

Alinta Energy

Sustainability Report

16/17

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A message from the CEO

I am pleased to present Alinta Energy's 2016/17 Sustainability Report, where you will find extensive information about our company's refreshed values, new strategic vision and our annual performance in the areas of economic health, safety, employment, environment, community, markets and customers.

We produce our sustainability report to provide information to a range of stakeholders including our employees, owners, customers, creditors, suppliers, government, non-government organisations and our communities.

In the past year, the energy sector has made notable progress transitioning towards a lower carbon economy with the closure of a major brown coal fired power station in Victoria, significant industry investment in large scale renewable energy projects and the increasing commercialisation of renewable generation and energy efficient technologies for households. These achievements have been made in an evolving political environment that is seeking to strike a balance between energy security, reliability, affordability and lower emissions.

We believe that the energy sector's ongoing transition would be more successful with a consistent, coordinated and bipartisan national energy and environmental policy that provides a long term vision. The release of Chief Scientist Alan Finkel's review and recommendations on Australia's energy system brought renewed hope and a reinvigorated conversation around establishing energy policy certainty and accelerating our ability to meet these objectives in a balanced way.

For Alinta Energy, the last 12 months has seen a gear shift into a new phase, with accelerated growth and greater opportunities for our business and its dedicated employees. In early 2017, Alinta Energy was 100% acquired by Hong Kong based conglomerate Chow Tai Fook Enterprises Limited (CTFE). Since this transaction, we have refreshed our sense of purpose, vision and values and begun reviewing key procedures to further unlock the potential of our employees. Some new initiatives include the new community volunteer leave day and employee referral bonuses. We also undertook an updated employee engagement survey to understand the sentiment within the business after undergoing a prolonged period of uncertainty and significant organisational change, whilst continuing to look after our people with a Lost Time Injury Frequency Rate (LTIFR) of zero during the period.

For our valued customers, we are continuously looking for ways to make energy more affordable and were honoured to receive two Mozo Experts Choice Awards in recognition of providing best value energy deals in NSW and SA. We also strengthened our presence in NSW by launching gas to complement our already established electricity offering. In Western Australia, we have strived to achieve our ambitious goals for customer satisfaction and Net Promoter Score (NPS). We also achieved growth in our solar business due to great service, peace of mind warranty and affordable solar systems.

We recognise the importance of providing energy efficiency solutions to our customers and have invested in growing new technologies in Australia. For example, we recently acquired a financial interest in Queensland Pre-Stressing Pty Ltd, which is currently installing the largest residential ground source heat pump geothermal project in the Southern Hemisphere at Frasers Property, Australia's Fairwater 6 Star Green Star Community in Blacktown, Sydney. Not only are we providing energy efficient solutions to our customers, but we have made significant investments internally at some of our gas-fired power stations. One example is the installation of Australia's largest battery storage facility (and among the largest lithium-ion battery projects in the world) at our Newman Power Station in Western Australia. This project will improve the efficiency of the facility and reduce Alinta Energy's greenhouse gas emissions.

We have pursued new renewable energy projects at an increasing scale, including entering into a binding agreement for the rights to develop up to 300MW at the Yandin Wind Farm in Western Australia. During the reporting period, we also invested in an additional 200MW through conditional off-take agreements that promote new solar and wind farms across Queensland, Victoria and Western Australia.

Looking forward, our key sustainability objectives will focus on the following areas:

- Markets and Customers: With the collaboration of our people providing the best customer service in alignment with our company values.
- Safety: The relentless pursuit of Zero Harm.
- Employee engagement: Continuously improving our culture by giving people opportunities to develop their skills and experience through new projects, personal development, flexible working arrangements and support to volunteer with charity organisations.
- Delivering economic value: Focusing on growth opportunities and projects that deliver solid returns to our owners.
- Clean energy opportunities: Expanding our portfolio of large scale renewable energy projects.

Jeff Dimery
Managing Director and
Chief Executive Officer

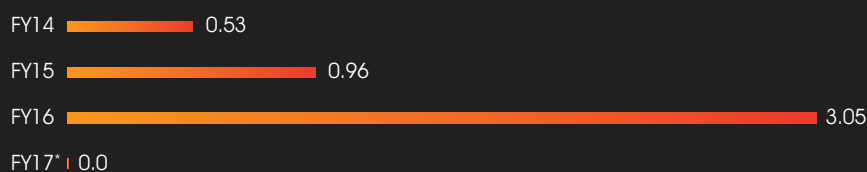


Key sustainability performance measures

Total Recordable Injury Frequency Rate (Employees and Contractors)



Lost Time Injury Frequency Rate



Underlying EBITDA (exclusive of the Flinders business, \$ million)



Employee Engagement



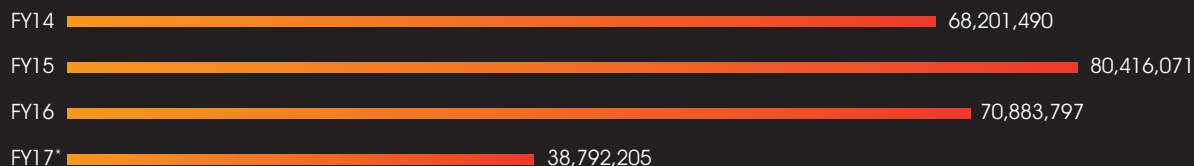
Notes

Historical safety statistic data may have been updated since our previous Sustainability Report to account for issues such as claims that were rejected and injuries that were reclassified during FY17 (as at 30 June 2017), upon completion of investigation. FY17 statistic data is at 30 June 2017 and is subject to change to account for issues such as claims that may be rejected and injuries that may be reclassified. The safety figures reported are exclusive of data related to contractors engaged to install residential solar panels. Associated safety data will be reported in FY18.

* FY17 data does not include the Flinders Operations, including the Augusta Power Stations and Leigh Creek Mine because it ceased operations in FY16.

Key sustainability performance measures

Fuel Energy Used for Australian Power Generation (GJ)



Fuel Energy Intensity for Australian Power Generation (GJ/MWh)



Scope 1 Greenhouse Gas Emissions from Australian Power Generation (tonnes CO₂-e)



Emissions Intensity of Australia Power Generation (tonnes CO₂-e/MWh)



Notes

Energy and emissions data includes only those fuels used to generate electricity, which represents the vast majority of Alinta's energy consumption and emissions.

Excludes Glenbrook Power Station in New Zealand, which is predominately fuelled by off-take gases from New Zealand Steel. Pinjarra gas consumption is associated with electricity generation only, and does not include gas consumed for the generation of steam at this co-generation facility.

For Pinjarra, data is sourced from invoices rather than ALCOA's NGER Report which is not available at the time of this report (Pinjarra is owned by Alinta Energy and Operated by ALCOA). To ensure consistency, Pinjarra's historical data has also been restated to apply the FY17 methodology.

MWh based on electricity sent out from the facility

* FY17 data does not include the Flinders Operations, including the Augusta Power Stations and Leigh Creek Mine because it ceased operations in FY16.

Sustainability activities

The table below provides a summary of progress against the FY17 sustainability activities that were outlined in our previous sustainability report. FY18 sustainability activities and new targets can be found at the beginning of each section.

Planned Activity for FY17	Update on Progress
Safety	
Facilitate an effective safety systems Management of Change process, following the listing of Alinta Energy.	In March 2017, Alinta Energy was sold to Chow Tai Fook Enterprises Limited instead of listing on the ASX. Therefore, the necessary support was provided for transitioning to the new owners rather than listing on the ASX.
Undertake a corporate safety assurance audit of the recently revised Working at Height / Falling Objects Major Hazard Standard.	Corporate Working at Height / Falling Objects Major Hazard Standard audits were conducted at each of Alinta Energy's power stations during the reporting period.
Safe completion of two key Power Development engineering projects at our Newman and Port Hedland facilities.	The engineering projects at Newman and Port Hedland have been managed under their relevant safety management plans, with no recordable injuries occurring on these projects during the reporting period.
Design and progressively implement the Alinta Energy Mental Health strategy / improvement plan.	An Employee Mental Health and Wellbeing Committee was established during the period.
Implement the Retail Solar and the Retail Field Sales Health and safety management plans.	The Retail Solar and Retail Field Sales Health and Safety Management Plans continue to be implemented and these businesses will be audited against the requirements of these plans in FY18 as seen on page 23.
People and Culture	
Remeasure employee engagement following the listing of Alinta Energy.	Employee engagement was measured in April-May 2017 and the results can be viewed on page 27.
Continue to improve our employee information management system to facilitate more detailed analysis of employee statistics, skills and talents.	This activity commenced during the period and is ongoing, with the potential for a system upgrade in FY18.
Commence reporting on gender diversity as per the requirements of the ASX Corporate Governance Principals and Recommendations.	Alinta Energy was privately sold and therefore will not be listed on the ASX. As a result, the ASX Corporate Governance Principals and Recommendations do not apply. However we have developed and launched our new Embracing Diversity policy effective 1 July 2017; and have undertaken a gender pay analysis in 2017. See page 29.
Continue to evolve talent management and succession planning to ensure a strong pipeline of internal candidates and career opportunities.	We continued our talent management and succession planning throughout the year. This saw 26 employees being promoted internally or transitioned into different roles.
Continue to offer on the job learning opportunities and targeted training.	We continued to offer on the job learning opportunities and targeted training throughout the year. This included the extension of the senior leadership training program to all employees.
Drive towards a high performance culture through linking individual employee contributions to the overall company vision.	Individual employee contributions and rewards are linked to the overall company vision and success.

Sustainability activities

Planned Activity for FY17	Update on Progress
Environment	
<p>Increase exposure to large scale renewable energy generation projects, either through signing new off take agreements or taking an equity stake in new or existing renewable generation facilities.</p>	<p>We have significantly increased our exposure to renewable energy with a range of new off-take agreements including 34MW wind farms in Victoria, 42MW solar farm in Queensland, 130MW wind farm in Western Australia and the purchase of an option to develop a 300MW wind farm. See page 38 for more details.</p>
<p>Install a 30MW battery storage facility to achieve higher levels of supply security and improve the operational efficiency of Newman Power Station.</p>	<p>The Newman project was approaching completion towards the end of FY17.</p>
<p>Replace an existing turbine at the Port Hedland Power Station with a new, high efficiency aero-derivative gas turbine, therefore improving the operating efficiency at the Port Hedland Power Station.</p>	<p>The Port Hedland project was approaching completion at the end of FY17.</p>
<p>Continue to improve the environmental data collection process and procedures, including consideration of external assurance audit findings.</p>	<p>Audit recommendations relating to environmental data will be progressively implemented over time. Two key changes made in the FY17 Sustainability Report are the Sustainability Materiality Assessment (page 6-9) and new targets (pages 11,23,33,43,47).</p>
Community	
<p>Review and refresh Alinta Energy's community development strategy to incorporate recent organisational changes, such as closure of the Flinders operations, the listing of Alinta Energy on the ASX and expiry of corporate partnerships.</p>	<p>Our community development strategy is currently being reviewed and developed post the sale of Alinta Energy in early 2017 and brand investment. This will be finalised in FY18.</p>
<p>Continue grass roots charity activities with staff to help worthwhile causes and improve employee engagement.</p>	<p>We continued our principal partner sponsorship of Uniting Care West Food Rescue program, and supported a range of grassroots initiatives such as Perth's Special Children's Christmas Party, Port Hedland's Art Awards and the Country Education Foundation's 'Pig Push' event in regional NSW. We developed and launched a new staff Community Volunteer leave initiative effective 1 July 2017.</p>
Markets and Customers	
<p>Continue to grow the new residential solar business in Western Australia.</p>	<p>In early 2016, we successfully launched our residential solar business in Western Australia and have experienced steady growth during the period.</p>
<p>Launch a new East Coast residential solar business in South Australia.</p>	<p>In late 2016, we established a pilot project with Harvey Norman® to expand the solar business into South Australia, which was subsequently discontinued.</p>
<p>Open new markets by providing competition for large C&I customers in the North West Interconnected System.</p>	<p>Regulatory support is required to open new markets in the North West Interconnected System and therefore we are currently working through the process of seeking Government's support. This activity continues into FY18.</p>

Sustainability materiality assessment

Engage



Engage with key stakeholders¹ via:

- Customer surveys, meetings and Ombudsman investigations
- Employee engagement surveys
- Sustainability email (sustainability@alintaenergy.com.au)
- Meetings with shareholders, suppliers, financiers and creditors
- Community relations
- Involvement in industry working groups
- Meetings with Government and regulatory officials
- Gap analysis with GRI G4 standards and utility sector peers
- Media liaison and responses to media queries

¹ A list of key stakeholders are on page 53 under 'Stakeholder Inclusiveness'

Detect



Detect key stakeholder's interests and rank based on importance to multiple stakeholders and impact on Alinta Energy's business. These are:

- Energy availability and reliability
- Economic health
- IT systems
- Legislation and policy
- Safety
- Diversity and equality
- Training and education
- Employee engagement
- Climate change and energy emissions
- Environmental management
- Waste and water
- Community support
- New products and projects
- Customer support
- Branding

Review



Annually review stakeholder's interests via the following mechanisms:

- Board of Directors review
- Safety and Sustainability Council review
- Feedback from the public via Sustainability contact details

Reconsider any new items in the top left quadrant and document why they have a lesser impact on Alinta Energy, if they are key to our stakeholders.

Outcomes:

- Understand the risk for the business and set managements response to manage risks
- Set or update sustainability targets
- Report progress against targets
- Add to the sustainability report
- Investigate and implement new products or projects

Sustainability materiality assessment

Prioritise

Determine material issues through a process of prioritising stakeholder and Alinta Energy interests:



Our Business Safety Employment Environment Our Communities Markets and Customers

Identified issues are discussed further in the relevant sections of the report.

