and Managing Director

DownerEDi

A snapshot of our performance

Performance highlights

- Our LTIFR[1] of 1.2 for 2008-2009 was a record performance and a 38% improvement from 2007-2008. (See page 12.)

- We improved our processes for measuring and reporting energy use and greenhouse gas (GHG) data, as required by the *National Greenhouse and Energy Reporting 2007 (NGER) Act.* (See page 19.)

- We have grown our sustainability capabilities and are now actively offering these services to our clients. (See page 9.)

- We became the first company in the Australian mining industry to completely switch a mine's fuel use to biodiesel, including heavy equipment, stationary equipment, blasting and light vehicles. (See page 23.)

- We have received significant industry recognition in all regions where we operate. (See pages 24-26.)

- Our work-in-hand of A$14.6 billion, achieved in tighter markets, suggests solid demand for our services.

- Our total annual revenue of A$5.9 billion was 6.3% higher than in 2008-2009.

- Our net profit after tax of A$189.4 million was an improvement of 14.2% over the previous year.

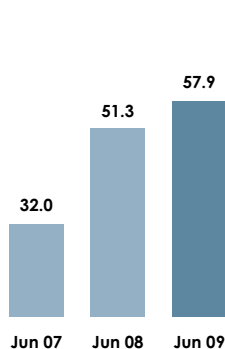## Lost Time Injury Frequency Rate (per million hours worked)

	LTIFR
2006/07	2.48
2007/08	1.94
2008/09	1.2

Financial performance	(A$ 'm)
Revenues and other income	5,868
Operating costs including raw materials and consumables used, subcontractor costs, plant and equipment costs, communication expenses, occupancy costs, professional fees, travel and accomodation expenses, and other expenses	3,524
Employee benefits expenses	2,030
Finance costs	65
Dividends to shareholders	95
Dividends to Redeemable Optionally Adjustable Distributable Securities (ROADS) holders	11
Income tax paid	16

For further financial information please refer to our 2009 Annual Report.

Total revenue ($b)

Jun 07	Jun 08	Jun 09
5.4	5.6	5.9

Earnings per share (cents)

Jun 07	Jun 08	Jun 09
32.0	51.3	57.9

Net profit after tax ($m)

Jun 07	Jun 08	Jun 09
101.5	165.8	189.4
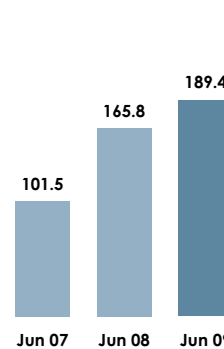
1. Lost Time Incidents (LTIs) are defined as diseases or occurrences that result in a fatality, permanent disability or time lost from one day/shift or more. The LTIFR is the number of LTIs per million hours worked.

DownerEDi

Our business

"Headquartered in Sydney, Australia, Downer EDI Limited (the Group) is a public company, listed on the Australian Securities Exchange (ASX:DOW) and the New Zealand Exchange."

As at 30 June 2009, we employed approximately 24,500 people worldwide, and had total annual revenue of A$5.9 billion and assets worth more than A$3 billion.

Our organisation

We provide comprehensive engineering and infrastructure design, construction, maintenance and management services to the transport, energy, infrastructure, communications and resources sectors. The Group comprises five operating divisions: Consulting, Engineering, Rail, Mining and Works.

Our **Consulting** division provides civil engineering, environmental sciences, building, architecture, master planning, mining and engineering consulting services across Australia, New Zealand, Asia, the Middle East, Africa and the Americas.

Our **Engineering** division provides a comprehensive range of engineering services to the energy, infrastructure and resources sectors in Australia, New Zealand and the Asia Pacific region, particularly in the sectors of public transport, traffic management, renewable energy supply, telecommunications, and mining assets.

Our **Rail** division is a leading provider of design, construction and maintenance services for passenger cars, locomotives and wagons in Australia.

Our **Mining** division is one of Australia's major providers of mining and mine-development services, including open-cut and underground mining, blasting, tyre management, exploration drilling, crushing, and civil and bulk earthworks. It has contracts in Australia, New Zealand, Papua New Guinea and South America.

Our **Works** division is one of the largest suppliers of engineering and infrastructure management services to the transport, energy, water, communications and resources sectors in Australia and New Zealand. It also has operations in the Pacific Islands, Asia and the United Kingdom.

Our reporting approach

We are committed to tracking and disclosing our sustainability challenges, opportunities and performance.

We aim to meet this commitment through:

- Inclusion of key sustainability metrics and performance commentary in our Annual Report and Annual Review

- Presentation of key sustainability metrics and performance commentary at our Annual General Meeting

- Participation in sustainability-related investment indices and performance benchmarking programs

- The publication of an annual Sustainability Report.

This Sustainability Report provides a summary of our sustainability performance for the year ending 30 June 2009, within the following parameters:

- We have reported on all entities over which we have operational control[2], or significant influence with regard to financial and operating policies and practices

- Information about our GHG emissions is reported for all entities over which we have operational control. In the case of joint ventures, GHG data is reported only where we have an interest of 50% or more

- Health and safety statistics are reported for all sites that we own and/or operate.

We have significantly enhanced our reporting approach since our Downer EDI Zero Harm Report 2007/2008, by formally reporting our performance against the GRI's G3 Guidelines and have included a GRI content index (pages 30-36), achieving a self-declared B+ rating. This rating has been reviewed by an independent third party, Ernst & Young, as part of its limited assurance procedures.

In addition, Ernst & Young has provided limited assurance over our total direct (Scope 1) and indirect (Scope 2) GHG emissions[3] (see page 19) and our LTIFR (see page 12). The assurance statement is included as pages 27-29 of this report.

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

---

2. Operational control is defined by section 11 of the NGER Act, and arises where a corporation has the greatest authority to introduce and implement operating, health and safety, or environmental policies for the relevant facility.

3. Scope 1 emissions are those produced directly by Downer EDI Group activities. Scope 2 emissions are indirect emissions, such as electricity consumption.

Data measurement techniques

Scope 1 and 2 GHG emissions are calculated in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Emission factors for Scope 1 and 2 emissions have been sourced as follows:

- Australia – Federal Department of Climate Change, NGER (Measurement) Determination 2008

- New Zealand – Ministry for the Environment, Guidance for Voluntary Reporting: Data and methods for the 2008 calendar year

- Chile, China, Fiji, India, Philippines, Singapore, United Arab Emirates, Thailand, Vanuatu and Vietnam (electricity use) – U.S. Department of Energy, Energy Information Administration Form EIA-1605 (2007), Voluntary Reporting of Greenhouse Gases, Table F.3 International Electricity Emission Factors 1999–2002.

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

Our stakeholders

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

Our stakeholders are individuals and groups who either are affected by our activities or who have an interest (financial or otherwise) in our organisation. They include, but are not limited to:

- Our clients

- Potential clients

- Our employees and their families

- The investment community

- Government authorities and regulators

- Community and interest groups

- Industry bodies

- Non-government organisations

- Subcontractors and suppliers

- Media

- General public.

Materiality

In accordance with the GRI's G3 Guidelines, this report covers topics and indicators that reflect our economic, environmental and social impacts, and particularly those that are considered material; that is, those that may substantively influence stakeholders' assessments and decisions. In defining these material topics, we have taken into account various internal and external factors. (See Sustainable development – challenges and opportunities on page 8.)

We have also drawn upon feedback from:

- Consultation with our customers, suppliers and host communities

- Our Annual General Meeting and regular contact with the investment community

- Interactions with regulatory bodies, governments and special interest groups, and through industry programs.

The resultant material topics are listed in the table below and will inform the future development of our sustainability strategy.

Feedback

We welcome feedback on our performance. Should you wish to provide comment on our 2009 Sustainability Report, please contact:

Downer EDI Limited
Triniti Business Park
39 Delhi Road, North Ryde
NSW 2113, AUSTRALIA
ABN 97 003 872 848

Email: sustainability@downeredi.com

Phone: +61 (0) 2 9468 9700

Downer EDI is a member of the:

- Australian SAM Sustainability Index (Capital Goods category)

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

Material topics ranked according to importance

Rank	Topics	Section of this report	Page number
1	Health and safety – management and performance	Health and safety	12
2	Leadership and accountability	Governance	10
3	Recruitment and retention	People and community	15
4	Climate change and energy	Sustainable development – challenges and opportunities, Environment	8, 19
5	Financial performance and investor confidence	A message from our CEO, A snapshot of our performance	3, 4
6	Selling sustainability as a service	Sustainable development – challenges and opportunities, Environment	8, 19
7	Communication and stakeholder engagement	Our business, People and community	5, 15
8	Client relationships and level of service	Governance, People and community	10, 15
9	Leveraging value through business integration	Sustainable development – challenges and opportunities	8
10	Learning and development	People and community	15

Sustainability at Downer EDI

"We aim to be recognised as the market leader in delivering services right across the engineering and infrastructure asset life cycle, unlocking the full economic, social and environmental value of our business."
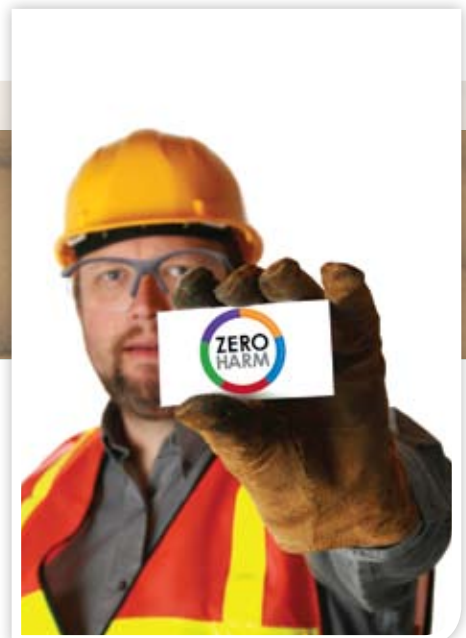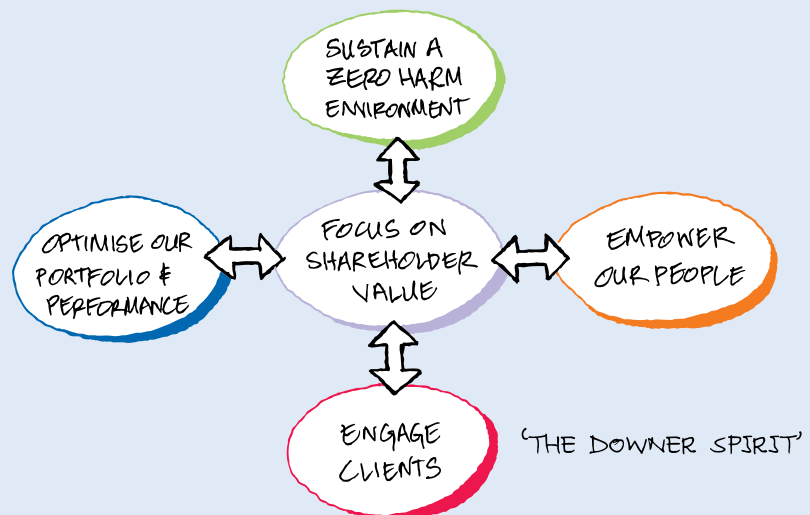
For our business, sustainability means being a valued contributor to the communities in which we operate, demonstrating sound environmental performance, being a responsible employer, and rewarding our shareholders.

