

ALINTA ENERGY SUSTAINABILITY REPORT

2014/15



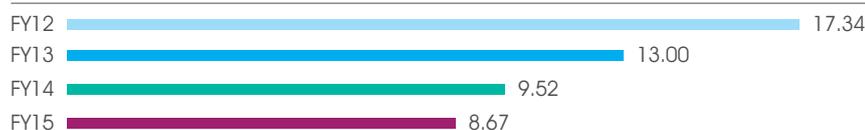
alintaenergy

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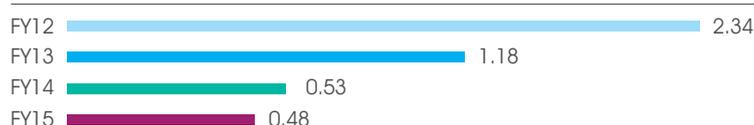
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KEY SUSTAINABILITY PERFORMANCE MEASURES

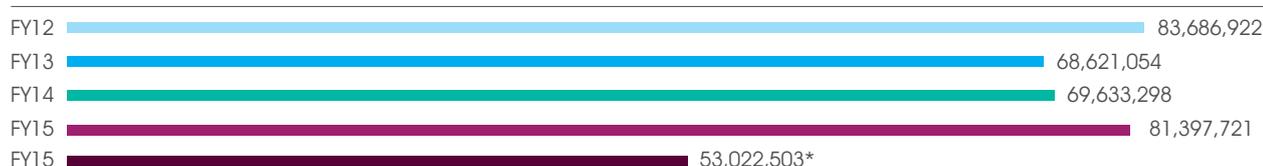
Total Recordable Injury Frequency Rate (Employees and Contractors)



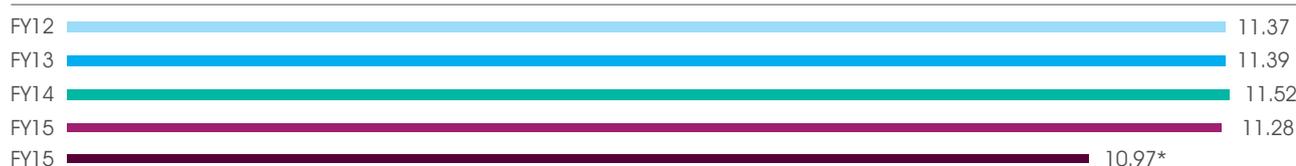
Lost Time Injury Frequency Rate (Employees and Contractors)



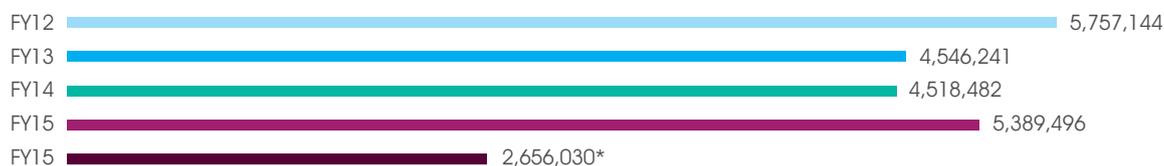
Fuel Energy Used for Australian Power Generation (GJ)



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



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



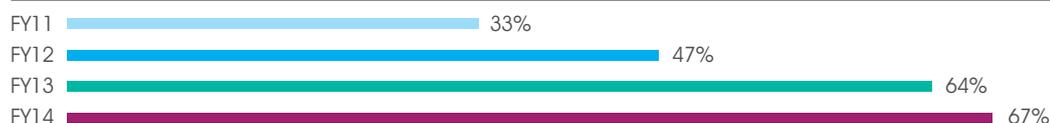
Emissions Efficiency of Australian Power Generation (tonnes CO₂-e/MWh)



Alinta Energy EBITDAF



Employee Engagement



*Note - Our Flinders Operations, including the Augusta Power Stations, will close around March 2016 and therefore FY15 data on our generation portfolio exclusive of these power stations has been provided as an indicator of our company's future energy and emissions profile.

A MESSAGE FROM THE CEO



I am pleased to present Alinta Energy's first publicly available Sustainability Report, which documents our sustainability performance during the 2014/15 financial year (FY15).