Sustainability materiality assessment

Topic	Page Number
<p>Energy availability and reliability</p> <p>Ensuring access to secure and reliable energy is one of our top priorities. Our energy assets deliver strong availability through rigorous preventative maintenance programs. Where practical, these maintenance activities are undertaken at times that are least likely to impact our customers and the market.</p>	11, 20-21
<p>Economic health</p> <p>We are focussed on creating direct and indirect economic value for our stakeholders and shareholders. We achieve this by operating a lean business that makes strategic investments in energy assets, innovative technology, and relationships with our people and customers.</p>	18
<p>IT systems</p> <p>We depend on efficient IT systems for various elements of the business such as customer billing and monitoring asset performance. Our IT systems are backed up regularly to ensure that we are prepared for any emergencies or unexpected outages and we have IT and assurance specialists that review the reliability, accuracy and completeness of our systems.</p>	n/a
<p>Safety</p> <p>Workplace health and safety is our highest priority. It is especially important at our/our customer's remote sites. We have implemented a range of targeted policies, systems and training to ensure zero harm to everyone, every day and on every job.</p>	23-25
<p>Diversity and equality</p> <p>We aim to be accessible to many and open to new ideas. This means having a diverse working environment where people are respected and remunerated fairly regardless of gender, age, disability, culture, religion, caring responsibilities or sexual orientation. We also have the appropriate grievance mechanisms to confidentially investigate and resolve any reports.</p>	28-29
<p>Training and education</p> <p>We are committed to supporting employees to acquire knowledge and skills to enhance their job performance. We provide a range of internal training and may assist employees to undertake relevant studies that develop the employee's career within the company.</p>	27,29,41
<p>Employee engagement</p> <p>The success of our business relies on our ability to recruit and retain high-performing employees. Our People and Culture team has three key areas of focus: talent, culture and engagement. By prioritising these areas, we ensure that our people achieve superior results in line with our company values.</p>	27,30
<p>Climate change and energy emissions</p> <p>In Australia, the production and supply of electricity is a significant contributor to the nation's greenhouse gas emissions.</p> <p>Alinta Energy is a retailer of gas and electricity; and a generator in a number of different markets. Therefore, we realise our role in transitioning towards secure, reliable and renewable energy. In order to promote positive energy, we have invested in energy efficiency on our assets and are offering new customer services such as residential solar photovoltaic (PV) in Perth. We also report our emissions to the Federal Government under the NGER Act 2007 and advocate for national policy on renewables and carbon.</p>	34-39
<p>Legislation and policy</p> <p>Our business complies with relevant legislation, regulation and other government policies. We are subject to a range of regulations such as energy trading markets and competition. Our Regulatory and Government relations team monitor changes and manages compliance with key policy.</p>	34-39

Sustainability materiality assessment

Topic	Page Number
Environmental management We comply with environmental legislation, regulation and other government policies. This is guided by our Environment and Community policy and implemented through training, reporting and monitoring. We also have appropriate grievance mechanisms to investigate and resolve any reports.	40-41
Waste and water Where possible, we aim to divert our waste from landfill and recycle water. We have achieved this by finding markets for our waste materials.	41
Community support Our energy assets are mostly situated near local communities. In turn, we give back to the communities where we operate by fundraising, volunteering and sponsoring organisations and events.	43-45
New products and projects We are equipped to capitalise on new growth opportunities and expand our business. We aim to invest in technologies, products and projects that provide our new and existing customers access to positive energy.	47-49
Customer support Our retail business is focussed on providing a positive experience and efficient solutions to our customers. This is ensured through ongoing training and monitoring of our call centres.	50
Branding and reputation Our reputation with our customers and the market is a valued aspect of our business. We communicate our brand through Marketing and Communications Channels, including our website and publications. Our reputation also depends on ensuring the availability of energy, the safety of our people and honouring our social license to operate.	50



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Our Business

Alinta Energy is a retailer of gas and electricity and a generator of electricity in a number of different markets. We are the fourth largest non-government owned energy retailer by customer numbers in Australia, have a leading position in the WA gas retail mass market and Small to Medium Enterprise (SME) segment and a growing presence on the east coast in both gas and electricity. We are also an independent power producer in the Pilbara and a supplier for high quality counterparties in Australia and New Zealand.

C&I in WA

Our continuity of gas supply to commercial and industrial gas customers in Western Australia, is underpinned by a favourable supply position from contracted gas sales agreements and contracted capacity on key transmission pipelines and gas storage facilities.

Wholesale

Our business is supported by a Wholesale team that procures and structures cost competitive electricity and gas for our Retail business and optimises our electricity and gas portfolios, through short and medium term trading. East and West Coast short term energy portfolios are managed by a spot trading team, that oversees real time trading and dispatch of power station assets.

Our EBITDA growth and Availability targets are provided to demonstrate our commitment to ensuring that our performance meets acceptable standards in these important areas.

Target	FY18 Target	FY17 Actual
EBITDA growth per annum	8.0%	2.0%
Availability		
Newman	89.9%	94.9%
Port Hedland	86.8%	94.5%
Pinjarra	90.0%	97.4%
Wagerup	94.7%	94.1%
Bairnsdale	92.2%	97.7%
Braemar	93.2%	97.4%
Glenbrook (MHF)	94.2%	92.0%
Glenbrook (Kilns)	93.9%	92.1%

About Alinta Energy

Business Overview

We are an Australian energy company with an owned and contracted generation portfolio of up to 1,957 MW, approximately 780,000 electricity and gas retail customers, and approximately 450 employees across Australia and New Zealand as at 30 June 2017.

Alinta Energy's operations are divided into three business divisions broadly based on geography and business type: West Coast Integrated, Contracted Assets and East Coast Retail.

Our generation portfolio comprises approximately 87% owned gas generation and 13% contracted renewable generation, with no coal-fired generation. Alinta Energy does not own upstream gas production fields or facilities.

Fuel for Alinta Energy's generation assets is provided via a mixture of contracts with various suppliers, by-products from co-located industrial processes and renewable sources.

Where we operate

We are a national energy company that operates in all mainland Australian states as well as New Zealand. On the east coast, our operations span South Australia, Victoria, New South Wales, ACT and Queensland, whilst on the west coast, our operations span the resource rich Pilbara region and the south west region of Western Australia (WA) (including Perth).

We operate in various gas and electricity markets across Australia, including the South West Interconnected System (SWIS) and North West Interconnected System (NWIS) of WA, as well as the National Electricity Market (NEM) which spans the eastern states of Australia.

Energy Output, Sales and Customer Numbers

Energy Output	Total	NSW	VIC	SA	WA	QLD	ACT	NZ
Gas-fired Generation (GWh)	1,655	-	167	-	843	645	-	-
Co-generation (GWh)	2,830	-	-	-	2,238	-	-	592
Wind Off-Take Agreements (GWh)	696	-	359	-	337	-	-	-
Energy Sales								
Total Gas Sales (GJ)	2,159,045	671	2,410,953	300,001	27,463,489	1,983,932	-	-
Total Electricity Sales (GWh)	4,902	390	643	1,457	2,232	173	7	-
Customer Numbers								
Residential	768,788	35,217	122,646	62,292	548,633	-	-	-
Business	13,507	340	267	1,104	11,655	135	6	1

Offices

The business is headquartered in Sydney; however, the largest office is located in Perth and the Melbourne office has seen significant growth during the period. We also operate a small office in Adelaide.

Compliance

The energy industry in Australia is heavily regulated, and therefore compliance management is a key part of our business. We have implemented a range of systems and controls to ensure compliance with relevant legislation. We did not receive any material fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period.

Ownership

During the reporting period, our company was 100% acquired by Chow Tai Fook Enterprises Limited. Prior to this, we were owned by a consortium of private investment firms and institutional investors, led by TPG Capital.

Vision

In order to articulate our plan for the future we refreshed our vision, sense of purpose and values in order to unite and guide our people, customers and stakeholders with confidence.

2020 VISION



1 Based on AON Hewitt engagement survey and zero Class 1 (fatalities and permanent life altering injuries)

2 Average CAGR over the life of "base" Alinta Strategic Plan

3 Either from internal developments or contracted sources

4 Based on NERC benchmarks for forced outage factors, availability and start reliability, NPS targets - West Coast >50, East Coast +30)

Values

Our values support our vision and underpin our identity and culture. They include people matter, customer focus, one Alinta, commercial leadership, respect and integrity and safety.



People Matter

Our people are our greatest asset. We are committed to a culture where how we deliver is as critical as what we deliver.



Customer Focus

We are a business focused on the customer, providing great service externally and internally. Our goal is to be the customer's first choice.



One Alinta

We are one team that works together for the same purpose.



Commercial Leadership

We act like business owners, committed to industry leadership and the achievement of superior results.



Respect and Integrity

We value diversity and treat people with respect. We are true to our word and take personal responsibility for our actions.



Safety

Safety will always be our highest priority and comes first when making choices in our business.

Business structure and governance

We are committed to conducting business in an efficient and ethical manner that maintains high corporate governance standards. This is why we continue to ensure that our governance structures and business units are streamlined to enable us to achieve our refreshed vision, purpose and values.

Board of Directors

Following the sale of Alinta Energy to Chow Tai Fook Enterprises Limited (CTFE), Alinta Holdings' Board of Directors comprises three independent non-executive Directors (including the chairman), a Managing Director and three non-independent non-executive Directors.

Three committees assist the Board in fulfilling its responsibilities, namely: the Executive Committee, the Audit and Risk Committee and the Remuneration and Benefits Committee. The group's sustainability initiatives and monitoring of sustainability performance are primarily the responsibility of the Executive Committee and the Board.

Code of Conduct

Our Code of Conduct is available to all employees on the intranet and forms the basis for all of our policies and procedures. It is designed to be used by our employees as a standard for personal and professional ethical decisions.

Legislation and Policy

Our business can be affected by changes to legal, regulatory and other government policies, including changes in the interpretation and enforcement of policy. Our business is subject to a wide range of regulations such as tariff setting in some States, customer relations, participation in emissions management, energy efficiency, energy trading markets, environmental compliance, health and safety and competition. Our Corporate Services business unit manages legislation and policy interactions whilst the whole business is actively involved in ensuring that we comply with these requirements.

Competition and Consumer Law

Compliance with the Competition and Consumer Act 2010 (Cth), including Australian Consumer Law, is taken very seriously. This is demonstrated through training and monitoring. We require relevant staff members to complete compliance training and assessments through a Self-Administered Legal Training (SALT) program to ensure they're aware of their responsibilities under these laws. We also regularly monitor the activities of our business partners, in particular our marketing partners and outsourced service provider so that we can identify and rectify any compliance concerns in a timely manner.

We did not receive any material fines or non-monetary sanctions for non-compliance with Australian Consumer Law during the reporting period.

Acquisition by Chow Tai Fook Enterprises Limited

In early 2017, 100% of issued shares in Alinta Energy were acquired by Chow Tai Fook Enterprises Limited (CTFE). This result highlights the attractiveness of the Australian energy market, the strength of Alinta Energy's performance and the value of our people and assets.

CTFE is a private Hong Kong-based investment holding company, owned and controlled by Dato' Dr Cheng Yu Tung's family (the Cheng family). The Chow Tai Fook Group has a successful record of long term development of businesses and investment in high quality assets over their 88 years of continuous heritage. Their investments span 50 countries, across a diverse range of sectors including property development and investment, hospitality services, infrastructure, energy, aircraft leasing, department stores, jewellery and other consumer and retail businesses. The Chow Tai Fook Group are especially known for their Chow Tai Fook Jewellery brand (established in 1929) that has over 2,300 points of sale and is popular with the Mandarin and Cantonese speaking world. However, the majority of assets come from CTFE's significant investments in property and hotels with notable five star hotels like the Beverly Wilshire (Los Angeles), Carlyle Hotel (New York), and Rosewood London (London). CTFE controls New World Development Company Limited (Hong Kong stock code: 17), a listed blue chip conglomerate in Hong Kong. The New World Group of companies also comprises NWS Holdings Limited (Hong Kong stock code: 659) and New World Department Store China Limited (Hong Kong stock code: 825).

Alinta Energy is CTFE's first significant investment in Australia outside of real estate and integrated resorts.

CTFE confirmed that Jeff Dimery will continue to lead the company as Managing Director and CEO and the existing senior management team will be retained.

With CTFE's long-term view of investment opportunities, we believe Alinta Energy has entered a new and exciting phase with a very strong platform for growth.



Executive leadership team

At Alinta Energy, we want our people to have autonomy and accountability, therefore our organisational structure is designed to facilitate agility and efficient decision-making. Moving forward our vertical-integration will be represented through the two 'pillars' of our business: Merchant Energy and Retail Markets. Our support services reinforce our strategy through two business units Finance and Corporate Services.

On 25 May 2017, changes to Alinta Energy's Executive Management Team were announced to reflect David Goldsmith's retirement from his role as Chief Financial Officer of Alinta Energy. Over the last 6 and a half years David has been integral to building an effective Financial support function for the organisation and transitioning the company from private equity ownership to our new owners. We thank David for his significant contribution and wish him all the very best in his retirement. From September 2017 the following business units will be led by the following Executive Directors, who all report to Jeff Dimery, Managing Director and Chief Executive Officer.



Managing Director and Chief Executive Officer
Jeff Dimery



Executive Director – Corporate Services
Daniel McClelland

- Safety
- Sustainability
- Talent Management
- Recruitment
- Culture and Learning
- Internal Communications
- Insurance
- General Council and Legal
- Regulatory
- Company Secretarial
- Government Relations
- Community Relations
- Media



Executive Director – Chief Financial Officer
Ellen Lambridis

- Group Finance
- Treasury
- Taxation
- Information Technology
- Risk Management
- Strategy and Planning
- Payroll
- Accounts Payable
- Strategic Projects
- Capital Markets



Executive Director – Retail Markets
Jim Galvin

- East Coast Retail
- West Coast Retail
- Residential solar
- Small and Medium Enterprise
- Commercial and Industrial
- Marketing
- Customer Service
- New Energy



Executive Director – Merchant Energy
Ken Woolley

- Power Station Operations
- Power Development
- Commercial (Power Generation)
- National Spot Trading
- Gas Trading
- Energy Pricing
- Systems and Analytics
- Analysis and Regulation
- Environmental Products Trading
- WA Wholesale Markets
- Commercial (Wholesale)

Board biographies

Independent Non-Executive Directors



Mark Johnson AO Chairman

- Chairman of Alinta since March 2011
- Currently Director of Westfield Group among other directorships
- Served 22 years on the Board of AGL, most recently as Chairman (2006 – 2010)



Anthony Howarth AO

- Director of Alinta since March 2011
- Chairman of MMA Offshore Limited (appointed as a Director in 2001 and Chairman in 2006)
- Director of Wesfarmers (since 2007)
- Previously Chairman of Home Building Society, Deputy Chairman of Bank of Queensland and a Director of AWB



Gary Burg

- Director of Alinta since April 2017
- Independent Non-Executive Director of ClearView Wealth Limited (CVW.AX)
- Chairman of UCW Limited (UCW.AX)
- Director of Global Capital Holdings (Australia) Pty Limited
- Former director of, and investor in, 3Q Holdings Limited, Capital Alliance Holdings Limited, Prefsure Life Limited and Insurance Line Holdings Pty Limited

Owner Sponsor Directors



Dr Henry Cheng - Chairman CTFE

- Dr. Cheng is the eldest son of Dato' Dr. Cheng Yu Tung and Chairman of Chow Tai Fook Enterprises Limited
- Chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference
- In 2017 awarded the Gold Bauhinia Medal by the Government of the Hong Kong Special Administrative Region
- Independent non-executive director of Hang Seng Bank Limited, a listed subsidiary of HSBC



Patrick Tsang - CEO & Director CTFE

- Director and Chief Executive Officer of CTFE, director of Chow Tai Fook Holdings Limited and Cheng Yu Tung Charitable Foundation Limited
- Over 20 years of international investment banking experience
- Previously Managing Director, Head of Asia Fixed Income Capital Markets at Deutsche Bank AG based in Hong Kong



Cliff Zhang - Senior Vice President CTFE

- Board member of Goshawk Aviation Limited, Alinta Energy Limited, New Times Energy Limited, Chow Tai Fook Energy Holdings Limited and Chow Tai Fook Financial Holdings Limited
- Over 10 years of experience in corporate finance, investment, international capital markets and engineering

Executive Director



Jeffrey Dimery - Managing Director and CEO Alinta Energy

- 5 ½ years as CEO of Alinta Energy
- 15 years at AGL prior to joining Alinta
- Former Group General Manager, Merchant Energy at AGL where he managed four divisions generating EBIT of over \$500 million

Economic health

Sustaining a healthy financial position is important to the stakeholders that rely on our business as a source of income. Our executive leadership team is committed to creating direct and indirect economic value by operating an efficient business that makes strategic investments.