Our Back-to-Basics Program supports our overall commitment to sustainable development by ensuring that shareholder value is delivered through a balanced focus on:

- **Sustaining a Zero Harm environment** – supporting the health and safety of our people, minimising the impact of our business on the environment, and building strong relationships with the community, governments and our supply chain

- **Empowering our people** – having in place effective employee engagement and retention strategies, and employing ethical labour practices

- **Engaging our clients** – identifying opportunities to assist our clients to improve their business and to reduce their environmental impacts

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

Each of these elements supports our overall commitment to sustainability and, together, they provide the framework for translating our values into goals and targets. Our accountability for converting these goals into action is assured by the transparent, verifiable reporting of our performance and by delivering management systems in accordance with our Group management standards.

Back-to-Basics Program

Diagram: Central "FOCUS ON SHAREHOLDER VALUE" connected to: "SUSTAIN A ZERO HARM ENVIRONMENT", "EMPOWER OUR PEOPLE", "ENGAGE CLIENTS", "OPTIMISE OUR PORTFOLIO & PERFORMANCE" — 'THE DOWNER SPIRIT'

Our Annual Report and Annual Review discuss how we have optimised our portfolio and performance, as well as describing our economic impacts. This report, therefore, focuses more on the remaining elements of our Back-to-Basics Program.

Our sustainability policy (available on our website www.downeredi.com) provides the framework via which our sustainability vision is translated into goals and targets.

Sustainability goals and targets

Goals

Relentlessly pursuing zero harm to our employees and the communities where we operate.

Understanding the full life cycle of our services and working to protect and improve the ecosystems on which we all depend.

Partnering with the community, clients and suppliers to optimise stakeholder value and eco-efficiency.

Targets

Zero injuries

Zero infringements

Reducing ecological footprint

Increasing shareholder worth

Enduring stakeholder value

Contributing to community growth and development

DownerEDi

Sustainable development – challenges and opportunities

"We provide a diversity of engineering and infrastructure services to a broad range of industrial sectors around the world; hence, our economic, social and environmental impacts are similarly diverse."

We are committed to …
protecting our future, increasing shareholder value, and reducing our ecological footprint.

Our goal is … to reduce our ecological footprint and increase the sustainability of our products and services.

We will … understand and respond to emerging global risks and opportunities, engage with clients and communities, and seek to develop proactive partnerships within our value chain. We will lower our energy use and reduce our carbon footprint.

Our impacts

The delivery of our products and services results in the consumption of natural resources and the emission of GHG. Our activities also have the ability to impact on air and water quality, native flora and fauna, soil conditions, and cultural heritage sites. We may also have a visual and audible presence among local communities, especially when our teams are working on public infrastructure or at our manufacturing facilities.

We avoid, minimise and mitigate our environmental impacts by:

- Ensuring that we comply with the relevant environmental legislation and standards

- Liaising with local communities and broader stakeholder groups

- Empowering our people to respond positively to community and stakeholder concerns

- Engaging in benchmarking programs to assess our performance and identify areas for improvement

- Investing in new technologies.

As an example, to minimise our impact on local communities, we recently installed Astec asphalt-manufacturing plants in Melbourne, Sydney and Auckland, and commissioned a similar mobile plant in Queensland. These plants set new standards for low noise and air emissions, as well as improving the energy efficiency of the manufacturing process.

Across our many service sectors, we strive to design, implement and manage projects that deliver a positive impact on our social and natural environments. Our ability to integrate specialist disciplines, including water, energy, planning, landscape architecture, engineering and environmental science, allows us to maximise the sustainability of our clients' projects. For example, we have delivered award-winning residential development projects, recognised as Sustainable Communities, and play an important role in assisting our clients to provide energy-efficient solutions within the energy and transport sectors.

As a major employer with operations all over the world, we have the ability to impact on many local communities. For example, the mine sites at which we operate are primarily located in remote and rural Australia, and this can sometimes present an opportunity to provide these communities with assistance to enhance their economic growth, through employment, skills development, and the creation of subcontracting businesses.

Sustainable development challenges

Climate change

We recognise that climate change presents a serious global challenge for business, society and the natural environment. In 2009, we established a Downer Climate Change Forum to manage risk, compliance and opportunity. We are now developing our Climate Change Strategy, which presents an integrated approach to climate change activities, focusing on compliance, business improvement and business development opportunities.

Our risk management processes have identified a range of regulatory, physical and financial risks and challenges related to climate change. For example, as a global organisation, we have the potential to be impacted by domestic and international regulatory frameworks. The scale of our Australian operations means that we face increased cost and administrative burdens from the NGER Act and the Federal Government's proposed Emissions Trading Scheme (ETS).

We currently have no direct permit liability under the proposed cap and trade scheme. However, as is the case for all consumers of energy, we will be impacted indirectly through increased commodity costs. This presents significant contract management challenges associated with future carbon costs.

The predicted increase in extreme weather events associated with climate change also has the potential to impact us, either directly through our own operations or indirectly through our supply chain. In particular, increased incidences of wet weather will cause interruption to our mining and road infrastructure operations. Both our own and our clients' facilities in coastal regions and cyclone-prone areas are also exposed to weather-related impacts.

DownerEDi

Recruitment and retention

The recruitment and retention of talented people is a key priority for us. As the recovery from the Global Financial Crisis continues, the demand for skilled engineering and technical labour is increasing. We understand that to attract and retain employees in these fields, we must provide a supportive, challenging and rewarding work environment, as well as increasing our focus on talent acquisition and workforce planning.

Environmental sustainability

The longevity of our organisation is contingent upon our capability to deliver environmental sustainability across our operations and those of our clients. To create a platform for future growth, we continue to seek opportunities to improve our own resource efficiency, and to be innovative in the technologies and services that we provide to our clients.

Managing stakeholder expectations

We recognise the evolving nature of stakeholder expectations and the importance of sound relationships as a basis for mutual trust. We are therefore continuing to develop effective stakeholder engagement processes to identify our stakeholders' concerns and perceptions. This will assist us to investigate new ideas and mutually beneficial opportunities, and to manage emerging issues.

Opportunities arising from climate change

Our presence in a wide range of industries means that we have the ability to contribute to GHG, energy, and emissions trading policy through our participation in peak industry bodies, including the Minerals Council of Australia, the Australian Constructors Association and the Australian Asphalt Pavement Association. We are also well-placed to provide a range of products and services that deliver proactive climate change solutions.

Energy

Australia's mandatory Renewable Energy Target, and growing international pressure for renewable energy sources, are contributing to increasing demand for contracts for the design, erection and maintenance of wind turbines, and for solar and wave energy sources. Our renewable energy business enjoys continuing success, and is recognised as the largest and most-experienced electrical service provider in the Australian renewable-energy market. There is also the potential to assist our clients to upgrade and retrofit their existing facilities, to enable cleaner production and lower operating costs.

We are proud to have received international awards for energy-efficient projects. (See *Developing a water-efficient community* on page 22.) Our work in Singapore includes designing the prototype glasshouses for Horticulture Park, which showcase advanced low-energy technologies applicable to many types of commercial building.

Water

Climate change is predicted to impact significantly on both the availability and quality of our water resources, with important implications for the water industry – from the infrastructure vital for the provision of water services to the further treatment that will be required to meet quality standards. This presents opportunities for the design, construction and operation of water-technology solutions that respond to the impacts of climate change, and have application in the capture, supply and distribution of water, wastewater and sewerage treatment, and energy and solids management.

Transport

Demand for rail infrastructure and assets continues to grow in response to increased fuel costs (driven by climate change policy), and inefficiencies associated with road freight and urban private transport.

Through our engagement in a major public-private partnership with RailCorp, we are designing, manufacturing and maintaining energy-efficient urban trains for Sydney.

Minerals

The likely introduction of an ETS in Australia is increasing demand for low-emissions mining solutions. We are continuing to develop robust commercial and practical options for GHG emissions management, and are well-positioned to assist our clients to reduce their carbon liability. (See *Providing low-emissions solutions for our mining clients* on page 23.)

Manufacturing

In addition to the external business opportunities presented by climate change, we also recognise that management of climate change drivers can deliver internal benefits for our organisation. These include: adoption of new technologies to increase efficiency and reduce cost; increased employee engagement; and recycling of materials to minimise waste. Our environment case studies on pages 21 and 22 provide examples of successful internal efficiency programs.

Climate change adaptation

Besides reducing emissions, organisations must also take steps to respond and adapt to the impacts of climate change; that is, the physical impacts, as well as current and emerging policy and legislative changes. We are able to offer consultancy services with experience and expertise in:

- Undertaking climate change impact, vulnerability and risk assessments

- Evaluating the legislative and associated regulatory impacts on strategic and operational business planning

- The design and development of appropriate adaptation strategies.

DownerEDi

Governance

"We recognise that effective corporate governance is integral to achieving our sustainability goals."

Our corporate governance framework provides the platform from which:

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

Our Board

Our Board currently comprises six independent, non-executive Directors, including Chairman, Peter Jollie, and an executive Director, Chief Executive Officer and Managing Director, Geoff Knox. During the year ending 30 June 2009, the Board had eight members, seven of whom were independent, non-executive Directors.