Right now is a remarkable time to be working in the energy industry. Wide-scale changes are occurring across the Australian energy sector, including falling electricity demand, increasing uptake of renewables, decreasing costs of energy storage systems, evolving carbon policies and the commencement of gas exports from Queensland. Although these changes inevitably present challenges to energy companies including Alinta Energy, they also present exciting new opportunities to play a key role in the energy transformation that has commenced.

We recently announced that our Flinders Operations in South Australia, comprising the Leigh Creek coal mine and brown coal-fired Augusta Power Stations, will cease operations around March 2016. This difficult decision was made because falling electricity demand and significant growth in renewable energy have caused a significant oversupply of power generation in South Australia, resulting in our Flinders business becoming uneconomic. We are now working closely with the South Australian Government, unions and the Leigh Creek and Port Augusta communities to prepare for the cessation of our Flinders Operations. Approximately 440 employees will be affected by this business change and the welfare of these employees and their families is our highest priority. All affected employees will receive their full entitlements and the company has committed over \$3.5 million in funding to provide a suite of transition support services to our people.

At Alinta Energy, our vision for safety is a 'relentless pursuit of Zero Harm'. I'm therefore pleased to report that in FY15, our Total Reportable Injury Frequency Rate (TRIFR) continued to fall to a level which represents our best safety performance in over a decade. Although our improved safety performance is pleasing, we remain committed to achieving our ultimate goal of 'Zero Harm', we will continue to drive improvements in 'walk the talk' safety at every level and site, through our safety leadership and safety coaching programs and improved safety training and management for new starters, apprentices and contractors.

The objective of our employee engagement program is to ensure our people feel proud to work for our company, care about their contributions to our shared values and strive to achieve high performance. To this end, one of our greatest achievements has been improving our Aon Hewitt employee engagement score from 33% in 2011 to 67% in 2014, which I believe is reflected in the company's dramatic improvement in performance across the group.

It is now clear that the world is progressing towards a lower carbon economy. In response, we are moving to lower our exposure to carbon related risks and position ourselves to play a key role in the growth of renewable energy. At a mass market level, we are developing new retail products that offer our customers the opportunity to take control of their energy costs via the purchase of solar panels. Whilst we are excited about our renewable energy opportunities, we also remain committed to ensuring our thermal electricity generation facilities convert fuel energy into electricity as efficiently as practicable.

Our sustainability priorities for next year, as they relate to the three pillars of our sustainability program (People, Planet and Profit), are as follows:

- People: a relentless pursuit of 'Zero Harm' and focusing on the welfare of our employees who will be affected by the closure of our Flinders Operations;
- Planet: lowering our exposure to carbon related risks and transitioning our company towards a lower carbon economy through the development of retail solar products; and
- Profit: growing our business to deliver \$500 million EBITDAF over the next three years, predominantly through creating and capturing growth opportunities in the Western Australian market.

I am looking forward to leading our company on its sustainability reporting journey and preparing the business to face the challenges and seize the opportunities associated with the transformation of the Australian energy sector.

A handwritten signature in blue ink that reads "Dimery". The signature is stylized and written in a cursive-like font.

Jeff Dimery
Chief Executive Officer
Alinta Energy

SUSTAINABILITY ACTIVITIES

The table below provides a summary of the sustainability activities that we plan to implement during the 2015/16 financial year to further embed the principles of sustainability into the way we do business.