Direct Economic Value

The economic value generated by our business is shared amongst many of our key stakeholders, including our suppliers, employees, financiers, owners and the government. This is demonstrated in the 'Economic Value Distributed' table below:

Economic Value Distributed	FY17 \$ millions	FY16 \$ millions	Revenue by Type	FY17 \$ millions	FY16 \$ millions
Operating costs, including suppliers	1,919.9	1,849.8	Electricity revenue	858.0	821.3
Employees' wages and benefits	74.9	121.6	Gas revenue	606.7	647.8
Finance expenses	199.2	167.9	Other retail revenue	39.5	40.7
Income tax	35.8	49.8	Contracts and trading revenue	672.0	693.6
Net profit (loss) after tax [*]	(51.5)	30.2	Other income adj.	2.1	15.8
Total	2,178.3	2,219.2	Total	2,178.3	2,219.2

* For the purpose of consistency, we have not prepared the economic data presented in this section of the report in line with GRI G4-EC1, and have instead chosen to present the data in line with the audited financial statements which is in line with accounting standards.

• 2016 includes the Flinders Operations

[^] The loss was due to an FY17 loss on derivatives and the once off costs associated with Alinta Energy's sale process.

Indirect Economic Value

The ability to generate safe, affordable and reliable energy is an essential ingredient in the creation of a stable and prosperous society. The energy our company generates creates indirect value by enabling other businesses to succeed, and in turn offers additional employment and business opportunities throughout the economy. In addition to this, we make financial contributions to charity organisations to help them provide key support services to the community. For more information, please refer to Our Communities on page 43.

Invested Capital

Alinta Energy's total invested capital at the end of the reporting period was \$AUD2.4 billion, which comprised 100% equity provided by our new owners. As a result, as at 30 June 2017 Alinta Energy was debt free with all external loans repaid in full.

Financial Performance

The table below sets out our underlying EBITDA by business unit for FY14 to FY17.

Segment Underlying EBITDA, \$ millions	FY14	FY15	FY16	FY17
West Coast Integrated	209.4	236.9	237.1	242.5
Contracted Assets	158.0	155.4	162.1	145.0
East Coast Retail	9.2	9.5	21.5	32.6
Underlying EBITDA pre corporate and other costs	376.6	401.8	420.7	420.1
Corporate and other ¹	(46.0)	(44.0)	(48.5)	(39.9)
Group Underlying EBITDA	330.6	357.8	372.2	380.2

Notes

1. Reflects corporate costs incurred at the head office level, as well as gains and losses from the on-sale of Large-scale Generation Certificates (LGCs) to Alinta Energy's electricity customers.

• Group underlying EBITDA excludes the Flinders Operations

Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation for our business from its underlying operating activities. It also excludes items which are not reflective of our underlying operations such as finance lease accounting adjustments, unrealised currency gains and losses, adjustments which relate to onerous contracts which are currently winding down, unrealised gains and losses on derivative instruments, impairment of intangible assets, restructuring and transition costs, transactional costs as well as other non-operating items.

Underlying EBITDA has increased by 2% driven by customer growth in the East Coast business, partly offset by an increase in gas costs at Braemar (Contracted Assets) due to a tighter gas market and the expiry of lower-cost gas contracts.

Our financial accounts are independently audited by KPMG to ensure they provide an accurate representation of our company's financial position.

Consolidated Accounts

A copy of Alinta Energy's consolidated accounts is available for purchase via the Australian Securities and Investment Commission (ASIC) website (<http://asic.gov.au>).

Risk management

Enterprise Risk Management

Our Enterprise Risk Management (ERM) framework is a key governance framework for Alinta Energy and supports our aim to have an engaged risk culture where value preservation is regarded as highly as value creation. This is underpinned by the following principles:

- Incorporating the risk management cycle into the operation of all parts of the business;
- A culture where speaking up about risk is welcomed and expected;
- Alignment with our high performance vision, namely striving to find a solution to complex risk problems; and
- Encouraging individuals to take a step back and consider the risk implications of their decisions in conjunction with cost / benefit considerations.

Our biannual ERM Top Risk program is a bottom-up process that is focused on taking ownership for risk and includes a divisional risk register that covers all leaders within the group. These divisional risks are reported up through the executive leadership team to the Board.

Our ERM framework is supported by a Board level risk governance structure. Key components include:

- Executive Committee;
- Audit and Risk Committee; and
- Remuneration and Benefits Committee

Our risk management function is based on a framework of risk management strategies, mitigation procedures and risk management processes that seek to match an appropriate level and mix of risk to the risk profile of the relevant business.

Insurance

As part of the risk management program, we carry various types of insurance, including property damage, business interruption, workers' compensation, combined liability, Directors' and Officers' liability insurance, corporate travel, motor vehicle, marine transit, group journey injury and group personal accident cover. These insurances and their deductibles are maintained at levels that we believe are adequate, reasonable and consistent with our risk profile and alignment with industry practice.

The Risk Management Cycle

1. Identify

What can go wrong?

2. Measure

Likelihood and Consequence

3. Evaluate

Compare risks, Prioritise risks

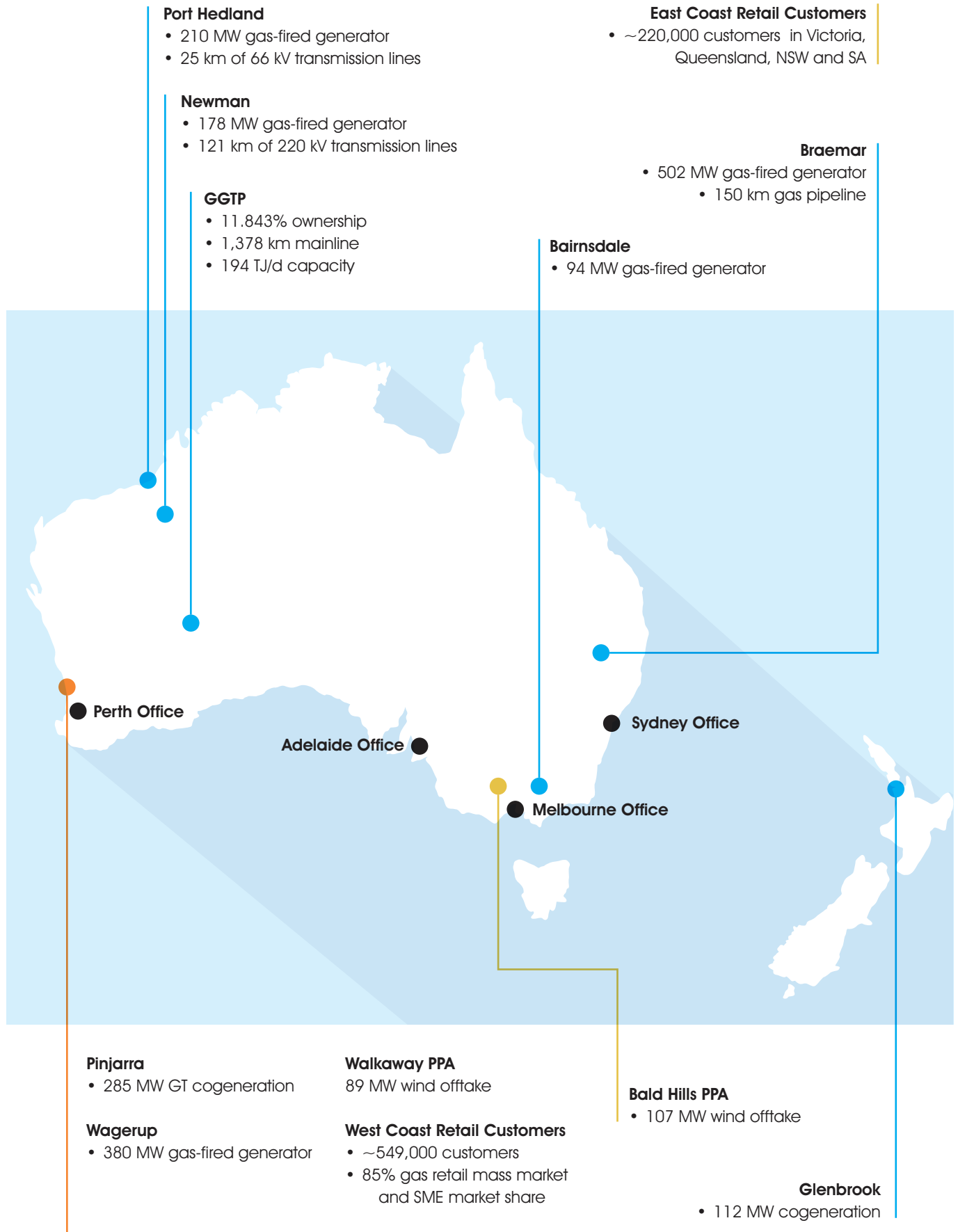
4. Manage/Treat

Terminate, reduce, avoid, transfer or retain

5. Communicate, monitor and review

Critically observe performance, determine effectiveness

Office and asset locations



● Contracted Assets
 ● West Coast Integrated
 ● East Coast Retail
 ● Offices

Operational power stations

Western Australia

Port Hedland Power Station

- Staff: 7*
- Capacity: 210MW
- Fuel type: Gas/Distillate
- Load Profile: Intermediate
- FY17 Availability: 94.5%

Newman Power Station and Battery Storage

- Staff: 10
- Capacity: 178MW
- Fuel Type: Gas/Distillate
- Load Profile: Intermediate
- Other: 30MW battery storage facility.
- FY17 Availability: 94.9%

Wagerup Power Station

- Staff: 4*
- Capacity: 380MW
- Fuel Type: Gas/Diesel
- Load Profile: Peaker
- FY17 Availability: 94.1%
- Operated by Alinta Energy from 2 May 2017

Pinjarra Power Station

- Capacity: 285MW
- Fuel Type: Gas
- Load Profile: Base
- FY17 Availability: 91.0%
- Operated by Alcoa of Australia

Queensland

Braemar Power Station

- Staff: 6*
- Capacity: 502MW
- Fuel type: Gas-fired
- Load Profile: Intermediate Peaking
- FY17 Availability: 97.4%

Victoria

Bairnsdale Power Station

- Staff: 5
- Capacity: 94MW
- Fuel Type: Gas-fired
- Load Profile: Peaker
- FY17 Availability: 97.7%

New Zealand

Glenbrook Power Station

- Staff: 26
- Capacity: 112MW co-generation
- Fuel Type: Surplus gas from NZ Steel and Waste Heat
- Load Profile: Base
- Other: Integrated into NZ Steel (BlueScope Steel) facility under long-term power purchase agreement (PPA)
- FY17 Availability: 92.1%

Transmission Infrastructure

Western Australia

Newman to Roy Hill Electricity Transmission Line

- 120km (220kV) transmission line to supply power from Newman Power Station to the Roy Hill Mine including substations, a distribution system and 6MW of onsite diesel generation.

Goldfields Gas Transmission Pipeline

- 11.8% investment in 1,380km long pipeline in Western Australia.

Queensland

Braemar Gas Pipeline

- 100% investment in 148km long pipeline. Used to supply the Braemar Power Station and transport gas to the Roma to Brisbane pipeline.

Renewable Offtake Agreements

Western Australia

Walkaway Wind Farm

- 89MW offtake agreement

Badgingarra Wind Farm

- 130MW conditional offtake agreement

Victoria

Bald Hills Wind Farm

- 107MW offtake agreement

Future Energy – 6 Wind Farms

- 34MW conditional power purchase master agreement

Queensland

Collinsville Solar PV

- 42MW conditional offtake agreement

Offices

Sydney Corporate Headquarters

- Staff: 94
- Pillars/Business Units: Power Generation, Retail Markets, Wholesale Markets, Finance and Corporate Services
- Other: Base for Alinta Energy's Executive leadership team, national wholesale trading team and many supporting commercial functions

Perth Office

- Staff: 201
- Pillars/Business Units: Power Generation, Retail Markets, Wholesale Markets, Finance and Corporate Services
- Other: Home to many of Alinta Energy's supporting IT services

Adelaide Office

- Staff: 31
- Pillars/Business Units: Power Generation, Corporate Services, Finance, Retail Markets
- Other: Home to many of Alinta Energy's supporting services.

Melbourne Office

- Staff: 64
- Pillars/Business Units: Retail Markets (East Coast), Power Generation
- Other: Base for East Coast customer operations

* Under normal operations these sites have an additional staff member. Therefore as at 30 June 2017 they had an open position.





Safety

The workplace health and safety of our employees, contractors and visitors is our highest priority, therefore our safety management focus is the 'relentless pursuit of Zero Harm'.

We have developed safety targets and key activities for FY18 (see the table below) to demonstrate our commitment to the safety of our people and contractors and ensure that our performance aligns with our objectives.