The Group is managed under the direction and oversight of the Board, with day-to-day management of operations delegated to the Chief Executive Officer and Managing Director, and, through him, to the Executive Leadership Team and Senior Executives.

Our Directors' credentials, and our approach to Board and senior management performance evaluation, skills, experience and continuing education, are discussed in our Annual Report.

Board Committees

Our Board Committees assist the Board by reviewing, assessing, and making recommendations on matters delegated to them. There are five permanent Board Committees:

- Audit
- Health, Safety and Environment
- Nominations and Corporate Governance
- Remuneration
- Risk

and two specific-purpose committees:

- Disclosure
- Tender Review.

Health, Safety and Environment Committee

The Board provides input into health, safety and environmental management and due diligence issues through the Health, Safety and Environment Committee. The committee's responsibilities include:

- Overseeing the development and implementation of company-wide processes and procedures (including reporting systems and investigations), to ensure compliance with the company's legal and regulatory obligations relating to workplace health and safety, environment and sustainability
- Ensuring these processes and procedures are regularly reviewed, so that all material workplace health and safety, environmental and sustainability risks are identified, reported and investigated, and that remedial action is taken when required

- Monitoring the company's reporting system for actual or potential breaches of workplace health and safety, or environmental legal and regulatory obligations and remedial action
- Where appropriate, liaising with the Risk Committee to determine whether the company's risk management and emergency planning procedures relating to workplace health and safety and environment are effective.

Zero Harm Leaders Network

Our Zero Harm Leaders Network is a Group-wide network of senior Zero Harm professionals and operations personnel, and has a key direction-setting role. Its purpose is to provide technical policy support, advice, recommendations and implementation channels to the Executive Leadership Team and the Board.

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

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

DownerEDi

Code of Conduct

Our Directors and employees conduct business according to the Downer EDI Code of Conduct, which is designed to maintain confidence in the integrity of the organisation, and the responsibilities and accountability of individuals. The Code of Conduct outlines basic principles that should be followed in all Group dealings, including:

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

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

A summary of our Code of Conduct is published on our website at www.downeredi.com on the Board Policies page.

In 2009, we conducted a series of formal training and continuing education sessions about corporate governance and, in particular, our governance policies. The sessions were conducted by external advisers and were particularly practical, providing attendees with the legal and policy background to enable them to make appropriate commercial decisions.

We also initiated a Professional Conduct program for employees during the year. This program is designed to provide guidance on our Code of Conduct, the legislative aspects of equal employment opportunity, valuing diversity, and the conduct and behaviour expected of our employees at all times.

Further training and continuing education sessions will take place to ensure that all employees are aware of their responsibilities.

Communications

The Board has established guidelines for communication with shareholders. They include:

- Providing a summary shareholder communication policy on our website
- Using the website to promote and facilitate shareholder communications, by making available all media releases, announcements to the ASX and the NZX, financial presentations, annual and half-yearly reports, and annual Investor Day and Annual General Meeting presentations by the Chairman and the Chief Executive Officer
- Webcasting the annual and half-year results presentations
- Ensuring that comprehensive information about our organisation and its services and activities is available on our website.

Influencing sustainability policy development

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

- Development of the NGER Act
- Development of the proposed Carbon Pollution Reduction Scheme
- Energy Efficiency Opportunities Program Policy Developments.

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

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

Health and safety

"Through strong leadership and demonstrated commitment, we are creating a Zero Harm culture."

We are committed to … caring for and protecting our people.

Our goal is … zero injuries and health impacts.

We will … work to eliminate injuries by identifying and controlling hazards, protecting our people from exposure to health and safety risks, and supporting their general health and well-being.

Our approach

Our approach to health and safety is simple, robust and consistent across the Group. The foundations of our Zero Harm culture are that:

- We believe that all workplace injuries and occupational illnesses are preventable
- We work hard to identify, assess, manage and monitor all hazards and risks associated with our very diverse activities
- Our people are informed, creating trust and accountability.

Health and safety hazards and risks are assessed in accordance with our Risk Management Framework, which has been developed to comply with the requirements of internationally recognised Risk Management Standard AS/NZS 4360. The framework is applied to the management of all risks at all levels, and in all divisions, businesses, functions and activities within our control. When selecting appropriate risk management tools, we give consideration to the risk profile, in addition to industry sector and client requirements.

We have established authorities and responsibilities for OH&S across all levels of our organisation, and systems are in place to ensure that all employees are aware of them. Specific and measurable Zero Harm-related Key Performance Indicators are now being included in appraisal systems, as well as in employee performance and development plans.

Our performance

It is with great sadness that we report the loss of one of our valued employees in Western Australia through a work-related incident during the year. This was investigated thoroughly by senior company officials, an independent investigation team, the client, and government authorities. We have communicated the details of the incident widely across our operations, and to clients and industry groups, to prevent it from happening again.

This tragic event has reinforced our commitment to delivering a values-based OH&S culture, and in 2008-2009 we achieved a record LTIFR of 1.2. This was a 38% improvement from 2007-2008 and an extremely pleasing result.

Lost Time Injury Frequency Rate (per million hours worked)

Year	LTIFR
2006/07	2.48
2007/08	1.94
2008/09	1.2
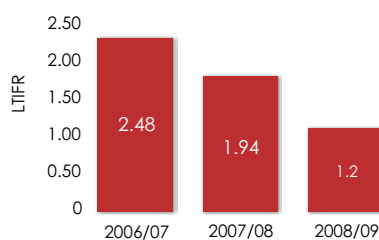
Compliance

Regrettably, we received two fines during the year for workplace-safety-related incidents.

Works New Zealand was fined NZ$66,000, and reparations of NZ$15,000 to the injured party, for failing to implement an interim lockout procedure during commissioning of an asphalt plant in 2006.

Works Australia was fined a total of A$64,500 plus costs of A$2,700, as the result of an incident that occurred in 2007, when a tank collapsed shortly after being filled with emulsion. No injuries were sustained as a result of the incident.

Preventative measures have been implemented and communicated throughout the Group to prevent the recurrence of such incidents.

Programs and initiatives

In 2008-2009, we continued to roll out a variety of successful OH&S programs developed to manage risk and address specific hazards faced by our operations.

Zero Harm Management System

In 2008-2009, we established the Downer EDI Zero Harm Management System, building on our existing systems across the Group. The system has been developed to ensure that all our activities are carried out in a manner that will not result in harm to the people associated with our operations, to the communities in which we work, or to the environment.

The system also ensures compliance with:

- All relevant statutory acts, regulations and codes of practice
- Australian standards referenced in legislation

DownerEDi

- Statutory licences and industry codes

- Management System Standards (AS/NZS ISO 9001:2008, AS/NZS ISO 14001:2004, AS/NZS 4801:2001, BS OHSAS 18001:2007)

- Responsible care

- Downer EDI Zero Harm policies, standards and other mandatory requirements.

The system includes a set of five management standards, supported by a suite of Zero Harm Compliance Guides, covering all Zero Harm functions and related hazards and issues. The Compliance Guides are designed to provide all divisions, businesses, facilities and sites with guidance on what is required to meet their legal obligations and agreed 'best practice'. The expectation is that the applicable requirements will be implemented through a local system of mandatory, auditable procedures and work instructions (or work method statements).

Be a STAR

We have introduced the STAR self-check system across the Group to reduce the risk of incidents due to our people becoming distracted or complacent while at work. Applying STAR concepts can be an effective technique to compensate for error traps, such as distraction, stress and overconfidence.

STAR is applied to an individual activity and involves the following steps:

- STOP – Pause before performing the step to focus on attention to detail and attempt to eliminate distractions

- THINK – Prior to taking any action. Verify that the action to be taken is correct by questioning actions and responses. Point at or touch the correct component, equipment or system. Compare permits, prints, procedures or other job aids

- ACT – Retain physical or visual contact, and perform the intended action

- REVIEW – Verify that the actual response was the expected response.

Managing travel risk

The global nature of our business means that travelling and working overseas is a routine activity for many of our people. The safety and well-being of these people and their families while overseas is of great importance to us.

During 2008–2009, we established a partnership with International SOS to help us ensure the health and security of our travellers and employees around the world. This partnership assists us with:

- Advice and support for our travel planners

- Tracking, monitoring and support for those travelling

- Monitoring travel-risk performance

- Medical emergency evacuations.

Looking forward

Our driving principles for the future are to:

- Continue to work towards a 'One-Downer' approach to Zero Harm

- Develop and enhance the systems and processes that will enable us to move beyond compliance

- Implement the tools and actions to support our people at the front end of our businesses.

We will continue to raise hazard awareness, identification and management among our employees with the aim of further reducing our LTIFR.

A key project in 2009-2010 will be the implementation of a Group-wide web-enabled Zero Harm database, to capture OH&S and environmental information and statistics. The new database will enable this information to be recorded accurately and consistently in real time. We plan to have this in place in all our divisions by the end of June 2010.

Additional future priorities include:

- The establishment of a Group-wide assurance and audit program that assists sites, operations and divisions to assess their level of compliance against our Zero Harm Compliance Guides

- Leveraging off best practice to develop and implement a Zero Harm Leadership Program, based on effective learning strategies

- Improvement of our contractor accreditation scheme

- The design and implementation of a Zero Harm Awareness program, including a series of Zero Harm DVDs featuring divisional initiatives.
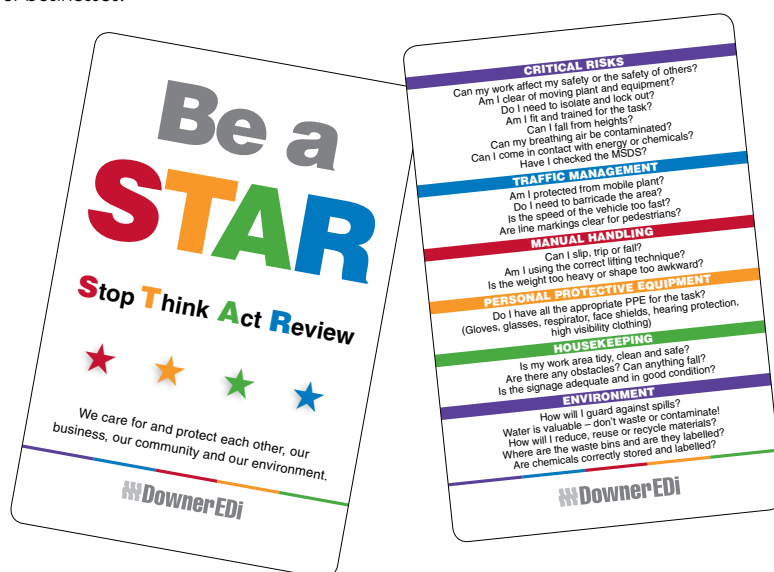
Health and safety – case studies

Charities benefit from safety performance

Engineering's New South Wales Divisional Manager, Geoff Eastman, presents Michelle Youngberry of Camp Quality with a cheque for A$10,000.