Focus Area	Key Activities Include
Safety	<ul style="list-style-type: none"> • Ongoing development and effective implementation of the Flinders Closure Safety Management Plan, focusing on the health, safety and welfare of our people. • Complete the Corporate Safety Assurance Audit Cycle and complete a corporate third-party audit gap analysis against two further Major Hazard Standards for Power Generation operations sites. • Review the Power Generation divisional Occupational Health and Safety Management System against key audit outcomes and prepare an Audit Gap Improvement Plan to steward effective completion of identified actions. • Review and refresh our safety related policies in consultation with our staff and re-issue to ensure effective roll out and engagement. • Completion of the Power Generation Contractor Health, Safety and Environment Management System improvement project, and effectively roll out the revised system across our business.
People and Culture	<ul style="list-style-type: none"> • Develop and drive engagement action plans across the business. • Continue to improve our employee information management system to facilitate more detailed analysis of employee statistics, skills and talents. • Commence systematic analysis of gender diversity. • Continue to evolve talent management and succession planning to ensure a strong pipeline of internal candidates and career opportunities. • Continue to offer on the job learning opportunities and targeted training. • Drive towards a high performance culture through linking individual employee contribution to the overall company vision.
Environment	<ul style="list-style-type: none"> • Update and refresh the Environmental Management System associated with our gas turbine and co-generation facilities and develop a corporate environmental audit tool. • Review the external sustainability assurance audit recommendations relating to our environmental data collection program, with a view to improving program efficiency and data accuracy. • Undertake a formal review of our potential opportunities to reduce emissions and determine if there are any potential projects that could be eligible to participate in the Federal Government's Emissions Reduction Fund. • Develop a closure plan for the Flinders Operations that outlines how we will meet the site restoration requirements associated with the Augusta Power Stations and Leigh Creek Coal Mine.
Community	<ul style="list-style-type: none"> • Initiate proactive liaison with local stakeholders, government and business communities in Western Australia to provide clarity on the future of our company's operations. • In communities we provide service to, support charitable organisations that assist the disadvantaged and encourage business innovation and development of technical skills or environmental sustainability. This support may be in the form of monetary investments, employee volunteering and/or energy contributions.
Markets and Customers	<ul style="list-style-type: none"> • Launch new solar panel products for retail electricity consumers in Western Australia. • Assess the feasibility of offering solar panel products to customers on the East Coast of Australia.



OUR BUSINESS

Alinta Energy is a dynamic, integrated energy business. Our Vision is to grow the business to deliver \$500 million EBITDAF (earnings before interest, tax, depreciation, amortisation and fair value adjustments) over the next three years. Our Sense of Purpose is to make energy more affordable for our approximately 800,000 energy customers, the majority of whom are located in Western Australia.



ABOUT ALINTA ENERGY

Who We Are

Alinta Gas began operations in Western Australia in 1995 as part of the State Energy Commission of WA and since then has grown into one of Australia's largest energy providers. Our company is currently owned by a consortium of private investment firms and institutional investors (led by TPG Capital), and now manages a diverse range of upstream fuel gas contracts, as well as owning and operating power generation assets that provide flexible customer solutions.

What We Do

As a vertically integrated energy company, we specialise in delivering energy solutions to residential customers and a range of industries. The majority of our retail energy products are sold under the Alinta Energy brand. We also operated the Neighbourhood Energy brand in Victoria during the reporting period, but these customers are being migrated over to Alinta Energy retail products with a view to closing the Neighbourhood Energy brand in the near future. Statistics relating to our company's energy output, sales and customer numbers are provided in the table below.

Energy Output, Sales and Customer Numbers

Energy Output	NSW	VIC	SA	WA	QLD	ACT
Coal mined (tonnes)	-	-	2,455,284	-	-	-
Coal-fired Generation ¹ (GWh)	-	-	2,382	-	-	-
Gas-fired Generation ¹ (GWh)	-	148	-	2,494	2,192	-
Wind Off-Take Agreements (GWh)	-	66	-	323	-	-
Energy Sales						
Total Gas Sales (GJ)	-	1,935,527	228,975	28,131,466	6,505,750	-
Total Electricity Sales (GWh)	176	877	3,789	3,210	2,594	5
Customer Numbers ²						
Residential	-	114,238	46,625	628,170	-	-
Business	70	3,299	4,339	12,539	353	2

Table Notes:

1 'Sent-out' electricity 2 As at 30 June 2015

Offices

The business is headquartered in Sydney, however, our largest office is located in Perth, which houses many of our key divisions. Our Adelaide office consists of various divisions and is primarily associated with the management of our Flinders Operations. We also operate a small office in Melbourne.