Target	FY18 Target	FY17 Actual
Class 1 injuries*	0	0
TRIFER	<5	1.89

FY18 Key Activities

Conduct audits over two Major Hazard Standards at all 6 power generation sites

Conduct safety audits over solar and field sales

Review the safety at new and significant projects from 17/18

* Class 1 injuries comprise: fatalities; total permanent impairment injuries; partial permanent impairment injuries and long term temporary impairment (>6 months) injuries

The safety figures reported are exclusive of data related to contractors engaged to install residential solar panels. Associated safety data will be reported in FY18.

Safety

The health and safety of our people is our highest priority. Our people are supported and represented by various safety management bodies. At an organisational level, a representative Safety and Sustainability Council operates under the oversight of the Executive Committee. Our operational workforce is represented by formal consultative health and safety committees (or other appropriate safety forums) at each site, that help to monitor and advise on workplace health and safety programs.

Safety Policy

All people involved in our operations have a responsibility to proactively apply the Health and Safety Policy, which is designed to inform and guide decision-making, objective setting and actions.

Health and Safety Management System

Our health and safety management system is applicable to all people on our sites, regardless of their employment status. This includes employees, contractors, volunteers and others who could be impacted by our organisation's operations. Our managers are required to ensure that their OHS procedures comply with the corporate management system and are consistent with Australian/New Zealand Standard 4801 health and safety management systems (AS/NZS 4801:2001).

AlintaSafe

We continue to drive the AlintaSafe model across our business, with the objective of lifting the cultural profile and visibility of safety throughout the organisation, in conjunction with working to eliminate hazards, reduce risks and improve safety systems.



everyone, every day, every job: Zero Harm

This involves leaders not only reinforcing our safety vision of 'everyone, every day, every job: Zero Harm' with words, but with effective action. The AlintaSafe strategic model is our roadmap for achieving this 'Zero Harm' vision, with our leaders 'doing what it takes to make Zero Harm happen' the foundation pillar of the model.

To underpin our people being 'informed, aware, and making safe choices', we follow the three AlintaSafe Core Principles across the business, which are:

- We always stop and think;
- We don't cut corners; and
- We speak up for safety.

Contractor Safety

We engage contractors for normal operations and high labour demand periods such as major plant shutdowns. Contractor safety is managed through the application of a contractor pre-qualification process, formal risk assessment of specific contracts and on-site contractor management and supervision.

This includes the implementation of contract specific safety management plans for major projects. Contractor competencies and qualifications are confirmed against the contract's scope of work and all contractors are required to do a site specific safety induction before performing work on our sites. During the period, we also conducted a review of our contractor safety management systems and are in the process of assessing and implementing improvements through the implementation of an externally purchased contractor management software solution.

Safety Audits

In FY17, we concluded our Corporate Safety Assurance Audit Program that focused on our Working at Height / Falling Objects Major Hazard Standard (MHS). All of Alinta Energy's power stations were audited against the requirements of this MHS and are now working through the implementation of the audit recommendations.

Alinta Energy's Safety Vision:

everyone, every day, every job: ZERO HARM

People

Informed, aware and making safe choices.

Systems

Improving our systems to drive safer outcomes

Workplace

Eliminating hazards and reducing risks in our workplace

Culture

Increasing trust, involvement and learning

Leadership

Doing what it takes to make Zero Harm happen.

Safety

Emergency Simulation Exercise

As part of our commitment to safety, we regularly carry out simulations of emergency situations. By conducting these simulations, the teams are able to practice emergency procedures, test the compliance of site response processes and then assess where they could be improved.

For example, in 2017, members of our Power Generation team carried out an emergency simulation at the Glenbrook Power Station in New Zealand. This exercise involved local emergency services and police, who took the opportunity to put their own emergency responses into practice. Overall the simulation was a success, and allowed our people to assess the current effectiveness of vital components of an emergency response such as: response plan effectiveness, teamwork efficiencies and internal/external stakeholder management and communication.

Safety Performance

Improved leadership, commitment, planning and implementation across all elements of the AlintaSafe strategic model have continued to result in ongoing and significant improvement in workplace safety management and particularly in our management of major hazards.

We had two recordable injuries during the period, relating to minor dust in eye issues, which are significantly fewer and less serious injuries than in previous years. As a result, our Total Reportable Injury Frequency Rate (TRIFR) during the reporting period was 1.89, which is a 82% improvement in performance compared to the previous reporting period.

Given the two minor injuries mentioned above did not result in the loss of an entire shift of work, we did not have any Lost Time Injuries (LTIs) during the reporting period and therefore our Lost Time Injury Frequency Rate (LTIFR) was zero. Graphs of our current and historical safety performance are provided on page 2 of this report.

Despite the excellent improvement in safety performance, we remain cognisant that safety hazards and risks remain in our business and therefore we are focused on progressively improving overall safety management, injury and illness prevention, and positive lead indicator performance improvements to be delivered during the reporting period. For example, during FY18 we plan to develop a new tool that will help managers to assess the effectiveness of their team's use of the Incident Management System, including not only the quantity of reports their team members have submitted, but also the timeliness of the report review process and the effective close out of corrective actions by the assigned due date.

Mental Health Support

During the period, an Employee Mental Health and Wellbeing Committee was established with representation from across the Corporate Services, Power Generation, Wholesale, Finance and Retail business units.

The Committee's focus is to ensure that we are providing psychologically safe and healthy workplaces. Initiatives that the group will implement will ensure that the company has the necessary frameworks, tools, training and reporting in place to support the management of psychological health issues and escalation pathways.

International Travel – SOS Emergency Medical Assistance Program

Some of our people travel for work to international locations. This is expected to increase as we interact more with our new owners that are based in Hong Kong.

In order to ensure our people have access to assistance and advice when travelling, we maintained our membership with a world leading medical and travel security company that provides a 24/7/365 international emergency response service. This means that our people always have access to real time advice relating to emerging situations that have the potential to impact their safety or security, access to English speaking doctors that can provide medical advice and treatment, and coordinate evacuations via assistance centres when required.

Upgraded Incident Management System

Our Incident Management System (IMS) is key to delivering on our 'Everyone, every day, every job – Zero Harm' vision through the effective recording and dissemination of information relating to incidents, near misses, hazards and risks. This system allows us to identify and implement corrective actions that prevent future incidents from occurring in the future.

In FY17 we upgraded our IMS by rolling out a new version of the software, which has improved the user experience whilst maintaining the underlying principles. Some improvements include:

- Improved dashboard and reporting;
- Simplification of the incident/hazard location tree;
- More reporting templates provided; and
- Options for future mobile applications.

This upgrade was rolled out nationally via face to face and video conferencing training sessions to ensure our people could extract the most benefit from the improvements.

Safety Reflection

On the 3 May 2017, our company achieved 12 months free of fatalities, permanent injuries and lost time injuries. We took time during a Company-wide Stop-Work meeting to reflect on the last recorded lost time injury, acknowledge the safety improvements made during the period and consider what makes a strong safety culture. To recognise everyone's contribution to Alinta's safety culture, all employees were presented with a portable first aid kit to take home.



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Employment

Our people are our greatest asset so we aim to recruit the best candidates into our teams. This means employing the right mix of people to give us a positive diversity of experience and perspective necessary to foster innovation and creativity.

Our 'Employment' targets for FY18 demonstrate our commitment to improving employee engagement and are designed to ensure that our performance is aligned with our business objectives.

Target	FY18 Target	FY17 Actual
Focus on engagement actions following 2017 engagement survey so that we can achieve our target to be in Aon Hewitt's top quartile	67%	58%
FY18 Key Activities		
Conduct employee life cycle review, update processes and policies to clarify expectations, entitlements and improve employee experience		
Continue to evolve succession planning, talent calibration and our critical role matrix to best position our talent for success		
Develop a learning framework and approach as part of talent framework		
Drive a high performance culture through linking individual employee contribution to the company's strategic priorities and overall company vision		
Implement process improvements for the regular Achievement Review process		

Employment

Employment at Alinta Energy

We have a strong focus on building a culture of achievement that encourages employees to deliver exceptional results in alignment with our Vision, Sense of Purpose and Values. We believe that we have achieved our high-performing culture by setting clear expectations, clear roles and responsibilities and providing opportunities for growth and development.

Employment is managed by our People and Culture team, which focuses on three key levers; talent, culture and engagement. We believe that excellence in these strategic areas leads to sustained business performance and profitable growth. To achieve this, the People and Culture team partners with the business in areas such as talent management, leadership development, recruitment and internal communications. Relevant resources, such as policies, forms and user guides are made available to all our employees via the company's intranet.

During the period, employee numbers increased in large part due to the growth of the business associated with retail's expansion on the east coast. The tables below provide a summary of our employee and governance bodies' employment information and composition statistics as at 30 June 2017.

Employee and Governance Bodies' Employment Information

	Employee Numbers		Full Time/Part Time		Employment Type		
	Total	FTE ¹	Full Time	Part Time	Salaried ²	Casual	EBA ³
All Employees	448	433	411	37	425	6	17
Board of Director Positions	7	NA	-	7	7	-	-
Executive Positions	6	6	6	-	6	-	-
Senior Leader Positions	55	55	54	1	55	-	-
New Employees	119	115	113	6	113	4	2
Departing Employees	92	89	85	7	90	-	2
Average tenure of departing employees (years)		3.6	3.4	5.6	3.6	-	2

Employee and Governance Bodies' Composition Statistics

	Gender		Location		Age		
	Females	Males	Regional ⁴	City	Under 30	30 to 50	Over 50
All Employees	188	260	32	416	83	285	80
Board of Director Positions	-	7	-	7	-	3	4
Executive Positions	1	5	-	6	-	4	2
Senior Leader Positions	17	38	1	54	-	46	9
New Employees	53	66	5	114	32	74	13
Departing Employees	50	42	9	83	17	57	18
Average tenure of departing employees (years)	4	3	3	4	1	3	6

Table Notes

1 FTE = Full Time Equivalents

2 Salaried employees are permanent employees on a fixed salary that is subject to annual review. Directors are a combination of independent, executive and owner-sponsored.

3 EBA = Covered by an Enterprise Bargaining Agreement.

4 Regional is defined as an employee's work location that is more than 80km outside of a Capital City

Employment

Fair Treatment

Fair treatment is the foundation of a positive organisational culture, evidenced by a workplace where mutual respect, strong personal ethics and support of co-workers are evident.

We do not tolerate any unfair treatment in the workplace. All employees and contractors are responsible for contributing to a workplace in which people feel their working environment is free from harassment, bullying, discrimination and all other types of unfair treatment.

All reported incidents of discrimination are taken seriously and are documented and investigated.

There were no confirmed breaches or incidents of discrimination reported by our employees during the reporting period.

Diversity and Equality

We aim to be accessible to many and open to new ideas. This means having a diverse working environment where people are respected and remunerated fairly regardless of gender, age, disability, culture, religion, caring responsibilities or sexual orientation.

We recognise the importance of ensuring equal opportunities and remuneration for both the men and women that work in our business. Our Workplace Gender Equality Report for FY17 indicates strong results on gender representation, with 42% of our workforce female and 46% of our promotions awarded to females.

Since receiving our FY17 Workplace Gender Equality Agency certification, we have implemented our Embracing Diversity policy to formalise our commitment to celebrating differences and enhancing a supportive work environment. Our People and Culture Team are reviewing and formalising our policies/processes to support the positive behaviours displayed within the business resulting in gender equality outcomes.

Recruitment and Retention

We are committed to attracting and appointing employees of the highest calibre, whilst adhering to all relevant legislation, organisational objectives and policies.

We also focus on retaining valuable skill sets and institutional knowledge through maintaining a workplace that encourages the development, retention and promotion of existing employees.

Performance Review and Career Development

We promote positive performance reviews where employees are coached and encouraged to achieve their best.

Our performance review and career development program provides our leaders with the tools they need to help our teams perform their duties to the best of their ability and to achieve the goals and outcomes required of their position. Employees are provided with opportunities to increase their skills and knowledge and to develop their careers through employee development plans.

All our employees are required to complete a formal achievement review and development plan each year.

Training and Education

We recognise that providing opportunities for learning and development are vital to attracting and retaining a skilled and talented workforce, providing for our company's current and future needs and facilitating career progression. Our People and Culture Team are developing a learning framework that will build capabilities aligned to our values and strategic priorities. This will encompass a range of internal and external training programs.

The People and Culture team are also developing a leadership capability framework, which will result in tailored learning solutions.

Gender equality at Alinta Energy

A full gender pay equity analysis was undertaken in 2017; showing that reward at Alinta Energy is based on role and merit, and not influenced by gender.

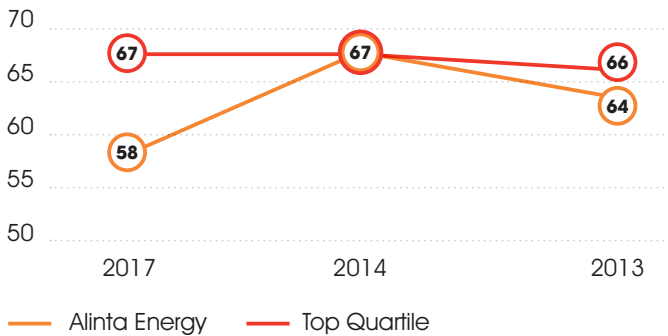
- On average Females earn when compared with 99% of Males in Total Fixed Remuneration
- On average Female target Performance Bonuses are when compared with 104% of Males
- There are no significant variances across business pillars or career levels

Alinta Energy has received confirmation of FY17 compliance from the Workplace Gender Equality Agency with pleasing outcomes:

- 42% of our workforce are female (this is 50% higher than our energy industry peers, with a recent survey showing 28% is the norm)
- Exceeding this was the proportion of promotions awarded to females (46%)
- Over 90% of our females who took parental leave returned to work.

Employment

Employee Engagement



Our people are our greatest asset and therefore employee engagement is one of our top priorities. We believe it is important to measure engagement and have therefore undertaken Aon Hewitt employee engagement surveys in 2011, 2012, 2013, 2014 and 2017.

In 2017 we achieved 58% employee engagement. This result is above the ANZ Energy and Utilities average of 54% and below Aon Hewitt’s ANZ Top Quartile at 67% and Best Employer level at 83%. We have set a target of 67% engagement for FY18 in line with Aon Hewitt Top Quartile company performance.

In 2015 and 2016 engagement surveys were not conducted due to large-scale corporate changes that occurred during this period, like the closure of our Flinders operations and the Alinta Energy sales surveys. We resumed the process in 2017 to understand the sentiment across the business post these changes and are pleased we have a baseline against which we can measure the effectiveness of our engagement improvement program going forward.