In June 2009, our engineering contracting operation at Cardiff, New South Wales achieved the remarkable milestone of 3,000 days LTI-free. This achievement is particularly significant because the team works in a wide variety of locations and in a broad range of industries.

The Cardiff team celebrated its achievement by donating A$10,000 to Camp Quality Newcastle, which runs camps for children with cancer.

In Queensland, our engineering contracting business has a long-standing relationship with Angel Flight Australia, which provides free air transportation to patients in need of medical treatment at distant hospitals.

For the past three years, $10,000 has been donated to Angel Flight Australia every time the target of one million hours incident-free has been met.

This milestone was achieved twice in 2008-2009, resulting in $20,000 funding for Angel Flight.

Enhancing workplace health

Mining's Chief Executive Officer, David Overall, and Professor Tony Parker from Queensland University of Technology launch a workplace wellness campaign as part of the Enhancing Workplace Health Program.

Now in its second year of operation, our Mining division's Enhancing Workplace Health program has built upon a number of recommendations based on the review of all OH&S systems and procedures, visits to 12 worksites in Queensland, New South Wales and Western Australia, and focus group discussions with workforce representatives.

The four-year program – a partnership with the Institute of Health and Biomedical Innovation at Queensland University of Technology – is designed to facilitate whole-of-workforce contribution and engagement, to produce innovative interventions to reduce injuries and improve occupational health.

The division now has a quantitative evaluation that provides recommendations on areas such as health surveillance, pre-employment screening, identification of health priorities, future injury prevention, and health promotion programs.

Heat-stress and musculoskeletal injury interventions have already been implemented at some sites.

Award-winning SmartRider project
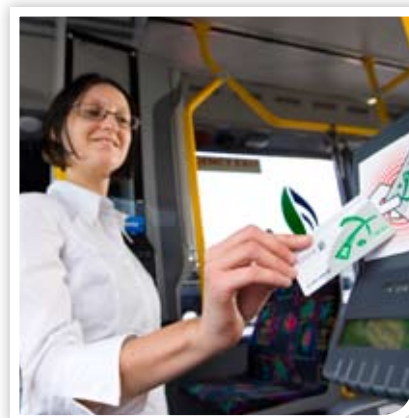
Our Engineering division was recognised recently for its significant work on the Perth SmartRider project.

Our Engineering team at Welshpool, Western Australia won both the Voice/Data – Large Project Award and the OH&S Award at the 2008 National Electrical and Communications Association (NECA) Excellence Awards.

The awards recognise the Engineering division's significant work on the Perth SmartRider project - a smartcard automated fares collection system covering all stations, bus depots, buses, ferries and other infrastructure operated by the Public Transport Authority in the wider Perth/Mandurah area.

We were the prime contractor for this project, responsible for the design, construction and ongoing maintenance of the system.

DownerEDi

People and community

"We place a high emphasis on identifying, supporting and developing talent, to continually build on both our employees' and our business's capability."

We are committed to ... having the right people in the right jobs at the right time; and developing strong, enduring relationships with our local communities.

Our goal is to ... empower, support and develop our people to enable them to deliver value to our clients and shareholders, and to themselves; and to have a positive influence on the communities that we impact through our day-to-day business.

We will ... put in place the right programs and strategies to recruit and retain high-calibre employees; and identify the key areas in which we can contribute to community growth and well-being.

Our approach

We operate and succeed in an ever-evolving business environment, and recognise the need to provide our people with learning and development opportunities.

We are also aware that, in a labour market in which there is great competition for some of our most-needed skills, effective attraction and retention strategies are critical.

To build our future workforce, we offer a range of entry level programs to encourage people to start their career with us, such as apprenticeships, scholarships, and graduate programs.

Diversity and fairness in the workplace

In 2008-2009, we employed approximately 24,500 people in a diverse range of roles and locations.

Our recruitment processes are compliant with relevant employment legislation and with our Code of Conduct, both of which prohibit discrimination on the basis of race, creed, disability, gender, marital or maternity status, religious or political beliefs, age, or sexual orientation.

Gender diversity is a focus for our organisation, and we continue to work toward optimising the balance of male and female employees, managers and directors. We were pleased to appoint Annabelle Chaplain as an independent, non-executive Director of the Board in July 2008, and Sandra Dodds was recently appointed CEO, Asia. As at 30 June 2009, 17% of our total workforce was female.

We will continue to work with local educational institutions to encourage female participation in our sector. In addition, we are implementing a common recruitment technology platform (an e-recruitment system), to enable us to more effectively manage recruitment applications and measure diversity trends accordingly.

We also place an emphasis on the employment of Aboriginal people, particularly at our mining operations in remote locations, and we tailor Indigenous employment strategies to suit our clients' needs. (See *Aboriginal training and employment in the Pilbara* on page 18.) Over the past decade, we have employed and trained over 600 Aboriginal people at such sites.

Total Workforce by Region

- Australia – 59%
- Asia-Pacific – 20%
- New Zealand – 18%
- Other – 3%
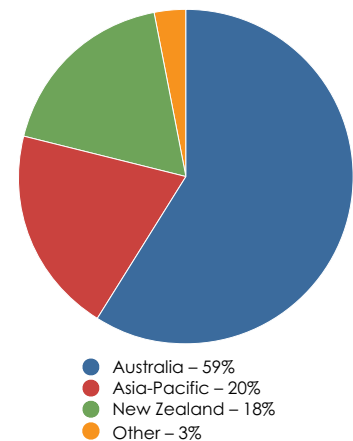
Total Workforce by Employment Contract

- Permanent – 75%
- Fixed Term – 20%
- Temporary – 5%
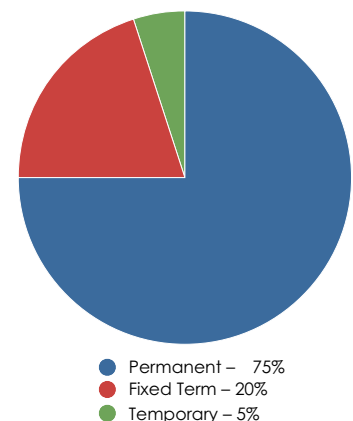
Training

An important adjunct to the recruitment of qualified and competent people is our responsibility for helping them to improve their performance and maintain their skills. We are therefore committed to empowering our people through training and development.

DownerEDi

We conduct training needs analyses regularly to ensure that our business requirements can be satisfied by deploying suitably skilled employees, and we have developed training programs for our frontline staff and management.

Developing future leaders

Scholarships, cadetships and vacation employment

We have partnered with the Deakin and Latrobe Universities in Australia, and Otago and Auckland Universities and Otago Polytechnic in New Zealand, to establish scholarship programs for students completing tertiary civil engineering qualifications in regional areas. Upon the successful completion of their studies, each scholarship recipient has a direct pathway into our graduate program.

We also offer two-year scholarships to mining engineering students in their second year of university.

In New Zealand, we offer cadetships every year to students wanting to pursue a career in the infrastructure industry.

In addition, we offer vacation employment to university students studying for degrees such as mine engineering, civil engineering, mechanical engineering, electrical engineering, surveying, OH&S, environment, human resources, commerce, and finance.

Apprenticeships

Apprenticeships are an important component of our competency-building approach. In order to grow technical talent, we now have over 350 apprentices in Australia and over 140 in New Zealand. Our apprentices are either employed directly or through a partnered approach with a relevant learning institute, for example, the Caterpillar Institute.

Apprentices are employed in a diverse range of roles, including telecommunication service technicians, electricians, mechanical trades, open-space management, and various engineering disciplines.

To help ensure the retention of apprentices, we have established apprenticeship development and mentoring programs. We encourage interest in future careers with us through exposure to a range of different roles and rotation through various locations.

We promote local employment by drawing most of our apprentices from local secondary schools close to our operations or through a sponsored training academy relationship.

In 2008-2009, a number of our apprentices secured regional, state and national Apprentice of the Year awards. (See *Our award-winning apprentice* on page 17.)

Employee relations

We are proud of our excellent employee relations record in all the countries in which we operate. Our decentralised approach to the management of our people means that divisional management is empowered to deal directly with employees and their unions to achieve labour agreements that benefit both employees and our organisation.

We have a wide variety of employee relations arrangements in place, from individual contracts of employment, to collective agreements covering hundreds of employees. In 2008-2009, approximately half of our employees were covered by collective agreements and industry-based awards.

These employees were mainly located in Australia, Asia, New Zealand and the United Kingdom. Where we have collective agreements in place, particularly in Australia, these agreements include the requirement for appropriate communication of intended operational changes prior to implementation.

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

To the best of our knowledge, during 2008-2009 there were no reported instances of discrimination, or situations in our operations where the right to exercise freedom of association or the right to collectively bargain might have been be at significant risk.

Human rights

We operate businesses in over 23 countries, and compliance with local employment laws is a condition of operating in these countries.

In all our international dealings, we ensure that Australian legislation relating to trading with companies, organisations or individuals is applied, to ensure that Reserve Bank requirements under the Australian Banking (Foreign Exchange) Regulations 1959 are met, and that neither the company nor any of its subsidiaries knowingly enters into arrangements that may contravene these requirements.

In addition, we monitor the Department of Foreign Affairs and Trade website to update our database of countries, organisations and individuals subject to sanction under United Nations Security Council resolutions.