Enterprise Risk Management

Our Enterprise Risk Management Framework assigns ultimate responsibility for overseeing material risks to the Board, assisted by the Audit & Risk, Energy Trading and Safety & Sustainability Committees. To facilitate an enterprise wide risk approach, a suite of risk policies, frameworks, exposure limits, trading authority approvals and system controls have been developed for these Committees to oversee. Sitting alongside these Committees is our bi-annual Enterprise Management Top Risks program. This is a bottom-up process involving all leaders within the group, taking ownership for risk and reporting these up through the executive leadership to the Board. The purpose of this is to ensure that the risk culture is aligned throughout the organisation and that emerging risks are identified and managed appropriately.

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.

Business Changes

There were no material changes to our business during the 2014/15 reporting period.

We recently announced that our Flinders Operations, comprising the Leigh Creek Coal Mine and the Northern & Playford B Power Stations in Port Augusta, will cease operation around March 2016.

ASSETS & OFFICES

1. Port Hedland Power Station
2. Newman Power Station
3. Newman to Roy Hill transmission line

4. Goldfields Gas Transmission Pipeline (GGTP)
5. Perth Office
6. Pinjarra Cogeneration Power Station
7. Wagerup Power Station
8. Port Augusta Power Station (Northern & Playford)
9. Leigh Creek Mine & Township

10. Adelaide Office
11. Melbourne Office
12. Braemar Power Station
13. Braemar Gas Pipeline
14. Sydney Corporate Headquarters
15. Glenbrook Power Station
16. Bainsdale Power Station



NATIONAL PORTFOLIO

- 1. PORT HEDLAND POWER STATION**
Staff: 8
Capacity: 210MW
Fuel type: Gas/Distillate
Load Profile: Intermediate
FY15 Availability: 92.6%
- 2. NEWMAN POWER STATION**
Staff: 10
Capacity: 178MW
Fuel Type: Gas/Distillate
Load Profile: Intermediate
Other: Newman has secured a long-term power purchase agreement (PPA) with Roy Hill Mine.
FY15 Availability: 96.2%
- 3. NEWMAN TO ROY HILL 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.
- 4. GOLDFIELDS GAS TRANSMISSION PIPELINE (GGTP)**
11.8% investment in 1,380km long pipeline in Western Australia.
- 5. PERTH OFFICE**
Staff: 160
Pillars/Business Units: Power Generation, Retail Markets, Wholesale Markets, Legal, Corporate Services, Finance, External Affairs and People & Culture
Other: Home of Alinta Energy's 20-year West Coast retail energy business and in-house customer service centre for Alinta Energy's Western Australian based customers
- 6. PINJARRA COGENERATION POWER STATION**
Capacity: 285MW
Fuel Type: Gas
Load Profile: Base
FY15 Availability: 92.4%
- 7. WAGERUP POWER STATION**
Capacity: 380MW
Fuel Type: Gas/Diesel
Load Profile: Peaker
FY15 Availability: 94.0%
- 8. PORT AUGUSTA POWER STATIONS (NORTHERN & PLAYFORD)**
Staff: 200
Capacity: Northern – 546MW, Playford – 240MW
Fuel type: Coal
Load Profile: Base
Other: Will cease operation around March 2016
- 9. LEIGH CREEK MINE & TOWNSHIP**
Staff: 220
Other: Will cease operational mining in November 2015.
- 10. ADELAIDE OFFICE**
Staff: 100
Pillars/Business Units: Power Generation, People & Culture, Finance, Retail Markets
Other: Home to many of Alinta Energy's supporting services, as well as the corporate base for Flinders Operations (Augusta Power Stations & Leigh Creek)
- 11. MELBOURNE OFFICE**
Staff: 15
Pillars/Business Units: Retail Markets (East Coast), Power Generation
Other: Base for East Coast customer service centre, provided through contractor: Serviceworks
- 12. BRAEMAR POWER STATION**
Staff: 8
Capacity: 502MW
Fuel type: Gas-fired
Load Profile: Intermediate Peaking
FY15 Availability: 93.6%

13. **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.