2017 Alinta Energy Excellence Awards

The 2017 Alinta Energy Excellence Awards dinner was held on 6 April 2017 in Sydney. The event recognised the individuals and teams who have achieved excellence through exemplifying the Alinta Energy values of People Matter, Customer Focus, One Alinta, Commercial Leadership, Respect and Integrity and Safety. We were pleased to see the level of interest, with 115 nominations received from across Alinta for the 2017 Alinta Energy Excellence Awards, with many worthy of being finalists. The executive team determined the finalists and noted that the standard was incredibly high. Congratulations to our winners!

People Matter

John McCullough and Kenneth Policarpio

Customer Focus

Crisper Marie Mesina and Stephanie Salvona

One Alinta

New Customer Services Establishment Team (Derek Cavalot, Natasha Duric, Jessica Dyer, Chloe Ho, Wayne McCrae, David McNeil, Paul Mullan, Fiona Osler, Rob Schwieger, Michael Smith and Mark Tate

Commercial Leadership

Huw Adler, Elton Judd, Jeremy King and Wayne McCrae

Respect and Integrity

Lim Tea

Safety

Leahne Crossing, Andrew Primer, Reece Fitzgerald and Onur Kaya



Employment

Freedom of Association and Enterprise Bargaining

All our employees and contractors have the right to exercise freedom of association, including the right to become or not to become a member of industrial associations such as trade unions. Employees also have the right to become involved in an enterprise bargaining process, where the employee and their representative (such as a union or other bargaining representative) negotiate with the company for an enterprise agreement.

Labour Management Relations

Management's relations with our employees are based on the principles of merit, fairness, equal opportunity and diversity. The company's employment practices are also governed by relevant legislation and industrial instruments.

Our company complies with minimum notice periods regarding operational changes, including whether these are specified in collective agreements, as per the Fair Work Australia requirements and the National Employment Standards.

Whistle Blower Hotline

Alinta Energy is committed to a culture of compliance, ethical behaviour and good corporate governance. Our employees are strongly encouraged to report illegal or inappropriate acts to their manager or to an independent whistle blower hotline. This includes actual or suspected theft, fraud, dishonesty, harassment, unethical behavior and workplace safety hazards.

This ensures that all of our people have a choice of communication channel to raise concerns without fear of harassment or discrimination. The Alinta Energy whistle blower hotline is a completely independent service provided by Deloitte. All the details to use this service are available on the intranet, which includes reporting misconduct directly to Deloitte via telephone, email, on-line or by post.

Grievance Mechanisms

All reported employee grievances are investigated promptly, confidentially and impartially in consultation with the employee(s) concerned. Wherever possible, we seek for employee grievances to be resolved at the workplace level through the supervisor or manager. Grievances that cannot be resolved at this level are managed at a more senior level in the organisation.

There were no substantiated grievances relating to labour practices raised during the reporting period.

Restructuring and Redundancy

During the year, approximately 31 employees were made redundant and two were relocated or redeployed. To support our people to transition to the next phase of their lives, we provide a suite of transitional support services including outplacement services.

Employee Assistance Program

We provide free, confidential and professional assistance to our employees and extended family, through our Employee Assistance Program (EAP). Our company changed EAP providers during the period to Assure Programs because of their access to a specialised group of registered psychologists with at least five years post-registration experience. The EAP targets general feelings of anxiety, stress, depression, overwhelming situations, fly in fly out challenges, family difficulties, team conflict, career progression frustrations and return to work following an injury. They offer our employees a holistic approach to mental health and wellbeing with a broad range of services.

Assure Programs' experienced psychologists are made available to Alinta Energy's employees and extended family 24/7 to ensure the utmost support of our people and their loved ones.

Step it out challenge

The Alinta Energy HSSE committees hosted the four week Step it Out Challenge in May 2017. The Challenge involved teams of four people competing against each other by logging daily steps plus fruit, vegetable and water intake into an online competition platform. The more the teams logged their progress, the further their team moved around the digital Pilbara track. All participants received an Alinta Energy pedometer and a water bottle to support a healthy lifestyle and group prizes were awarded to the top three teams.





Environment

We understand the importance of looking after our shared environment and are committed to working towards a sustainable energy future. This year, our revamped vision recognises our belief that sustainability is a vital component to becoming Australia's most admired energy company. In line with this, we have accelerated our exposure to large-scale renewable generation, expanded our residential solar business and invested in innovative customer solutions to support household energy efficiency.

This section discusses Alinta Energy's broader climate change and energy emissions, renewable energy and environmental management. Details on our solar and innovative customer solutions are provided in the Markets and Customers section of this report.

Our environmental targets for FY18 demonstrate our commitment to protecting our shared environment.

Target	FY18 Target	FY17 Actual
Zero significant environmental incidents	0	0
1,000 MW renewable by 2020	1,000MW	402MW

Climate change and energy emissions

Climate Change

According to NASA, over 97% of climate scientists agree that climate warming trends over the past century are extremely likely to be due to the greenhouse gas emissions from human activities. In response to the changing climate, the Australian Government has made commitments to reduce greenhouse gas emissions.

Australia's commitments are to reduce emissions by:

- 5% below 2000 levels by 2020; and
- 26-28% below 2005 levels by 2030.

According to National Greenhouse and Energy data published by the Clean Energy Regulator (see Figure 1), the supply of electricity generates over half of Australia's scope 1 emissions (i.e. greenhouse gas emissions that are directly released into the atmosphere as a result of a company's activities). Some examples of scope 1 emissions include electricity production from burning fossil fuels and the use of diesel in trucks.

As an electricity generator and retailer we recognise the electricity industry's critical role in transitioning towards a secure, reliable and low emission energy future. We also appreciate the value of policy in providing the necessary structure to achieve Australia's emission reduction commitments. This is why we support a stable carbon policy mechanism that will provide certainty and drive investment.

Carbon Emissions Regulation

The primary Federal Government program aimed at reducing carbon emissions is the Emissions Reduction Fund (ERF). The ERF's carbon abatement auctions are voluntary and provide incentives to organisations and individuals to adopt new practices and technologies that reduce emissions. Under the ERF, the Clean Energy Regulator (CER) oversees the creation of Australian Carbon Credit Units (ACCUs) by eligible projects, which can be sold to the Government via voluntary auctions or sold on the secondary market.

To ensure these emissions reductions are not displaced by a material rise in emissions elsewhere in the economy, the ERF includes a Safeguard Mechanism, which became effective on 1 July 2016.

The Safeguard Mechanism ensures that the electricity sector and facilities across a range of industries keep their emissions at or below a baseline set by the CER.

Where the electricity sector or a facility breaches their baseline emission level, they must acquire and surrender ACCUs to offset the emissions that are above their baseline.

Under the current policy, we believe the risk of this impacting our power stations is low in the short to medium term. This is because, with the exception of the Newman Power Station, our Australian generation assets are grid-connected and are therefore covered by the electricity generator's sectoral baseline.

As a result, these power stations are not required to remain below their individual facility emissions baselines until after the sectoral baseline has been breached, which is unlikely to occur in the short to medium term. Although the Newman Power Station is not covered by the sectoral baseline, it is also considered very unlikely to exceed its individual facility emissions baseline in the near future.

The Finkel Review

The Finkel Review, named after Australia's Chief Scientist, Dr Alan Finkel, was commissioned by all State Governments through the COAG Energy Council last year and its findings were delivered on 9 June 2017.

The Finkel Report aims to increase security, reliability, lower emissions and to reward consumers for desirable energy management behaviours. It has been proposed that this be achieved through three key areas of policy reform and 50 recommendations. The three key areas targeted are:

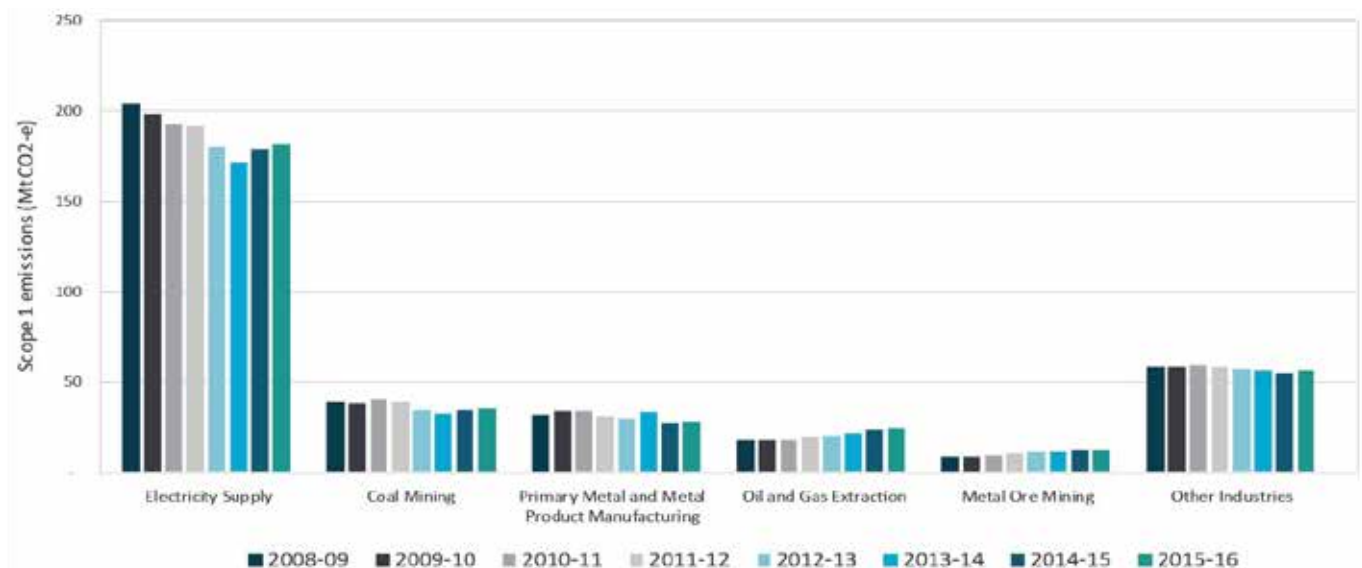


Figure 1. Australia's highest scope 1 emitters

Climate change and energy emissions

- An orderly transition to integrating emissions reduction and energy policy, including a Clean Energy Target;
- System planning and security, including new generator reliability obligations; and
- Stronger Governance.

At the time this report was released, the Federal Government had endorsed 49 of the recommendations; however, no decision on the Clean Energy Target (CET) had been made. The recommended CET would encourage the entry of new low emissions generation such as wind, gas, or coal with carbon capture and storage. It is like the Large-scale Renewable Energy Target (LRET) which will continue until 2020, although generators will not be able to benefit from both the LRET and CET at any one time.

In order to meet Australia's international commitments, we believe that a stable, bipartisan carbon policy (such as the CET) is required to deliver the certainty needed for industry to invest in new generation and technologies that will ultimately lead to lower energy prices and improved energy security. As such, Alinta supports the findings of the Finkel Review.

Carbon Emission Performance

A key commitment in our Environment and Community Policy is the 'systematic identification, investigation, evaluation and reporting of natural resource reduction and energy efficiency improvement opportunities'. This provides the overarching framework that ensures our electricity generation assets convert fuel energy into electricity efficiently and that we continually strive to reduce our greenhouse gas emissions, within the practical limits set by the nature of our generation portfolio.

Energy Consumption for Electricity Generation

Power Station	Natural Gas (GJ)	Coal Seam Methane (GJ)	Diesel (GJ)	Energy Content of Fuels (GJ)
South Australia	-	-	-	0
Queensland	-	7,658,536	-	7,658,536
Victoria	1,819,790	-	-	1,819,790
Western Australia	29,313,237	-	642	29,313,879
Total	31,133,027	7,658,536	642	38,792,205

Scope 1 Emissions from Electricity Generation (tonnes CO2-e)

Power Station	Natural Gas	Coal Seam Methane	Diesel	Total Emissions
South Australia	-	-	-	0
Queensland	-	380,271	-	380,271
Victoria	93,500	-	-	93,500
Western Australia	1,487,341	-	45	1,487,386
Total	1,580,841	380,271	45	1,961,157

The energy and emissions data presented in this report do not include data from the Glenbrook Power Station in New Zealand. This asset is embedded in NZ Steel's Glenbrook facility and generates electricity using waste heat and off-take gases from the steel making process, making it impractical to quantify the energy consumed and emissions for this asset.

The energy and emissions data for the Pinjarra cogeneration facility are associated with the generation of electricity only, and exclude the energy and emissions outside or our operational control that are associated with the generation of steam used by Alcoa of Australia Ltd (Alcoa). This maintains a consistent approach to our other assets and facilitates the calculation of meaningful energy and emissions intensity values.

Our ongoing performance is tracked by the National Greenhouse and Energy Report (NGER) scheme, where Alinta Energy and its predecessor companies have been reporting energy consumption, energy generation and greenhouse gas emissions since its conception in 2008/09.

The most significant 'materials' consumed by our business relate to the fuels used to generate electricity. Our facilities generate electricity (and in some cases steam) by converting the energy contained in fuels supplied from a variety of sources. Our gas turbine facilities, which are located around Australia, consume natural gas and coal seam methane sourced from a variety of third party suppliers.

The energy consumed, scope 1 greenhouse gas emissions and emissions intensity associated with our electricity generation activities during the reporting period were significantly lower than the previous reporting period, (as shown in the graphs on page 3). Our corporate greenhouse gas emissions and emissions intensity is relatively low compared to most major Australian electricity generation companies due to our mix of generation assets.