Employee benefits

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

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

- In Australia, we meet the requirements of legislation in relation to making employer contributions to complying superannuation funds of which our employees are members. All employees are entitled to choose their preferred complying fund. In addition, there are a number of divisional and corporate superannuation funds (set up under external management) that employees can join. These funds typically offer additional benefits, such as discounted medical and health insurance, and are governed by committees of employee and company representatives

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

Community engagement and investment

Community engagement and support activities (financial and in-kind) are managed at a divisional level.

Our locally based employees work with our customers and partners to understand, interact with, and respond to, community concerns and expectations. For example, some road-maintenance projects create Community Relations Management Plans as part of their contract agreements. A 24-hour contact telephone number is provided to enable the public to enquire about proposed or existing works, and other road issues. (See *Engaging the local community in Vanuatu* on page 18.)

In Australia, we have established partnerships with Aboriginal community organisations, from prominent organisations, such as land councils, through to local community groups. We acknowledge the significant sustainable economic opportunities that come with Aboriginal participation in commercial activity, and are therefore committed to promoting new business ventures and supporting existing economic activity within Aboriginal communities.

As an example, since 1996, we have worked continuously with Indigenous-owned mining contractor, Carey Mining, at Western Australian gold mining operations, including Mt Keith, Thunderbox, and, currently, at AngloGold Ashanti's Sunrise Dam.

We also encourage contribution to the communities where our projects are based through involvement in local community groups, schools and events. Our community support program gives preference to initiatives that reflect our sustainability focus; that is, environmental education, health and safety initiatives, and community welfare.

Looking forward

We recognise that our people are essential to our long-term business success.

Our people strategy is therefore focused on the acquisition, development and retention of the best talent. Our future plans include:

- The development of employee benefits that will further enhance our attraction and retention strategies. Such benefits may include an employee assistance program, medical insurances, and employee discounts with major retailers

- The evolution of our divisional cadet and graduate development programs into a Group-wide program, to promote our ability to provide a varied and flexible career path

- Development of a common apprenticeship development program to grow new talent in our workforce's trades base

- Implementation of a recognition scheme to acknowledge employee actions that contribute to the development of the employee's local community.

Our award-winning apprentice

Runner-up Australian Apprentice of the Year, Daniel Crisp.

Our Sydney-based Daniel Crisp was judged the Australian Apprentice of the Year – Runner-up at the Australian Government Trainee Awards in November 2008.

Daniel commenced his apprenticeship with our Engineering division in January 2004, and has since won several industry awards, both from the NECA and from the Department of Education and Training of New South Wales.

This year he received his engineering qualification, and will continue to work with our Engineering division on advanced technology in electrical motor automation and control, and on railway technologies.

His success at the Australian Government Trainee Awards means that he enjoyed special status for 12 months, as a national ambassador for the training and development of future apprentices.

People and community – Case studies

Aboriginal training and employment in the Pilbara

We tailor various Aboriginal training and employment programs to meet our clients' requirements.

While our goals are consistent across Australia, different regions, people and clients have differing needs. We work with our clients and local communities to design successful employment and training strategies.

During the year we commenced a new development strategy at Rio Tinto's Greater Paraburdoo Four East Extension Project in the Pilbara. The program qualifies participants to Certificate II Metalliferous Mining, and covers competencies including safety, environment, information technology and first aid.

The program was designed specifically to cater for different learning styles, and to make the training hands-on and culturally appropriate.

Participants must complete 100 hours in the driver's seat on day shift and 30 hours at night before graduating. This normally takes three months. The qualification is transferable and meets Australian Standards.

.

Engaging the local community in Vanuatu

Effective stakeholder engagement is a priority for our road-building activities in Vanuatu.

We are involved in the implementation of the Vanuatu Transportation Infrastructure Project - a US$60 million aid project that aims to support Vanuatu's growth and reduce poverty through improved infrastructure.

An Environmental Management Implementation Plan (EMIP) has been developed in full consultation with all stakeholders to minimise impacts on both Vanuatu society and the local environment. These stakeholders include the Millennium Challenge Corporation, Millennium Challenge Account (MCA-Vanuatu), the Engineer to Contract, the Council of Chiefs, landowners, and local communities.

A dedicated Environment and Stakeholder Liaison Manager implements the EMIP from "Client to Village" level, and all concerns, challenges, and local laws and customs are addressed through this process. All affected parties meet prior to the construction of each section of road, to work through a process of meetings and EMIP approvals.

Critical road maintenance after the Victorian bushfires

Our team was prompt to assist after the Victorian bushfires caused widespread devastation to communities.

Our Victorian road-maintenance team delivered critical road maintenance after the Black Saturday bushfires at Kinglake.

One of Victoria's worst natural disasters, the fires caused extensive damage to road infrastructure, including signs, drains, asphalt, guideposts and guardrails.

We are contracted by VicRoads to manage the road, vegetation and drainage maintenance of its road network in the areas where the bushfires occurred. Our regular maintenance crew immediately mobilised, to enable the safe passage of relief workers and critical support services, such as the Salvation Army and Red Cross, to assist those in need.

The team received an official certificate of commendation for its efforts from the Chief Executive of VicRoads and the Victorian Minister for Roads and Ports.

DownerEDi

Environment

"Understanding and managing our impacts throughout the life cycle of our products and services is fundamental to our long-term business success."

We are committed to … caring for and protecting our natural environment.

Our goal is … zero infringements, a reduced environmental footprint and more efficient use of natural resources.

We will … work to eliminate spills and pollution, use natural resources efficiently, and explore innovative solutions to reduce our energy consumption.

Our approach

The activities that we undertake on behalf of our clients have the ability to impact on the natural environment. We believe that our ability to manage and reduce these impacts, and to identify opportunities to assist our clients to do the same, will deliver long-term benefits for the ecosystems upon which we all depend.

We are committed to the development of robust environmental management systems and resource efficiency programs that will sustain our natural environment for future generations. In 2008-2009, we further strengthened our environmental governance framework with the introduction of a Group-wide Environmental Management Standard. The standard forms part of our Zero Harm Management System and ensures consistency in our approach to identifying and mitigating environmental impacts across our divisions. It also provides a framework for the efficient management of energy and natural resources.

Our impacts are managed in accordance with the requirements of AS/NZS ISO 14001:2004 Environmental Management Systems and our Risk Management Framework, and we advocate the 'avoid, reduce, reuse and recycle' philosophy for minimising process water consumption and waste outputs.

We encourage our people to work together to develop and share best-practice approaches to environmental issues.

Energy and greenhouse

We recognise that climate change presents a serious challenge to business, society and the natural environment. We are committed to participating in climate change solutions by developing processes and technology to reduce our emissions and overall energy consumption. We also embrace the opportunity to assist our clients to manage the challenges that climate change represents for the global community.

In 2008-2009, we took a significant step towards establishing a Group-wide GHG reduction program, by implementing a consistent approach to the capture, analysis and reporting of energy and GHG information across our operations. This information is used to manage our GHG risks (including compliance with regulatory reporting obligations) and to identify emission-reduction opportunities.

Our Scope 1 and 2 GHG emissions for the past two years are shown in Graph 1.

In 2009, we applied the operational control consolidation approach when preparing our energy and GHG inventory. This is consistent with the Australian Government's NGER Act. Activities undertaken for a client, where the emissions are under the operational control of the client, are therefore not included.

While we endeavoured to apply the operational control boundary to the previous year's inventory, the formal delineation of this approach had not been fully determined for all of our operations. This will account for some differences in the year-on-year data reported.

Changes in our portfolio of contracts also contribute to differences in our emissions footprint each year.

These same factors also account for the 28% increase in GHG emissions intensity (tonnes of CO_2-e [tonnes of carbon dioxide equivalent] per A$ million revenue earned) from 2007-2008 to 2008-2009, as shown in Graph 2.

Graph 1

Downer EDI Total Greenhouse Gas Emissions

$ktCO_2$-e

	2007/08	2008/09
Scope 2	37.36	49.62
Scope 1	207.9	283.49

■ Scope 1   ■ Scope 2
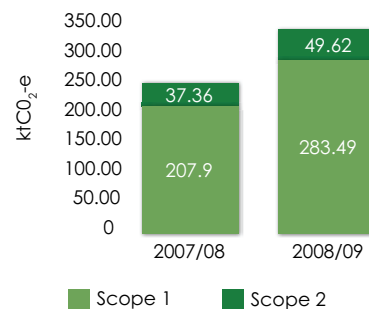
Graph 2

Downer EDI Greenhouse Gas Emissions Intensity

tCO_2-e/AU$M

2007/08	2008/09
43.89	56.07

DownerEDi
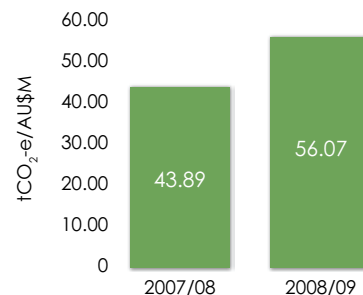
Graph 3 shows our energy consumption by primary energy source. Our primary source of energy consumption is liquid fuels, such as diesel, biodiesel and petrol, as many of our activities and services require the operation of major plant and vehicles.

Graph 3

Direct and Indirect Energy Consumption by Primary Energy Source (TJ)

- Liquid fuels – 2741 TJ (76%)
- Natural gas – 543 TJ (15%)
- Electricity – 228 TJ (6%)
- Other substances – 77 TJ (3%)

Liquid fuels accounted for 57% of our total GHG emissions for the year (as shown in Graph 4), as the combustion of fossil fuels results in GHG emissions.

Other sources of GHG emission for the Group include electricity consumption and fugitive methane emissions from the extraction of coal.