14. **SYDNEY CORPORATE**

HEADQUARTERS

Staff: 100

Pillars/Business Units: Power Generation, Retail Markets, Wholesale Markets, People & Culture, Finance, External Affairs and Corporate Services

Other: Base for Alinta Energy's Executive leadership team, national wholesale trading team and many supporting commercial functions

15. **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)

FY15 Availability: 93.9%

16. **BAIRNSDALE POWER STATION**

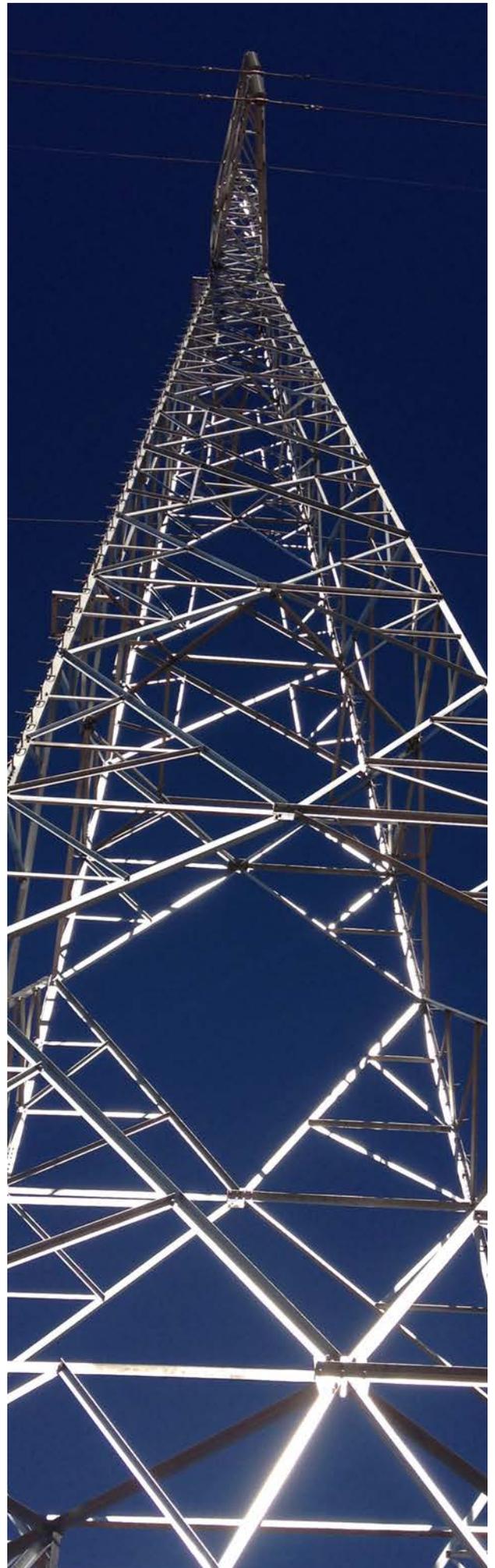
Staff: 5

Capacity: 94MW

Fuel Type: Gas-fired

Load Profile: Peaker

FY15 Reliability: 93.7%



OUR CHALLENGE IS TO MAKE ENERGY MORE AFFORDABLE

Our sense of purpose

Safety

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

One Alinta

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

Customer Focus

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

Integrity

We are true to our word, treating people with respect and taking personal responsibility for our actions.

Leadership

We are industry leaders, committed to helping employees grow and develop, and achieve superior results.

Our values

BUSINESS STRUCTURE AND GOVERNANCE

We are committed to conducting business in an ethical manner and maintaining high corporate governance standards.

Board of Directors

Alinta Holdings' Board of Directors comprises an independent non-executive Chairman, two independent non-executive Directors and eight institutional-based Directors. Four committees assist the Board in fulfilling its responsibilities, namely: the Safety & Sustainability Committee, the Audit & Risk Committee, the Remuneration & Benefits Committee and the Energy Trading Committee. The group's sustainability initiatives and monitoring of sustainability performance are primarily the responsibility of the Safety & Sustainability Committee.

Code of Conduct

Our Code of Conduct applies to all employees 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.