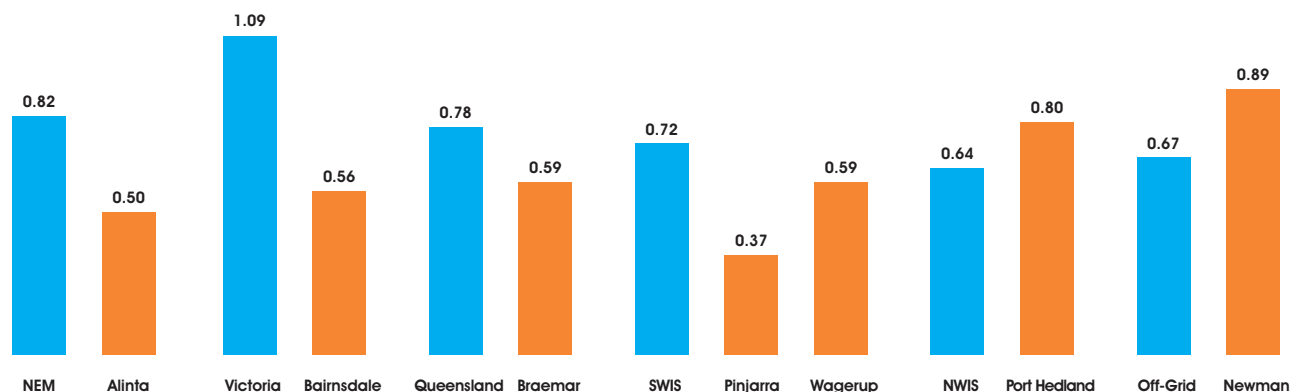
Emissions and Environmental Data

Our environmental data collection, management and analysis system supports the development of our environmental sustainability reporting program. It is subject to an external assurance audit and we have a program in place to improve the program's efficiency and data accuracy over time. Regional data on the quantity of fuels that were combusted in our thermal power stations and the resulting greenhouse gas emissions during the reporting period is provided in the tables below.

Climate change and energy emissions

Alinta Energy and Key Market Carbon Intensities

■ Key Markets ■ Alinta Energy Power Stations



SWIS – South West Interconnected System (Western Australia)

NWIS – North West Interconnected System (Western Australia)

All data provided in tCO₂-e / MWh sent out electricity

Includes only emissions associated with fuels used for electricity generation, which represents the majority of Alinta Energy's emissions.

A breakdown of fuel sources associated with these emissions is provided on page 35

Energy Efficiency and Emissions Improvement Projects

As shown in the graph above, the emissions intensities of our power stations are usually less than the average of their respective markets, with the exception of the Newman and Port Hedland Power Stations in the Pilbara region of Western Australia. During the reporting period, we implemented projects at both these power stations to improve the efficiency and emissions intensities of these facilities. These projects were approaching completion at the end of the year so we anticipate the full benefit of these projects will be seen in FY18. These projects included:

- Newman – We installed a 30 MW battery storage facility so that electricity can be provided through batteries when supply is lost during a gas turbine trip.
- Port Hedland – the replacement of a gas turbine engine with a new, high efficiency aero-derivative gas turbine. The replacement unit has proven high reliability and availability standards.

Energy Efficiency and Demand Side Management

We participate in a number of State-based energy efficiency programs including the Victorian Energy Efficiency Target (VEET), the New South Wales Energy Savings Scheme (ESS), the South Australia Retailer Energy Efficiency Scheme (REES) and the Australian Capital Territory Energy Efficiency Improvement Scheme (EEIS). These programs help to improve energy efficiency and demand side management in their relevant jurisdictions.

Case study – Waste heat to energy



Pinjarra

Our cogeneration facility in Pinjarra uses waste heat from the natural gas-fired turbine to generate steam for use in Alcoa's alumina refinery.



Glenbrook

Our Glenbrook Power Station is fully-integrated into the New Zealand Steel plant and uses waste heat and surplus gas from the iron-making process to generate electricity.

Renewable energy

Our goal is to supply our valued customers with reliable and affordable energy within the context of a carbon constrained future. Due to economic factors, Alinta Energy undertook the difficult decision to close the Finders Operations in 2016, comprising the brown-coal fired Northern Power Station and the associated Leigh Creek Coal Mine. We understand the environmental impacts of such a decision, but also the very real impacts on local employment, community, system security and wholesale electricity pricing.

The affordability of energy is a key consideration for all Australians and while the sustainability of energy generation is an important concern, it must be balanced with the need for system stability, affordability and security of energy supply. The transition to a low carbon future must be achieved in an orderly way if we are to address potential economic impacts and ensure the needs of communities, employees, and energy consumers are all considered.

Given that energy assets typically have a useful life of up to 50 years, significant forward planning is required by policy makers to achieve low emissions, renewable electricity that is also affordable, accessible and reliable. We therefore actively engage with all levels of Government to promote the development of effective and practical energy policy.

Overall, we support Australia having a single national policy that promotes low emissions technologies like renewable energy, which could be achieved via a program like the Clean Energy Target proposed by the Finkel Review. We believe that this policy should:

- Provide long term certainty to investors through bipartisan national support;
- Deliver the lowest cost solutions through a market based, competitive mechanism; and

- Be technology neutral to allow the industry to determine the most efficient technology to meet Australia's energy needs.

Renewable Energy Regulation

The Renewable Energy Target (RET) is currently the Federal Government's primary program that promotes the use of renewable energy. It consists of two parts, namely:

- the Large-Scale Renewable Energy Target (LRET), which operates through the creation of Large-scale Generation Certificates (LGCs); and
- the Small-scale Renewable Energy Scheme (SRES), which operates through the creation of Small-scale Technology Certificates (STCs).

The RET has been demonstrably successful in increasing renewable generation capacity across Australia's electricity system and is a well-known scheme that has bipartisan support. The on going success of the RET could be enhanced by further refinements to the scheme and future schemes that might eventually replace it, such as the CET.

Some refinements include increasing the flexibility for banking and loan arrangements following the creation of a liability under the scheme. Allowing a liable entity to loan and repay certificates over a period of time following the creation of the liability under the scheme would support investment by smaller retailers/investors in the sector.

Several State Governments have established their own energy targets that are not aligned across all states or with the RET. In order to achieve Australia's objective towards clean energy in a consistent manner, we strongly believe the most efficient and effective approach is through a single national program.

RET Overview

	LRET	SRES
Objective	Encourage establishment or expansion of renewable energy power stations.	Encourage households, small businesses and community groups to install eligible small-scale renewable energy systems.
Project types	Wind and solar farms or hydro-electric power stations.	Solar water heaters, air-source heat pumps, solar PV systems, small-scale wind and hydro systems.
Financial incentive	In addition to the value of the electricity generated, approximately one LGC is created per MWh of eligible renewable electricity produced by an accredited renewable generator.	STCs are created when eligible systems are installed that will displace traditional energy sources in the future. Installers of these systems usually offer a discount on the price of installation, or cash payment, in return for the right to create and own the STCs.
Market	LGCs can be sold to entities (mainly electricity retailers) who must annually surrender them to the Clean Energy Regulator (CER). Failure to do so may be result in a penalty.	STCs can be sold to RET liable entities with an obligation under the LRET to surrender STCs to the CER on a quarterly basis.
Targets	Targets 33,000 GWh of renewable electricity generation by 2020.	Variable target based on the number of STCs expected to be created and any over / undersupply of STCs from the previous year.

Renewable energy

Our Involvement in Large-Scale Renewables

Creation of LGCs

We have long term off take agreements to purchase electricity and LGCs from the Walkaway Wind Farm located 25km south-east of Geraldton in Western Australia and Bald Hills Wind Farm located approximately 10km south east of Tarwin Lower in Victoria.

During the period, we also established conditional off-take agreements with:

- The 34MW Future Energy wind farms (VIC);
- The 42MW Collinsville solar farm (QLD); and
- The 130MW Badgingarra wind farm (WA).

We continue to assess cost effective ways of increasing our exposure to renewable energy generation, which may include installing new renewable generation capacity, acquiring existing renewable generation assets and / or entering into additional long-term off take agreements with existing and proposed renewable projects. Not only does our due diligence process consider the financial aspects of a project, but also the integrity and values of any potential project partners.

Upon request, our electricity retail business offers GreenPower carbon off-set products to business customers, which help increase demand for LGCs. More information on GreenPower is available via the GreenPower website (www.greenpower.gov.au).

Surrender of LGCs

Alinta Energy has an ambitious renewable energy investment strategy that will take some time to be fully implemented. In February 2017, we surrendered Large-Scale Generation Certificates (LGCs) to meet the majority of our 2016 RET liability, and for a smaller proportion, utilised the shortfall charge provisions contained in the Renewable Energy (Electricity) Act 2000 (Cth). We strongly support the RET and will use our significant renewable investments to 'make good' on our shortfall once those projects are operational and within the three year timeframe. This is captured in our Sustainability vision on page 13.

We believe this strategy:

- supports the aim of the scheme, which provides flexibility to make good on any shortfalls within three years;
- minimises the cost of meeting Alinta's RET liability, which is beneficial for customers;
- promotes greater competition in the energy market on a go forward basis; and
- enables us to make a more significant investments in renewable energy, which will help to transition Australia's energy towards a low carbon future.

The renewable investments that we have made will complement our flexible gas generation fleet and expand our ability to provide sustainable, affordable and reliable energy for our customers.

Our Involvement in Small Scale Renewables

In 2016, Alinta Energy launched a residential solar PV business in Western Australia. This business is now helping retail customers to achieve greater energy independence through the installation of solar PV systems in their homes.

We are also assessing the feasibility of offering residential battery systems with our solar PV systems. This would allow our customers to store their energy generated during the daytime, for use in the evening.

Case study – Yandin 300MW Wind Farm

In November 2016, we entered into a binding agreement to acquire the option over the rights to the 300MW Yandin Wind Farm development in Western Australia. If fully developed, Yandin is expected to cost Alinta Energy up to \$600 million and produce enough electricity to supply the equivalent of up to 225,000 West Australian homes.

"The Yandin Wind Farm development is a well progressed renewable project opportunity with a high class wind resource that has land tenure agreements and planning permits already secured. Large scale renewable generation opportunities like Yandin will complement our flexible gas generation fleet and help to produce clean, affordable and reliable energy for our West Australian customers." – Jeff Dimery

We continue to progress the development, including the necessary commercial arrangements, assessing the preferred wind farm capacity, selecting the optimal wind turbine technology and evaluating grid connection options ahead of any investment decision. The engagement with local community is also a priority during this period.



Renewable energy

Renewables and Electricity System Stability

Although renewable electricity generation has advantages over traditional generation facilities (such as zero emissions and zero fuel costs) it also has other characteristics that must be addressed to ensure grid stability into the future. One of the primary limitations is that the types of renewable generation that are currently most cost effective, such as solar PV cells and wind turbines, only produce electricity when the sun is shining or the wind is blowing and are therefore known as intermittent generators.

There is some concern that electricity grid stability can not coexist with new renewables due to the different operating profiles of thermal and renewable generation facilities, however we do not believe this to be the case. Renewables technology and grid scale energy storage is evolving, including batteries and renewable generation that can dispatch on demand like solar thermal, and is expected to become commercially viable in the short to medium term. It is important that energy and renewables policies do not interfere in this evolution, but rather encourage it through providing policy certainty and support.

Therefore we encourage the Australian parliament to provide bipartisan support to a stable framework of carbon and energy policies (which could comprise the Clean Energy Target and the security and reliability obligations outlined in the Finkel Review) that incentivises industry to develop and implement technical solutions that will ensure grid stability in a low emissions environment. These mechanisms should also consider offering market incentives to develop and implement technologies that allow renewable energy to grow whilst maintaining energy security.

Case study - Newman Battery Storage

During the reporting period, we invested in Australia's largest (and amongst the world's largest) lithium-ion battery project at our gas fired Newman Power Station in Western Australia. The Newman Power Station is located 1,200km north of Perth and provides energy to the Roy Hill Mine.

The installation of this 30MW battery facility was progressively commissioned in stages during 2017. The first 12MW of batteries commenced commercial operation in mid-2017 and the remaining 18MW were scheduled for September 2017. This pioneering project will enhance the quality and security of energy supplied to the Roy Hill Mine, it will improve the efficiency of the Newman Power Station and, as a consequence, will reduce greenhouse gas emissions.

Gary Bryant, General Manager Power Development explained that "To ensure high levels of reliability of supply for the Roy Hill Mine, we typically run multiple gas turbine generators at relatively low loads. The battery storage system allows Alinta to run the lead gas turbine generator at a higher load, therefore improving efficiency. There is also an added benefit when operating at very low loads when only one gas turbine generator is in service, because if a trip occurs, the battery storage system immediately responds providing the necessary power for the time taken for one of the standby gas turbine generators to start and synchronise to the network."



Environmental management

Compliance

In each of the jurisdictions in which we operate, there are specific environmental permits, licences and consents that are required for some of our activities. We ensure that our environmental permits, licences and consents are up to date and complied with.

Our business is also subject to national, state and local environmental laws and regulations that influence the operation of our business. The Government retains the role of a 'regulator' who monitors compliance and exercises enforcement and penalties for non-compliance.

There were no material fines or non-monetary sanctions for non-compliance with environmental laws and regulations during the reporting period. There were also no significant environmental incidents.

Environmental Framework

Our company's Environment and Community Policy commits us to the protection of all aspects of the environment as a priority, and continuous improvement and excellence in the environmental and social performance of all operations.

This is supported by our Environmental Management Framework that is aligned with the ISO14001 environmental management standard. The Framework provides us with oversight of our environmental activities so that we can manage our impacts in a consistent and systematic way. It documents the methodology and the responsibilities for environmental management across our businesses, facilities, projects, regions and assets. This is implemented through environmental and social training, reporting and monitoring.

In order to ensure the continuous improvement of our environmental management systems we have made an investment of approximately \$513,000 into environmental assessments, management and protection activities during the reporting period.

Environmental and Community Incidents, Hazards and Near Misses

Site Managers are responsible for reporting environmental incidents, hazards and near misses that occur on (or are related to) the sites under their control via the company's web-based Incident Management System (IMS). In our office environments, all employees can report incidents into the same system. The IMS is also used to track community complaints and grievances, as well as subsequent corrective actions and responses.

We also have appropriate grievance mechanisms to investigate and resolve any reports. Managers of the people that enter IMS reports are responsible for ensuring that significant environmental and community incidents, hazards and near misses are effectively investigated and managed to a level appropriate for the risk. Corrective, preventative and mitigation strategies are implemented to eliminate or reduce the risk to as low as reasonably practicable and deliver legislative compliance. Where appropriate, lessons learned from incidents are shared and communicated across the business.