Graph 4

Greenhouse Gas Emissions by Source ($ktCO_2$-e)

- Liquid fuels – 189 $ktCO_2$-e (57%)
- Coal mining – 60 $ktCO_2$-e (18%)
- Electricity used by facility – 50 $ktCO_2$-e (15%)
- Natural gas – 33 $ktCO_2$-e (10%)

We are continually exploring innovative solutions to reduce our consumption of liquid fuels. For example:

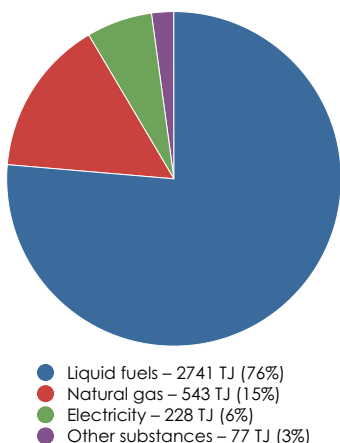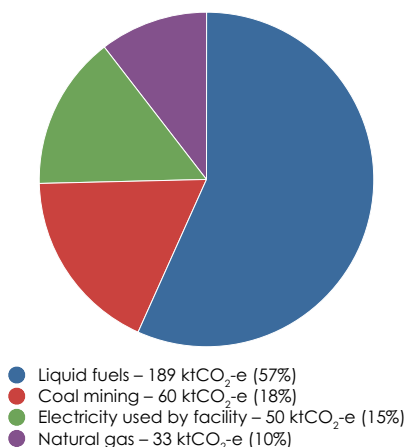- We have undertaken one of the largest renewable fuel trials in the Australian mining industry. (See *Providing low-emissions solutions for our mining clients* on page 23.)

- We are reducing emissions from our New Zealand fleet by introducing geographical positioning system (GPS) technology. (See *Reducing emissions through GPS* on page 23.)

Natural gas is also a significant source of energy and GHG emissions for us. This is primarily consumed as a burner fuel in the manufacture of asphalt. In an effort to reduce energy consumption and improve the sustainability of our products, we have been developing Warm Asphalt Mix technology. (See *EcoPhalt – a sustainable asphalt product* on page 22.)

Energy Efficiency Opportunities – our public report

We have embraced the Federal Government's Energy Efficiency Opportunities Regulations. The program is intended to encourage large energy-using businesses to improve their energy efficiency by establishing a robust process for identifying, evaluating and implementing effective energy-saving opportunities.

We are committed to increasing the energy efficiency of our operations, and are progressing individual opportunities on the basis of cost and benefit. Energy savings implemented through opportunities identified to date are detailed in our 2009 Energy Efficiency Opportunities Public Report, which can be viewed on our website www.downeredi.com.

Water and waste

We are also committed to minimising the environmental impact of our operations by adopting resource-efficiency measures, including the minimisation of water consumption and waste generation. In 2008-2009, we continued to implement systems and processes to avoid, reduce, reuse or recycle process water and waste outputs, with disposal considered as the final option.

Typical water usage includes:

- Hydrotesting

- Dust suppression for construction, road maintenance and mining operations

- Washing of plant and equipment

- General facilities housekeeping with on-site water treatment and recycling of process water

- Aggregates washing

- Office use.

Water and waste performance is monitored and managed at a divisional level.

Spills and incidents

In 2008-2009, we recorded 19 spills of 100 litres or more. Fourteen of these occurred at Australian sites in our Mining division's portfolio. The majority of these were hydrocarbon spills, reflective of our large open-cut and underground mining fleet. The spills included:

- Two diesel spills totalling 220 litres

- Nine oil spills totalling 3,535 litres

- Three emulsion spills totalling 2,220 kilograms.

This represented a 52% reduction in the volume of significant hydrocarbon spills from 7,180 litres in 2007-2008 to 3,755 litres in 2008-2009. This has been accomplished through more regular and rigorous inspection processes.

Three spills occurred at New Zealand sites:

- At Central Lakes 750 litres of refined recycled oil were discharged onto the ground during a transfer operation pumping from one tank to another. The spill was contained, cleaned up and disposed of without outside intervention or contaminating the environment in which it occurred. The material was disposed of at an authorised landfill. (NZ$2,200 in material losses and clean-up costs)

- At Ruby Bay there was an accidental discharge of sediment from settling ponds into water in breach of consent conditions. The Tasman District Council issued a letter of non-conformance, and remedial actions were taken in conjunction with the Council. (NZ$450 in material losses and clean-up costs)

- At Napier silt leached from the Dillion's Hill site during a heavy rainstorm. Bunds were under construction but were overwhelmed before full measures could be implemented. The Hawkes Bay Regional Council issued an infringement notice and a fine of $750. (NZ$945 in material losses and clean-up costs.)

Works Singapore had two spillage incidents, which involved discharge of muddy water to a Public Utilities Board waterway. A fine of S$1,000 was levied for these incidents.

Works Singapore also received a fine of S$2,200 in relation to mosquitoes breeding.

Works Australia was fined A$90,000 for an offence of polluting the environment causing serious harm under the *Environment Protection Act 1993 (South Australia)*. Environment Protection Authority investigation costs of A$98,639 were also levied. The charge arose from an incident that occurred in 2005, when 5,900 tonnes of fill were brought onto a South Australian Housing Trust development in South Australia. The fill was subsequently found to be contaminated.

Looking forward

A key commitment in 2009-2010 is to build on our existing divisional GHG reduction programs to develop a Group-wide emissions reduction target and strategy, based on a thorough understanding of our GHG emissions profile and abatement potential.

We will also continue to develop commercial options to assist our clients to reduce their carbon liability and help ensure their sustainability in a dynamic environment.

With regard to water and waste management, we will progress the development of systems to enable performance to be aggregated and reported at a whole-of-Group level in future reports.

Saving energy at our asphalt plants

We are improving energy efficiency at our asphalt plants.

During the year, we assessed four of our key asphalt-manufacturing plants for energy-saving opportunities: Strathpine and Bli Bli in Queensland; Rosehill in New South Wales; and Gosnells in Western Australia. This was undertaken as part of our business improvement program and our work under the *Energy Efficiency Opportunities Act 2006*.

A number of energy-improvement opportunities were identified, evaluated and prioritised at the assessment workshops, and an implementation plan developed for ideas that offered good energy reductions and cost savings. This process has helped us along our energy-reduction journey. For example, at our Rosehill plant we have:

- Reduced our natural gas (burner fuel) consumption by 28MJ/tonne of asphalt manufactured

- Reduced our total electricity consumption by around 190,000kwh.

Initiatives that have contributed to these savings include:

- Modification of, and repairs to, heating circuits and air flow to improve efficiency

- Installation of additional electricity sub-metering to provide detailed, accurate usage by areas

- Review of, and modification to, maintenance programs

- Increased focus on identifying, investigating and addressing the cause of abnormal usage.

The result has been reduced frequency of manufacturing plant start-ups, and improved waste measurement and management. This program will be further developed for Rosehill in 2009-2010 and beyond. Similar programs are now in place for all our major asphalt plants and are under development for all other manufacturing facilities.

Environment – Case studies

Virtual reality delivers significant GHG emission and energy savings

Anthony Hayward receives operator training in one of our simulators.

Our mining-equipment operator-training simulators will help reduce our energy use by around 13,500 gigajoules (or around 940 tonnes of GHG emissions) per year, across the mine sites where we operate.

The simulators are now being used to train plant operators throughout Australia, with one simulator dedicated to servicing the western region, and the other two committed to Queensland and New South Wales.

In 2008-2009, the simulators helped 581 operators learn how to maximise fuel efficiency, reduce component wear and extend equipment life, while working safely and maintaining productivity.

In addition, toolbox talk and poster materials have been developed to assist projects with running site-based campaigns that target fuel reduction.

Ecophalt – a sustainable asphalt product

New asphalt technology has helped us lower our GHG emissions.

EcoPhalt is an environmentally sustainable asphalt product produced by Warm Asphalt Mix (WAM) technology. We introduced this technology to Australia in response to increasing global and community expectations of lower carbon emissions. EcoPhalt WAM is used in direct substitution for the conventional hot mix asphalt. It is produced at significantly lower temperatures, resulting in:

- Substantial energy savings in product storage, production and transportation
- Fewer GHG emissions
- Increased usability, and improved safety for workers and the public
- Improved product versatility
- The ability to incorporate higher levels of Recycled Asphalt Product (RAP), which is existing asphalt material sourced from road-profiling operations
- Improved product versatility.

WAM can incorporate up to 50% RAP content without compromising the asphalt's performance, which consequently reduces waste disposal to landfill.

In 2009, we reused 136,000 tonnes of RAP in our asphalt mixes or other applications across Australia and New Zealand, avoiding the use of 6,100 tonnes of new binder and 122,000 tonnes of new aggregate.

Developing a water-efficient community

We are helping Melbourne's master-planned community, Aurora, to meet its sustainability targets.

Meeting the housing needs of 40,000 people, the Aurora master-planned community in Melbourne is a key project for CPG Australia, one of our consulting companies. CPG is providing project management, engineering, surveying, Water Sensitive Urban Design (WSUD), sustainability and environmental consulting services to the project.

The project involves rainwater harvesting, alternative design processes for roads, drainage to reduce energy consumption, use of treated effluent, and management of stormwater through innovative treatment devices.

CPG recently completed the first set of eight frog ponds in accordance with the project's approval under the Federal Government's *Environment Protection and Biodiversity Conservation Act 1999*, making provision for the habitat of the local Growling Grass Frog.

This was a significant milestone at Aurora and was celebrated with a large local community event.

DownerEDi

Recycled footpaths reduce waste and cost

Recycling concrete is saving costs and benefitting the environment.

As part of the NZ$200,000 footpath-upgrade project on Waiheke Island in New Zealand, we reused old footpath concrete, saving nearly 40% on waste-disposal costs.

In a joint initiative with Stonyridge Quarry, all of the material was taken to the quarry for recycling, and the old concrete has been reused on the island as drainage/backfill for retaining walls.

The material was tested to ensure that it was compliant with the New Zealand specification F/1 for general fill.

Providing low-emissions solutions for our mining clients

Dave Waddell, Project Manager at the Commodore Mine, which has cut its GHG emissions by up to 20%.

During the year, we completed one of the largest and most successful B20 biodiesel trials in the Australian mining sector. We are now the first company in the mining industry to completely switch a mine's fuel use to biodiesel, including heavy equipment, stationary equipment, blasting and light vehicles.

We worked in partnership with InterGen Australia's Commodore open-cut coal mine in Queensland, Australia to switch the fuel use of its major plant fleet from 100% petroleum diesel to the B20 blend biodiesel (a mix of 80% petroleum diesel and 20% biodiesel manufactured from tallow and waste cooking oil).

The switch has reduced the site's hydrocarbon GHG emissions by approximately 20%.