Executive Leadership Team

Our business pillars and supporting business units (as shown in the company structure below), are led by the following Executive Directors, who all report to **Jeff Dimery**, Chief Executive Officer:

- **Jim Galvin**
Executive Director – Retail Markets;
- **Ellen Lambridis**
Executive Director – Energy Wholesale & Group Capital Management;
- **Ken Woolley**
Executive Director – Power Generation;
- **David Goldsmith**
Chief Financial Officer;
- **Michael Riches**
Executive Director – External Affairs and General Counsel;
- **Sean Bowman**
Executive Director – People & Culture; and
- **Daniel McClelland**
Executive Director – Corporate Services.

Company Structure

At Alinta Energy, we want our people to have autonomy and accountability and therefore our organisational structure is designed to facilitate agility and efficient decision-making. Our vertical-integration is represented through the three 'pillars' of our business: Power Generation, Energy Wholesale and Retail Markets. Our support services reinforce our strategy through four additional business units: People & Culture, Finance, Corporate Services and External Affairs.

Alinta Energy

Power Generation

- Flinders Operations
- Gas Turbine & Cogeneration Operations
- Power Development
- Commercial (Power Generation)

People & Culture

- Strategic Business Partnering
- Talent Management
- Recruitment
- Culture & Learning
- Internal Communications

Retail Markets

- East Coast Retail
- WA Retail
- Commercial & Industrial
- Small & Medium Enterprise
- Marketing
- Customer Service

Trading and Wholesale

- National Spot Trading
- Gas Trading
- Energy Pricing
- Systems & Analytics
- Analysis & Regulation
- Environmental Products Trading
- WA Wholesale Markets
- Commercial (Wholesale)

External Affairs

- Legal
- Company Secretarial
- Flinders transition
- Community Relations

Finance

- Group Finance
- Treasury
- Taxation
- Risk Management
- Strategy & Planning
- Payroll
- Accounts Payable

Corporate Services

- Safety
- Sustainability
- Insurance
- Information Technology
- Government Relations
- Regulatory
- Media

ECONOMIC CONTRIBUTION & PERFORMANCE

Maintaining a healthy financial position is a necessary step towards delivering value to the stakeholders that rely on our business as a source of income. Our executive team is therefore dedicated to ensuring the business achieves its economic objectives.

Direct Economic Value

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

Indirect Economic Value

The ability to generate safe, clean, 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 our customers to succeed, and in turn offer additional employment and business opportunities throughout the economy.

Our investments in energy infrastructure projects, such as the Newman to Roy Hill transmission line, help deliver affordable energy to customers such as the Roy Hill Iron Ore mine, improving the financial sustainability of their businesses and the national economy as a whole.

Our financial contributions to charity organisations including the Royal Flying Doctor Service and Ronald McDonald House also help to provide key support services to members of regional communities, allowing them to continue to deliver the goods and services on which our national economy relies.

Financial Performance

As shown on the graph on page 1 of this report, over the last four years, our company has more than doubled its annual earnings before interest, tax, depreciation, amortisation and fair value adjustments (EBITDAF). Our significant financial growth has been achieved through improvements in the underlying operational performance of our assets and a re-capitalisation of our company's balance sheet in August 2013 with new debt and equity.

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

Invested Capital

Alinta Energy's total invested capital at the end of the reporting period was \$AUD2.5 billion, which comprised \$AUD1.3 billion of equity and \$AUD1.2 billion of net debt.

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>).