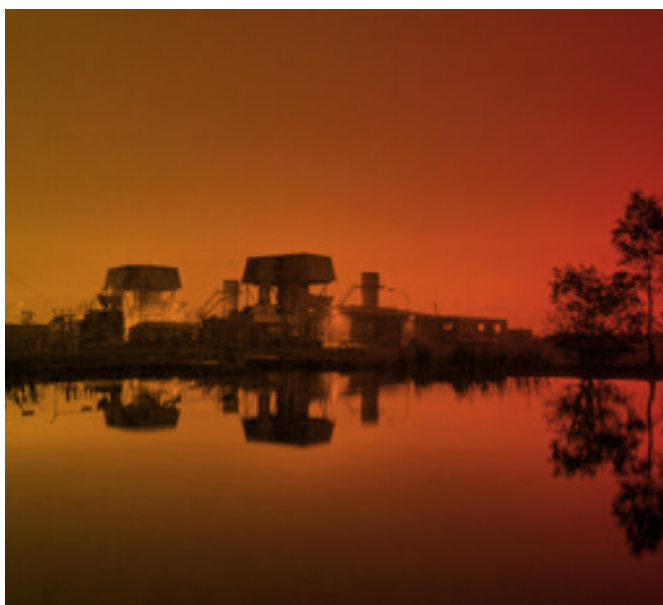
Our operations did not report any significant environmental incidents during the reporting period. We did have a minor environmental incident in April 2017 in the form of a diesel spill that was at a Western Australia site. Remediation and WA EPA notification occurred in a timely manner and the root cause was identified and appropriate control measures put in place to prevent a similar incident from occurring in the future.

Biodiversity

In October 2003, the Australian Government announced 15 national biodiversity hotspots, which were identified by its Threatened Species Scientific Committee. More information on these hotspots is available on the Department of Environment's website (<http://www.environment.gov.au/biodiversity/conservation/hotspots/national-biodiversity-hotspots>). Some of our power stations are located in the vicinity of these biodiversity hotspots. For example, our Port Hedland and Newman Power Stations are located in the Hamersley-Pilbara area and our Braemar Power Station is located in the Brigalow North and South area.

We are committed to minimising environmental impacts and protecting biodiversity in the ecosystems surrounding our construction activities and therefore we require contractors to develop a Construction Environmental Management Plan (CEMP) for all major construction projects. These CEMPs must identify management actions required to maintain compliance, as well as minimising the impact of construction activities on local vegetation, waterways and ecosystems.

The projects we undertook during the reporting period did not have a material impact on biodiversity.



Environmental management

Supplier Environmental Impacts

We understand that Alinta Energy's activities can drive or diminish sustainability in our supply chain. Therefore, we have an indirect supplier pre-qualification process and conduct rigorous risk assessments on major new suppliers.

Our supplier pre-qualification takes a risk-based approach to ensure prospective suppliers and contractors comply with our requirements. The assessment reviews their health, safety and environmental management systems and performance. It can be either completed by corporate procurement or a site led buying team and approved by a business representative before we enter into a contract.

In addition to our supplier pre-qualification process, our larger suppliers or contractors may also undergo a risk assessment. This can include an audit, which could be held at their premises or at one of our sites. Some may also be required to participate in a supplier management process where their health, safety and environment performance and/or other contractual obligations are monitored and periodically reviewed throughout the contract.

Alinta Energy does not undertake gas exploration, extraction, production and/or processing activities and therefore we do not produce unconventional gas through means such as Hydraulic Fracture Stimulation (Fracking).

All of the gas we source for our power stations and for on sale to our retail gas customers comes from independent third party suppliers who are required to comply with relevant safety and environmental laws at both federal and state levels. Therefore we support efficient and effective environmental protection legislation that ensures our gas suppliers undertake these activities in a sustainable manner that minimises impacts to the environment and community.

Environmental Awareness Training

We developed a new operations environmental awareness training package to educate our site personnel at the frontline. The training identified the environment's value, human impacts and detailed how we can individually and collectively change our behaviours to preserve the environment.

Water by Source Category (ML)

Self-sourced ocean water	Self-sourced surface water	Self-sourced groundwater	Potable water from water suppliers	Recycled water from water suppliers
0	2,841	16	4	21

Water by Usage Category (ML)

Cooling	Ash Management	Mine Dewatering	Industrial Processing	Domestic and Office Usage
2,679	0	0	195	4

Water by Discharge Category (ML)

Off-Site Environment	On-site dust suppression & irrigation	On-Site holding / evaporation pond*	Lost to evaporation & steam sales to customers	Consumed Domestically or treated off-site
0	0	354	2,504	24

* Some on-site ponds have natural, licensed overflows to the off-site environment

Solid Waste

We measure our annual waste reduction performance by monitoring the amount of waste disposed of to landfill, which we seek to keep to a minimum. During the year, 11,760 tonnes of flyash was sold under a commercial arrangement for reprocessing and our major operational facilities disposed of an estimated 458 tonnes of solid waste to landfill. The majority of this waste to landfill is ash filtered for the New Zealand Steel off-take gases used to generate electricity at our Glenbrook Power Station, which is sent to a New Zealand Steel landfill site. The amount of landfill waste generated by Alinta Energy this year decreased by 41% due to the closure of the Flinders business. (Other waste products including steel, wood pallets and waste oil are either sold, reused onsite or sent offsite for recycling).

*The waste and water data presented in this report do not include the Pinjarra facility, as these assets are imbedded in facilities that are operated by Alcoa and it is not practical to distinguish between water and waste data associated with the Alcoa's facilities and our power generation assets.

Our facilities aim to manage waste in accordance with the Waste Management Hierarchy shown below:

The Waste Hierarchy

1. Avoid	Maximum conservation of resource
2. Reuse	Reusing materials
3. Recycle	Recycling and reprocessing materials
4. Waste to energy	Energy recovery prior to disposal
5. Disposal of waste	Zero conservation of resources





Our communities

Being an energy retailer and a generator in Australia and New Zealand, we operate across a diverse range of communities, markets and customers. Our trusted brand has been developed over a long history in the energy sector so we understand the importance of creating strong, authentic and productive partnerships.

To demonstrate our commitment and ensure that our performance is continuously improving, we have developed key community development activities for FY18.

Key Activities FY18

Establish a volunteering leave day for each employee

Finalise the review of our community development and brand strategy

Community support

Community investment and sponsorship strategy

During the period, we continued our principal partner sponsorship of West's Food Rescue program, and supported a range of grassroots initiatives such as Jammies in June, the Country Education Foundation's 'Pig Push' event in regional NSW, Perth's special Children's Christmas party, HBF's run for a reason and Port Hedland's Art Awards. These sponsorships took the form of monetary donations and employee volunteering opportunities. The estimated value of our community contribution via corporate sponsorships, community development programs and charitable donations was approximately \$300,000 during the year. We are currently refreshing our community investment and sponsorship strategy to ensure it aligns with our new vision, values and sense of purpose. As part of our review we will be considering additional national and local community partnerships.

UnitingCare's Food Rescue Program in WA

We've been principal partner of UnitingCare West's 'Food Rescue' program since 2013. This program aims to alleviate hunger by salvaging fresh food and distributing it to disadvantaged people within the Perth community.

The Food Rescue project collects fresh food that would otherwise go to landfill from cafes and supermarkets. The food is then sorted and redistributed through over 78 agencies across WA to assist people experiencing homelessness, women and children in crisis, vulnerable young people, indigenous communities, elderly people, refugees and families on low incomes.

Alinta Energy employees also volunteer their time to participate in the Food Rescue Cargo Carts initiative. Collecting leftover rolls, sandwiches and other items from CBD cafés, these carts are entirely operated by corporate volunteers within Perth city. Over 36,000 items have been rescued from CBD based participating cafes this financial year.



Jammies in June in NZ

The team at Glenbrook Power Station in New Zealand donated 'Jammies' to sick kids at the KidzFirst children's hospital in South Auckland.

About 320 children were admitted to KidzFirst in January, which will increase to more than 700 by August. It has been found that when kids are warm at night they are less likely to be admitted to hospital due to preventable illnesses such as Acute Rheumatic Fever that is prevalent in South Auckland. Therefore the team and Alinta Energy recognised the need for warm, winter pyjamas is a worthwhile initiative and took action.

During Jammies in June, each set of Jammies donated by Glenbrook employees was matched by another pair from Alinta Energy. The program has seen great success and is a great initiative taken by the Glenbrook power station team.



Going the whole hog for education in country NSW

Alinta Energy was a proud sponsor of Day 4 in the Country Education Foundation's (CEF) 2017 'Pig Push' event which saw a giant papier-mâché pig pushed from Boorowa to Orange in regional NSW. The purpose of the Pig Push is to raise funds and awareness for the Country Education Foundation's cause. The goal was to raise \$50,000 and the initiative successfully overachieved against this target.

The CEF establishes and supports local education foundations across Australia – enabling them to raise funds for local youth to help them transition from high school into further education, training or jobs. The Pig Push initiative aims to engage communities and get people talking about the great work they do to support kids in the bush who may not have the same opportunities as those in the city.



Community support

HBF Run for a Reason in WA

On Sunday 28 May 2017, Alinta Energy employees from the Perth office took part in the HBF Run for a Reason charity event in Perth CBD.

The HBF Run for a Reason is one of Perth's largest and most popular running events. The event attracts over 33,000 participants, who choose to run, jog or walk one of the three distances (4km, 12km or half marathon 21km).

This year saw 37 Alinta Energy employees participate in the event to get active and raise funds for charity.



Perth Special Children's Christmas Party

Alinta Energy was once again proud to sponsor the Perth Special Children's Christmas Party, which took place on 19 November 2016 at the Perth Convention and Exhibition Centre.

Hosted by Special Children's Christmas Parties (SCCP) and funded through business sponsorship and donations, the annual event is held in most major Australian cities for children who may be suffering from life threatening illnesses, physical or intellectual impairments or domestic violence. The children are personally invited through charities, women's refuges, schools, special schools and government and community organisations. The day is filled with entertainment, carnival rides and activities.

Pilbara activities - The 2016 Hedland Art Awards

Alinta Energy was proud to be a supporting partner of the Hedland Art Awards (HAA) for the third year in a row. Hosted by FORM at the Port Hedland Courthouse Gallery, the HAA is an annual awards ceremony which celebrates creative talents from the Pilbara, Mid-West, Gascoyne, Goldfields/ Esperance and Kimberley regions.

The awards are an opportunity for emerging talents to display their work alongside established artists, with Australia's largest cash prize pool of just over \$100,000 up for grabs. Matt Andel, WA Sales Manager at Alinta Energy, was proud to present the award for Best 3D artwork valued at \$8,000.

Community Impacts from Operations

Alinta Energy is committed to being a responsible neighbour. We understand that our operations have the potential to impact residents that live and work in the vicinity of our operational facilities.

The Site Managers at our operating facilities are responsible for reporting community complaints relating to the sites under their control in a timely manner via the company's web-based Incident Management System (IMS). Site Managers are also responsible for ensuring that these complaints are investigated and that, where appropriate, corrective actions are implemented to address the root cause of the complaint. Where the complainant is known, our management teams seek to provide information on the outcome of our investigations and any relevant control measures that were adopted to provide transparency and ensure, where possible, that the source of the complaint has been adequately addressed to avoid any further issues.

No people were physically or economically displaced by any new or expanding project undertaken by our company during the reporting period.





MARKET

Markets and customers

At Alinta Energy, we strive to make energy more affordable for our valued customers. As part of this commitment, we offer competitive rates, no lock in contracts and no exit fees.

In addition, we invest in and provide our customers with access to innovative energy solutions to decrease their household footprint and costs. Some examples of these are documented throughout this section.

Our FY18 targets relating to markets and customers are summarised in the table.

Target	FY18 Target	FY17 Actual
NPS Score		
West Coast	>50	+60
East Coast	+30	+13
Monthly customer satisfaction		
West Coast	>90%	93%
East Coast	>90%	74%

Market and customers

Energy Monitoring Units

Our new technology team identifies new energy innovations, assesses their feasibility and brings them to market. Currently, they are working with innovative start-ups on affordable energy monitoring units. These systems show electricity use from different appliances and drive behaviours that can reduce energy, greenhouse gas emissions and costs.

Alinta Energy Solar



Solar photovoltaic (PV) systems capture sunlight and convert it into electricity. Installing solar PV creates two financial opportunities for our customers, either through selling the electricity back to the grid and receiving a 'feed in tariff' or through avoiding paying for electricity from the grid by generating and using their own energy. Importantly, it also reduces our customers' carbon footprint so is great for the environment.

Our Perth solar product offering has been designed to deliver customers with affordable, safe, reliable and quality solar products for their homes. Our friendly solar consultants will source, install and train our customers on their new system so that they can get the most value from their system.

NSW Launch

We began retailing electricity into New South Wales (NSW) in 2015 and were supplying electricity to 28,000 customers as at 30 June 2017. Due to the success in this market, we subsequently launched natural gas into NSW in May 2017. This development means that we can continue to focus on our customers by providing them with a dual fuel offering.



Alinta Energy Executives at the NSW Gas Launch (From left to right: Jim Galvin, Ellen Lambridis, David Goldsmith and Jeff Dimery)

Commercial and Industrial Customers

For our commercial and industrial (C&I) customers, we provide innovative and competitive solutions that put our customers first. We understand that our (C&I) customers differ in size and nature, which can vary the amount of energy that they need to operate.

Unique to Alinta Energy WA, for new gas connections we assess the customer's current and future requirements and tailor their gas meter connections to suit their individual needs. To make the process as simple as possible, we also liaise with the network on our customer's behalf, to leverage our relationships and streamline the connection process. We also provide these customers with alternative fuel transitioning solutions from LPG to natural gas.

Through these services we provide our customers with cost effective and energy efficient solutions that meet their gas requirements into the future.

2016 Mozo Experts Choice Awards

Alinta Energy's Fair Deal 20 electricity plan received two Mozo Experts Choice Awards for providing best value to residents in NSW and South Australia.

The Mozo Experts Choice Awards is an initiative that helps Australians get a better deal on their energy bills by identifying those plans which provide the best value. Over 226 plans from 26 electricity providers were assessed for the 2016 inaugural Experts Choice Residential Electricity Awards by comparison site (Mozo.com.au).

Alinta Energy is continuously looking at ways we can make energy more affordable for all Australians and are honoured to receive an award which demonstrates this ongoing commitment.

For more information on the awards visit the Mozo website (<https://mozo.com.au/expertschoice/best-electricity-plans>).



Market and customers

Geothermal air conditioning systems

Alinta Energy recently acquired a financial interest in Queensland Pre-Stressing Pty Ltd (QPS), which has developed an innovative geothermal process that provides an efficient, environmentally friendly and cost effective alternative to traditional reverse cycle air conditioning units. This system is called GeoAir.

GeoAir is a more sustainable alternative for residential and small commercial HVAC systems.



How it works

GeoAir has copper ground loops that vertically extend 50m to 80m into the earth and are encapsulated in a high conductivity grout. A refrigerant circulates through these ground loops as the unit operates. Given the temperature of the earth remains constant year round, the refrigerant loses heat to the earth in summer and absorbs heat from the earth in winter, making the system much more efficient than standard air conditioning systems. In addition, GeoAir's heat pumps have a logic code to maximise the efficiency of the system in summer and winter.