With the switch to B20 at Commodore Mine completed, Idemitsu's Boggabri Coal Mine in New South Wales is now following suit. The GHG emission reduction projected for Boggabri for 2009-2010 is more than 10,500tCO$_2$-e, which is the equivalent of emissions from 2,400 mid-sized Australian cars.

Reducing emissions through GPS

GPS is keeping our workforce safer and reducing GHG emissions.

We are aiming to reduce our New Zealand vehicle fleet time and associated GHG emissions by 10%.

During the year, we trialled the use of GPS to optimise travel patterns and improve the safety of our workforce, who often work alone in remote locations.

The GPS program will be rolled out to the entire New Zealand fleet of operational vehicles in 2009-2010. The technology will be integrated with job scheduling and optimisation software to further improve automatic scheduling.

DownerEDi

Awards and recognition

"In 2008-2009 we received awards across all our divisions and regions."

Australia

- **Urban Design Institute of Australia (UDIA) – Award for Excellence (Residential Development +250 Lots) 2008 – The Quay Estate Torquay, Victoria – Winner**

  CPG Australia was engaged by Australand to provide full landscape architectural services for this project. Incorporating streetscape, public open space and park land design, CPG's involvement also included preparation of town planning documentation, tender documentation and contract administration.

- **Australian Institute of Landscape Architects (AILA)**

  o Design Award in Landscape Architecture – Victorian College of the Arts Stage 1 2008

  o President's Award for Water Sensitive Urban Design (WSUD) – Victorian College of the Arts Stage 1 2008

  The new entrance to the Victorian College of the Arts (VCA), designed by CPG, was commended for its progressive approach to WSUD. A unique rain garden at VCA was also recognised for its innovation and landmark design by the AILA. The garden claimed two landscape design awards at the 2008 AILA Victoria Project Awards, including the President's Award for Water Sensitive Urban Design, sponsored by Melbourne Water.

- **Stormwater Industry Association of Victoria (SIAV) – Commendation Award for Surface Groundwater Management - Victorian College of the Arts Stage 1 2008**

The VCA rain garden was highly commended in the category of Innovation in Surface and/or Groundwater Management. Its design features gardens, public artwork, pathways and concrete plinths intended for seating and exhibition space. The overall concept is based on WSUD.

- **Planning Institute of Australia (PIA)**

  o Planning Consultant of the Year (Victoria) 2008

  o Young Planner of the Year - Natasha Liddell (Victoria) 2008

  o Commendation Award for Urban Planning Achievement (Victoria) - Montpellier Gardens 2008

The PIA awards recognise excellence in planning. For the second year running, CPG Australia was named Consultant Planner of the Year, with one of its employees, Natasha Liddell, winning Young Planner of the Year.

CPG's planning work on Montpellier Gardens, in conjunction with AV Jennings, received a Commendation Award.

- **National Electrical and Communications Association (NECA) Excellence Award for Voice/Data**

The NECA awards encourage, promote and reward excellence within the electrical industry.

Downer EDI Engineering won NECA's Excellence Award for Voice/Data for the significant work it undertook on the Perth SmartRider Project.

SmartRider is a smartcard automated fares collection system covering all stations, buses and ferries operated by the Public Transport Authority in the wider Perth/Mandurah area. This is the first Multi-Modal Tag-on Tag-off system to be completed and operating in Australia, and only the second in the world.

- **NECA Excellence Awards for OH&S – Perth Smartrider Project**

  This award recognises the importance of staff consultation and the commitment of the management team to create a safe working environment for all. (See *Award-winning SmartRider project* on page 14.)

- **NECA Award – Category 9 - Commercial Medium Project – Winner**

  Downer EDI Engineering was contracted to complete the installation of the new Alfred Hospital Intensive Care Unit, which is the largest in the southern hemisphere. The project team was commended for its excellent commercial and management expertise.

- **NECA state awards (Victoria):**

  o **Industrial Category 5 award: Alcoa Pt. Henry, Baked Anode Sustainability**

  This award is given for work carried out on large and intricate projects. The refurbishment of five sections of Alcoa's Point Henry plant was a testament to the skills of the Engineering division's team.

DownerEDi

o **Commercial – Medium Project Category 9: MCC National Sports Museum**

The National Sports Museum is Australia's first fully dedicated sports museum and is located within the Melbourne Cricket Ground (MCG). Our previous experience and knowledge associated with the MCG complex contributed to our ability to deliver this project in a timely manner achieving a quality result.

o **Occupational Health & Safety Category 4**

This award was received for the implementation of a safety leadership program designed to equip management and site team leaders with the skills and knowledge required to drive sustainable change in the area of OH&S.

• **NECA state awards (Western Australia):**

o **NECA Excellence Awards for OH&S – Maintenance and Services Group's OH&S Certification Project (AS4801 and continual improvement)**

This award was received by our Engineering division for achieving an optimal OH&S environment during the Cape Lambert Upgrade 80MTPA Project.

o **NECA Environment and Energy Efficiency Award**

Our Engineering Power business received this award for its work on the communications for the GPO Building in Perth. The award recognises projects where the design, product selection, processes or technologies are considered to preserve a site's natural environment and/or to create an energy-efficient and sustainable installation.

• **Welding Technology Institute of Australia (WTIA) – Large Fabricator of the Year Award**

Our Engineering division won this award for outstanding achievement in fabricating and modularising a significant portion of Caltex's Second Diesel Hydrotreater Unit at the Lytton Refinery in Brisbane. The project involved fabrication and surface treatment of structural, mechanical and piping components of the unit.

• **WA Information Technology and Telecommunications Awards (WAITTA) - Product Prize**

This award recognises outstanding performance and contributions by members of the Information Technology and Telecommunications community in Western Australia. Snowden (part of our Consulting division) received the award for the development of its Reconcilor software solution – a state-of-the-art software system that facilitates the comparison and analysis of resource/reserve estimates, grade control, truck despatch, survey pickup and plant production data.

• **SAI Global Australian Business Framework – Business Award**

SAI Global presented this award to Works Australia for outstanding customer service and for maintaining a good relationship with Main Roads Western Australia through the present Term Network Maintenance Contracts.

• **Australian Government Trainee Awards – Australian Apprentice of the Year – Runner-up**

Engineering's Daniel Crisp was awarded the Australian Apprentice of the Year – Runner-up at the Australian Government Trainee Awards in November.

• **Hunter Region Apprenticeship and Traineeship Award – Department of Education, Employment and Training – Hunter Region Apprenticeship and Traineeship Award – Overall Apprentice of the Year for the Hunter and Central Coast Region**

Our Engineering division's Ashley Elphick was judged to be Overall Apprentice of the Year.

• **New South Wales Board of Vocational Education and Training – Hunter and Central Coast**

Our Rail division's Kyle Moncur was awarded Vocational Education and Training Student of the Year and the HunterNet Group Trainee of the Year.

• **Australian Business Arts Foundation's "Marsh Partnering Award"**

Our Mining division was awarded the Western Australian Chapter of the Australian Business Arts Foundation's 'Marsh Partnering Award' for its Indigenous Curatorial Intern Partnership. The three-year program, run in conjunction with the Art Gallery of Western Australia, AngloGold Ashanti, Carey Mining and Curtin University of Technology, aimed to promote Aboriginal capacity to influence the arts sector – one of the largest Aboriginal economic participation growth areas in Australia.

New Zealand

• **New Zealand Planning Institute (NZPI) – Best Practice Award for Community Engagement – Clear Harbour Alliance Project**

Works New Zealand was a partner in the Clear Harbour Alliance, which received this award for its Motions South Sewer Separation project. The project upgraded the drainage network in the Kingsland and Eden Terrace areas, and separated stormwater and wastewater from approximately 936 properties, significantly improving the amenity and water quality of local waterways and the Waitemata Harbour.

- **Manukau Business Excellence Awards – Excellence in Environmental Management – Finalist**

  Works New Zealand was a finalist for this award, which recognises businesses that are role models for others in ensuring that they do not impact the environment in an unsustainable way.

- **New Zealand Sustainable Business Network Awards – Sustainable Business Awards Corporate Trailblazer Category – Finalist**

  Works New Zealand was selected as a finalist in these awards, which recognise businesses with more than twenty employees that have been actively implementing sustainability actions for more than two years.

- **Massey University Corporate Environmental Responsibility and Social Responsiveness Survey**

  Works New Zealand was joint leader in the Massey University survey, which measures the state of environmental management among leading businesses in New Zealand. Works New Zealand scored a perfect 100 score to achieve Platinum status.

Singapore

- **Urban Redevelopment Authority (URA) Heritage Award – Istana Sri Temasek, Singapore 2008**

  This award is presented annually by the URA to recognise owners, professionals and contractors who have gone beyond the basic essentials to restore monuments and conservation buildings. CPG won the award (for national monuments and fully conserved buildings) for its design restoration work on this gazetted national monument, which now serves as the official residence of the Prime Minister of Singapore.

- **President's Design Award – National Museum of Singapore, Design of the Year 2008 (Architecture and Urban Design category)**

  These design awards are presented by the Ministry of Information, Communications and the Arts of Singapore to recognise designers and designs. CPG won this award for the design of the new National Museum, incorporating a new contemporary extension to an old conserved building.

- **Singapore Institute of Architects (SIA) Architectural Design Award (Honorable Mention) – Changi Airport Terminal 3, Singapore 2008**

  This award recognises the efforts of SIA members in their pursuit of architectural excellence and innovative architectural solutions. It is aimed at heightening the appreciation and patronage of good architectural design from both within and outside of the construction industry. CPG was awarded an 'Honorable Mention' in the Transport Building category.

- **Land Transport Authority of Singapore – Environmental Excellence Award 2008 – Joint winner**

  In 2008, this award was presented to two contractors – one of which was Works Singapore – who showed outstanding environmental management at their worksites.

Chile

- **Best Human Resources Company <100 Workers award**

  This award recognises the companies that demonstrate the best relationship with their employees and good management of legal issues in accordance with current Chilean law. BHP Billiton's Escondida Copper Mine presented our Mining division's wholly owned subsidiary, Otraco International, with this award at the Escondida Annual Contractors meeting attended by more than 150 contractor companies.

- **Best Safety Initiative of all Contractor Companies Award**

  BHP Billiton's Escondida Copper Mine in Chile presented Otraco with the Best Safety Initiative of all Contractor Companies award for designing a pipe-protection tool for removing the inner tyres of Caterpillar 793 haul trucks. The tool prevents hydraulic pipes being damaged during the tyre-removal process.

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Limited Assurance Report to the Management and Directors of Downer EDI Limited

We have carried out a limited assurance engagement in relation to Downer EDI Limited's ('Downer EDI') Sustainability Report 2008 – 2009 (the 'Report') in order to state whether anything has come to our attention that would cause us to believe that the Subject Matter detailed below has not been presented and calculated in accordance with the criteria described below.

Subject Matter

The Subject Matter, as reported in Downer EDI's Report for the year ended 30 June 2009, comprises:

1.   all applicable greenhouse gas emissions and occupational health and safety data, limited to:
     i)   Total direct emissions of greenhouse gases (scope 1) (Page 19);
     ii)   Total indirect emissions of greenhouse gases (scope 2) (Page 19); and
     iii) Lost Time Injury Frequency Rates (LTIFR) (Page 12).

2.   the self-declared GRI application level (Pages 30-36)

Criteria

Management of Downer EDI have determined methods considered appropriate for reporting greenhouse gas emissions and occupational health and safety data. There are no prescribed methods for determining the total greenhouse gas emissions or LTIFR for public reporting and the use of different methods can result in materially different amounts. Downer EDI Management have determined the total greenhouse gas emissions taking an operational control approach using the World Business Council for Sustainable Development and the World Resources Institute's *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition*. Sources for emissions factors were also drawn from the Australian Government's *National Greenhouse and Energy Reporting (Measurement) Determination 2008*, the U. S. Energy Information Administration's *Voluntary Reporting of Greenhouse Gases Program* (International electricity emissions factors 1999-2002), and New Zealand's Department for the Environment: *Guidance for voluntary, corporate greenhouse gas reporting*. Downer EDI has set policies for the classification of occupational health and safety incidents, including Lost Time Injury, in its 2009 Sustainability Report in the 'Health and Safety' section. Management of Downer EDI have used the *Global Reporting Initiative's (GRI) G3 sustainability reporting guidelines* in assessing and self-declaring a GRI application level.

The Responsibility of Management for the Report

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

Assurance Practitioner's Responsibility

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

Our procedures included but were not limited to the following:

•   Gaining an understanding of the greenhouse gas and occupational health and safety incident reporting processes supporting the business activities

DownerEDi

ERNST & YOUNG

2

- Conducting site visits to understand the basis management measure and identify sources of greenhouse gas emissions and occupational health and safety incidents
- Conducting interviews and collation of evidence to understand the process and controls supporting the data
- Reviewing incident reports on a sample basis to assess whether the classification of reported incidents were appropriately recorded
- Undertaking analytical review procedures to support the reasonableness of the data
- Reviewing assumptions supporting the calculations of incidental emissions for reasonableness
- Reviewing the appropriateness of the presentation of information
- Reviewing Downer EDI's self-declared application level of the Global Reporting Initiative's (GRI) G3 sustainability reporting guidelines

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

Use of Report

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

Independence, Competence and Experience

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

Conclusion

Based on our work described in this report nothing has come to our attention that causes us to believe that the Subject Matter, as presented in Downer EDI's report for the year ended 30 June 2009, was not presented fairly in all material respects, and calculated in accordance with the criteria detailed above.

DownerEDi

ERNST & YOUNG

3

Matters relating to electronic presentation of the Sustainability Report

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

Ernst & Young

Trent van Veen
Partner

Sydney, Australia
28 April 2010

DownerEDi

GRI content index

Legend

C	Conformance
PC	Partial Conformance
NR	Not Reported

G3 Indicator	G3 Indicator Description	Report Status	Page	Notes
1. Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organisation (e.g. CEO, chair or equivalent senior position) about the relevance of sustainability to the organisation and its strategy.	PC	3	
1.2	Description of key impacts, risks, and opportunities. The reporting organisation should provide two concise narrative sections on key impacts, risks, and opportunities.	PC	3,8,9	
2. Organisational Profile				
2.1	Name of the organisation.	C	5	
2.2	Primary brands, products, and/or services.	C	5	
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	C	5	
2.4	Location of organisation's headquarters.	C	5	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	C	5-6	
2.6	Nature of ownership and legal form.	C	5	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	C	5-6	
2.8	Scale of the reporting organisation, including: number of employees; net sales; total capitalisation broken down by in terms of debt and equity; and quantity of products or services provided.	PC	4-5 Annual Report 31	
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: number of employees; net sales; total capitalisation broken down in terms or debt equity; and quantity of products and services provided.	PC	Annual Report 6-7	
2.10	Awards received in the reporting period.	C	24-26	
3. Report Parameters				
Report Profile				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	C	2,5	
3.2	Date of most recent previous report (if any).	C	5	
3.3	Reporting cycle (annual, biennial, etc.)	C	5	
3.4	Contact point for questions regarding the report or its contents.	C	6	
3.5	Process for defining report content.	C	6	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	C	5	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	C	5-6	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	C	5	

3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	C	6	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	C		No restatements of information
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	C	5-6	No significant change to business since last reporting period
GRI Content Index				
3.12	Table identifying the location of the Standard Disclosures in the report.	C	30-36	
Assurance				
3.13	Policy and current practice with regard to seeking external assurance for the report.	C	5	
4. Governance, Commitments, and Engagement				
Governance				
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	C	10	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	C	10	
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	C	10	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	C	10	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	C	Annual Report 17	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	C	11	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	C	Annual Report 113	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	PC	7, 11	
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	C	10	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	PC	Annual Report 114	

DownerEDi

Commitment to External Initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	PC	Annual Report 119	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	PC	9,11	
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	C	11	
Stakeholder Engagement				
4.14	List of stakeholder groups engaged by the organisation.	C	6	
4.15	Basis for identification and selection of stakeholders with whom to engage.	C	6	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	PC	6,17	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	C	6, 8-9	
Economic Performance Indicators				
Disclosures on Management Approach				
DMA EC	Disclosure on Management Approach (Economic)	PC	Annual Report 7, 11	
Economic Performance				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	PC	4	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	C	8-9	
EC3	Coverage of the organisation's defined benefit plan obligations.	C	17	
EC4	Significant financial assistance received from government.	C		No significant financial assistance was received from Government in 2008-2009
Market Presence				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	NR		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	NR		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	NR		
Indirect Economic Impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	NR		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	NR		

DownerEDi

Environmental Performance Indicators			
Disclosure on Management Approach			
DMA EN	Disclosure on Management Approach (Environment)	PC	19-21	
Materials			
EN1	Materials used by weight or volume.	NR		
EN2	Percentage of materials used that are recycled input materials.	NR		
Energy			
EN3	Direct energy consumption by primary energy source.	C	20	
EN4	Indirect energy consumption by primary source.	C	20	
EN5	Energy saved due to conservation and efficiency improvements.	PC	19-22	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	C	21-23	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	PC	21	
Water			
EN8	Total water withdrawal by source.	NR		
EN9	Water sources significantly affected by withdrawal of water.	NR		
EN10	Percentage and total volume of water recycled and reused.	NR		
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	NR		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	NR		
EN13	Habitats protected or restored.	NR		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	NR		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	NR		
Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	C	19	
EN17	Other relevant indirect greenhouse gas emissions by weight.	NR		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	C	19-23	
EN19	Emissions of ozone-depleting substances by weight.	NR		
EN20	NOx, SOx, and other significant air emissions by type and weight.	NR		
EN21	Total water discharge by quality and destination.	NR		
EN22	Total weight of waste by type and disposal method.	NR		
EN23	Total number and volume of significant spills.	C	20-21	

DownerEDi

EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	NR		
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	NR		
Products and Services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	C	8-9	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	NR		
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	C	20-21	
Transport				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	NR		
Overall				
EN30	Total environmental protection expenditures and investments by type.	NR		
Social Performance Indicators: Labour Practices and Decent Work				
Disclosure on Management Approach				
DMA LA	Disclosure on Management Approach (Labour)	PC	15-17	
Employment				
LA1	Total workforce by employment type, employment contract, and region.	PC	15-16	
LA2	Total number and rate of employee turnover by age group, gender, and region.	NR		
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	PC	17	
Labour/Management Relations				
LA4	Percentage of employees covered by collective bargaining agreements.	C	16	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	NR		
Occupational Health and Safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	NR		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	C	12	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	PC	13-14	
LA9	Health and safety topics covered in formal agreements with trade unions.	NR		

DownerEDi

Training and Education				
LA10	Average hours of training per year per employee by employee category.	NR		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	NR		
LA12	Percentage of employees receiving regular performance and career development reviews.	NR		
Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	NR		
LA14	Ratio of basic salary of men to women by employee category.	NR		
Social Performance Indicators: Human Rights				
Disclosure on Management Approach				
DMA HR	Disclosure on Management Approach (Human Rights)	PC	16-17	
Investment and Procurement Practices				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	NR		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	NR		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	NR		
Non-Discrimination				
HR4	Total number of incidents of discrimination and actions taken.	C	16	
Freedom of Association and Collective Bargaining				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	NR		
Child Labour				
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	NR		
Forced and Compulsory Labour				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	NR		
Security Practices				
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	NR		
Indigenous Rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	NR		
Social Performance Indicators: Society				
Disclosure on Management Approach				
DMA SO	Disclosure on Management Approach (Social)	PC	15-17	

DownerEDi

Community				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	C	8-9, 15-18	
Corruption				
SO2	Percentage and total number of business units analysed for risks related to corruption.	NR		
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	NR		
SO4	Actions taken in response to incidents of corruption.	NR		
Public Policy				
SO5	Public policy positions and participation in public policy development and lobbying.	C	9,11	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	NR		
Anti-Competitive Behaviour				
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	C		No legal actions have been made against Downer EDI for anti-competitive behaviour
Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	C	12, 20-21	
Social Performance Indicators: Product Responsibility				
Disclosure on Management Approach				
DMA PR	Disclosure on Management Approach (Product Responsibility)	PC	8-9	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	NR		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	NR		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	NR		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	C		No incidents occurred
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	NR		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	NR		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	NR		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	NR		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	C		No fines received.