Case study – Frasers Property Australia's Fairwater Community

Currently, QPS are installing the Southern Hemisphere's largest residential ground source heat pump geothermal project at Frasers Property Australia's Fairwater 6 Star Green Star Community in Blacktown, Sydney. This monumental project will deliver 1,000 kW of thermal energy through geothermal air conditioning systems in 850 new homes and will make Fairwater the largest geothermal community in Australia.

Geothermal is a clean power source that reduces the community's dependence on fossil fuels and will reduce household heating and cooling energy costs by over 60%.

Modelling undertaken by leading engineering and sustainability consultancy Cundall has found the system will achieved a 42% of the community's peak energy demand and reduce greenhouse gas emissions by 13.5% compared with conventional air conditioning units.



Market and customers

Customer Service

Great customer service is core to our business operations. We have provided high quality customer service during our long history as a gas retailer in Western Australia and have expanded our gas and electricity retail services into the East Coast of Australia in recent years. Our retail business monitors customer satisfaction via monthly surveys that are undertaken by an external research agency. Our reported average West Coast retail business satisfaction results (based on 'customer service received') was 93% and East Coast retail achieved 74%. The business' annual Net Promoter Score, which measures the willingness of customers to recommend our services to others, was also above 60% in the West and +13% in the East during the year.

We also track Ombudsman complaints as a means of assessing the effectiveness of our customer grievance processes. If a customer experiences an issue and does not believe it has been adequately addressed by Alinta Energy, they can have the matter reviewed by their State or Territory Ombudsman. During the reporting period, our combined East and West coast retail business averaged 0.31 complaints per 1,000 customers per month, which is significantly lower than the other energy retailers.

New Customer Service Centre for East Coast Retail

Following a strategic review of our East Coast retail delivery model in early 2016, we decided to take greater control of our customer service operations for the East Coast Retail Business, and subsequently entered into a partnership with Accenture Operations to deliver business process outsourcing (BPO).

On 4 July 2016, Alinta Energy's Retail business transitioned the East Coast customer operations to the new service delivery model. Under the new model, our frontline services have been fully transitioned to Accenture in the Philippines. In turn, we have insourced key functions of our East Coast customer operations that were previously managed by an external service provider.



Customer Privacy

The protection of personal information is something that we take very seriously. Our company's Privacy Policy sets out how we collect, manage, use and disclose our customer's personal information. Our management of personal information is conducted in accordance with the Australian Privacy Principles contained in the Privacy Act 1988 ("Privacy Act"). Our Privacy Policy and internal systems and processes are reviewed regularly to ensure ongoing compliance with the Privacy Act.

We did not receive any material fines or non-monetary sanctions for non-compliance with the Privacy Act during the reporting period.

Market and customers

Branding and Customer Communications

Communication and marketing to new and existing customers is essential because it allows us to understand people's energy needs and to help them meet those needs. This may be done face to face during field sales operations or over the phone, including such as customer support from our call centre. It also includes advertising, sponsorship and promotional materials.

We understand that our energy solutions must be flexible, competitive and presented in an easy to understand way, so that people can make informed choices. To ensure that the information provided to our customers is maintained at a high standard, we conduct detailed reviews of customer communication collateral, conduct internal training and provide customer communication scripting to our business partners.

We did not receive any material fines or non-monetary sanctions for non-compliance with regulations concerning marketing communications (including advertising, promotion and sponsorship) during the reporting period, nor did we identify any material non-compliance with voluntary codes.

Anti-Corruption Measures

Alinta Energy has a zero tolerance approach to any acts of bribery and corruption. This is documented in our Anti-Corruption and Bribery Policy that applies to all members of the Alinta Energy Group. In order to safeguard the business from the adverse reputational damaged caused by corruption and bribery, we set an expectation that all of our employees will:

- Act with honesty and integrity in all aspects of their work; and
- Adhere to our high ethical and moral standards.



Disaster and Emergency Response Planning

This plays a vital role in the management of our business and is designed to ensure that all employees have the skills and resources to manage an emergency situation.

Each of our facilities have developed a site-specific Emergency Response Plan, which includes details such as contact numbers, raising the alarm, how to notify the appropriate authorities, initial response procedures, roles and responsibilities, emergency equipment, communication protocols, drills and training and post incident recovery. We also have an operating Corporate Crisis Management Plan that is used in emergency situations.

Financial Hardship

Alinta Energy's hardship program recognises that there are instances where our customers experience financial challenges and may find it difficult to pay their energy bill (for example because of unemployment, illness or changed financial conditions). During these times our understanding and respectful team is there to provide extra support and find a plan that meets their financial situation. This may mean entering into payment extensions and an instalment payment plan so that they can manage their bills and keep the lights on. We understand that energy is an essential service for every household, so disconnection is only ever used as a last resort.



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Our report

Alinta Energy's Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) guidelines version G4.

Selected performance metrics in this report have been externally audited by KPMG. For further details see the KPMG Assurance Report on page 56-57.

Reporting principles

Stakeholder Inclusiveness

Our stakeholders include customers, employees, shareholders, government, financiers, creditors, regulators, non-government organisations, suppliers and the community. The process of identifying the material sustainability issues covered in this report included assessing our key stakeholder groups' views and opinions, which were obtained from a number of sources, including customer ombudsman concerns, customer surveys and meetings, employee engagement surveys, shareholder meetings, community relations, supplier meetings, market research and participation in industry forums and committees, such as the Australian Energy Council (AEC).

We also welcome comments from our stakeholders on our sustainability reporting program and performance via the contact details provided on the back cover of this report.

Sustainability Context

The content of this report includes a discussion of our targets and performance in the context of the limits and demands placed on the relevant environmental and social resources at local, regional and global levels. Where applicable, the precautionary principle has been applied to the assessment of our company's impacts.

Materiality

Based on our engagement with stakeholders, we consider that the following GRI aspects are material to our business: economic performance, market presence, indirect economic impacts, procurement practices, availability and reliability, demand-side management, system efficiency, materials, energy, water, biodiversity, emissions, effluents and waste, products and services, environmental compliance, environmental protection, supplier environmental assessment, environmental grievance mechanisms, employment, labour / management relations, occupational health and safety, training and education, diversity and equal opportunity, equal remuneration for women and men, labour practices grievance mechanisms, non-discrimination, freedom of association and collective bargaining, local communities, anti-corruption, anti-competitive behaviour, social compliance, grievance mechanisms for impacts on society, disaster / emergency planning and response, marketing communications, customer privacy, product compliance, access and provision of information.

A sustainability materiality assessment is on page 6 and the FY17 Sustainability Report covers these aspects in sections, Our Business, Safety, Employment, Environment, Our Communities and Market and Customers.

Completeness

This report contains information on our environmental and social activities and economic performance from 1 July 2016 to 30 June 2017 and follows on from our previous report, which covered the period from 1 July 2015 and 30 June 2016.

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Boundary

To the extent practical, the information provided in the report covers our company's operations in Australia and New Zealand, including joint ventures and members of the value chain over which the group exercises significant influence. For example energy consumption, their associated emissions and intensities relate to all operational power stations outlined on page 21 with the exception of the Glenbrook Power Station in New Zealand. This asset is embedded in NZ Steel's Glenbrook facility and generates electricity using waste heat and off-take gases from the steel making process, making it impractical to quantify the energy consumed and emissions for this asset. Significant changes to our company are discussed in the report.

Report Quality Principles

Balance:

This report includes information on both positive and negative impacts of our company's operations.

Comparability:

The format for the report is reasonably consistent from year to year and contains historical performance data (where available) to allow the assessment of our company's performance over time.

Accuracy:

Many of the performance metrics presented in this report were subject to limited external assurance provided by KPMG, as per the Limited Assurance Statement provided on Page 56 of this report.

Timeliness:

Our future sustainability reports will be based on financial years and will be made public within six months of the end of the relevant financial year.

Clarity:

The information in this sustainability report has been presented as simply as possible to ensure all stakeholders can understand the company's approach to managing sustainability issues.

Reliability:

This section of the report specifically addresses the design and contents of the report and outlines how the reporting principles specified in the GRI guidelines have been met.

GRI Standard Disclosures Index

Material General Standard Disclosures (GSD)		Material Specific Standard Disclosures (GSD)		
GSD Code	Page	Aspect	SSD Code	Page
G4-1	1	Economic Performance	G4-EC1	18
G4-3	12		G4-EC2	34-39
G4-4	12	Market Presence	G4-EC6	28
G4-5	12	Indirect Economic Impacts	G4-EC8	18
G4-6	20-21	Procurement Practices	G4-EC9	18
G4-7	12	Materials	G4-EN1	3, 35
G4-8	12	Availability and Reliability	EU10	7-8, 11
G4-9	12, 18	System Efficiency	EU11	3, 35
G4-10	28	Energy	G4-EN3	35
G4-11	28		G4-EN5	3, 12, 35
G4-12	41	Water	G4-EN8	41
G4-13	15-21		G4-EN11	40
G4-14	40-41	Biodiversity	G4-EN-12	40
G4-15	n/a	Emissions	G4-EN15	3, 35
G4-16	54		G4-EN18	3, 36
G4-17	18	Effluents and Waste	G4-EN22	41
G4-18	7-9, 54		G4-EN23	41
G4-19	7-9, 54	Products and Services	G4-EN27	38-39
G4-20	7-9, 54	Compliance	G4-EN29	12,40
G4-21	7-9, 54	Overall	G4-EN31	40
G4-22	NA	Supplier Environmental Assessment	G4-EN33	41
G4-23	7-9, 54	Environmental Grievance Mechanisms	G4-EN34	33, 40
G4-24	7-9, 54	Employment	GA-LA1	28
G4-25	7-9, 54		EU18	24
G4-26	7-9, 54	Labour/Management Relations	GA-LA4	31
G4-27	7-9, 54	Occupational Health and Safety	GA-LA5	23
G4-28	54		GA-LA6	2, 23-25
G4-29	54	Training and Education	GA-LA10	27, 29, 40
G4-30	54		GA-LA11	29
G4-31	Back cover	Diversity and Equal Opportunity	GA-LA12	28-29
G4-32	54-57	Equal Remuneration for Women and Men	GA-LA13	29
G4-33	54-57	Labour Practices' Grievance Mechanisms	GA-LA16	31
G4-34	15-17	Non-discrimination	G4-HR3	29
		Freedom of Association and Collective Bargaining	G4-HR4	31
		Local Communities	G4-SO2	43, 45
			EU22	31
		Anti-corruption	G4-SO4	51
			G4-SO5	51
		Anti-competitive Behaviour	G4-SO7	15
		Compliance	G4-SO8	12
		Grievance Mechanisms for Impacts on Society	G4-SO11	33, 40
		Marketing Communications	G4-PR7	50
		Customer Privacy	G4-PR8	50
		Compliance	G4-PR9	12
		Access	EU30	7-8, 11

Note:

This table contains only aspects that are material to our business and the indicators addressed (or partially addressed) consistent with reporting in accordance with the GRI G4 guidelines at a "Core" level.



Independent Limited Assurance Report to the Directors of Alinta Holdings

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Selected Sustainability Information, which has been prepared by Alinta Holdings in accordance with GRI G4 Guidelines and management's calculation methodologies for the year ended 30 June 2017.

Information subject to assurance

Selected Sustainability Information subject to assurance as presented in the Alinta Holdings 2017 Sustainability Report is identified below:

Selected Sustainability Information	Page Reference
Safety statistics – Total recordable injury frequency rate (TRIFR) and Lost time injury frequency rate	2 and 23
Fuel energy used for Australian power generation (GJ), Fuel energy intensity for Australian Power Generation (GJ/MWh), Scope 1 greenhouse gas emissions from Australian power generation (tonnes CO ₂ -e) and Emissions intensity of Australian power generation (tonnes CO ₂ -e/MWh)	3
FY17 availability of operational power stations	11
Number of material fines or non-monetary sanctions for non-compliance with laws and regulations	12
Number of material fines or non-monetary sanctions for non-compliance with Australian Consumer Law	15
Direct economic value	18
Segment underlying EBITDA	18
Employee and governance bodies' employment information and composition statistics	28
Number of confirmed breaches or incidents of discrimination	29
Number of substantiated grievances relating to labour practices	31
Energy consumption for electricity generation (GJ) and Scope 1 emissions from electricity generation (tonnes CO ₂ -e)	35
Alinta Energy and key market carbon intensities	36
Number of material fines or non-monetary sanctions for non-compliance with environmental laws and regulations and number of environmental incidents causing material environmental harm	40
Investment in implementing environmental assessment, management and protection activities to measure and further reduce environmental impacts, dispose of wastes responsibly and ensure compliance	40
Quantity of fly ash sold and Quantity of solid waste to landfill	41
Water by source, usage and discharge category (ML)	41
Value of community contribution via corporate sponsorships, community development programs and charitable donations	44
Number of material fines or non-monetary sanctions for non-compliance with the Privacy Act	50
Combined East and West coast retail business complaints made to the ombudsman per 1,000 customers per month	50



West Coast retail business satisfaction and net promoter scores

47 and 50

Criteria used as the basis of reporting

GRI G4 guidelines and management's calculation methodologies ("*the criteria*").

Basis for conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 and 3410 (Standards). In accordance with the Standards we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Selected Sustainability Information, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of procedures performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Alinta Holdings personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- reviews of relevant documentation
- analytical procedures over the Selected Sustainability Information;
- walkthroughs of the Selected Sustainability Information to source documentation;
- evaluating the appropriateness of the criteria with respect to the Selected Sustainability Information; and
- reviewed the 2017 Sustainability Report in its entirety to ensure it is consistent with our overall knowledge of assurance engagement.

How the Standard defines limited assurance and material misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of the Selected Sustainability Information.

Use of this Assurance Report

This report has been prepared for the Directors of Alinta Holdings for the purpose of providing an assurance conclusion on the Selected Sustainability Information and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Alinta Holdings, or for any other purpose than that for which it was prepared.

Report feedback

We welcome feedback and suggestions regarding our sustainability reporting program and performance, which can be submitted to Alinta Energy via the following contact details.

Group Sustainability Manager
Level 11, 20 Bridge Street
Sydney, NSW 2000

Phone +61 2 9372 2600
Email sustainability@alintaenergy.com.au
Web alintaenergy.com.au



alintaenergy