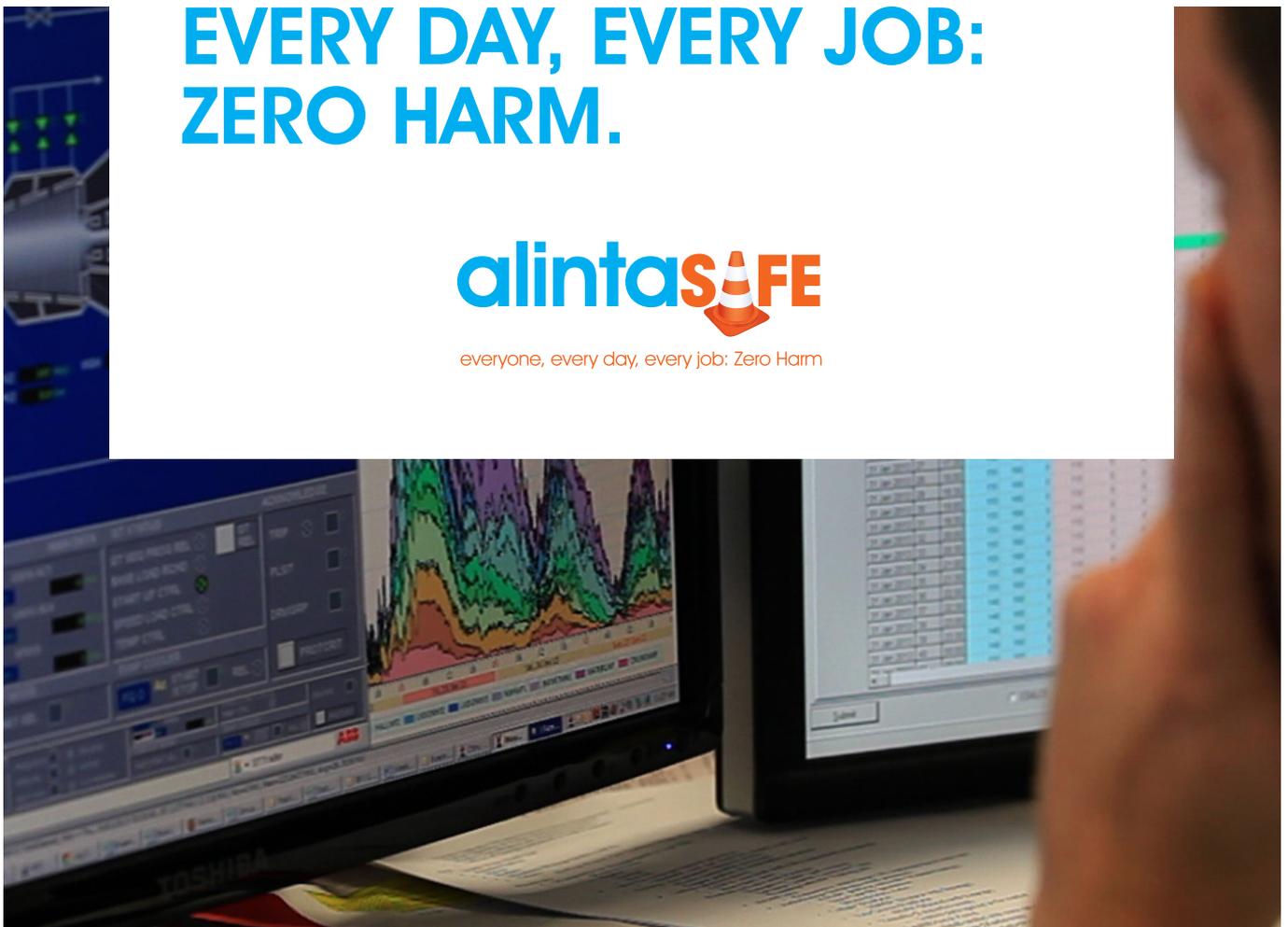
Economic Value Distributed	\$Million (AUD)	Revenue by Type	\$Million (AUD)
Operating costs, including suppliers	1,559.4	Electricity revenue	781.2
Employees wages and benefits	144.9	Gas revenue	604.4
Finance expenses	164.2	Other retail revenue	47.9
Income tax	43.3	Contracts & trading revenue	654.9
Total	1,911.8	Financial income	10.1
		Other income adj.	(18.2)
		Total	2,080.3



**SAFETY IS OUR HIGHEST
PRIORITY AT ALINTA
ENERGY AS WE STRIVE
TO ACHIEVE OUR SAFETY
VISION OF EVERYONE,
EVERY DAY, EVERY JOB:
ZERO HARM.**



everyone, every day, every job: Zero Harm



SAFETY

Safety Management at Alinta

At Alinta Energy, the health and safety of our employees and contractors is our highest priority and our safety management focus is the 'relentless pursuit of Zero Harm'.

We continue to drive the AlintaSafe program 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.

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:



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 workplaces.

Culture: Increasing trust, involvement and learning.

Leadership: Doing what it takes to make Zero Harm happen.

Safety Performance

There were no work-related fatalities within our workforce or with contractors working on any of our projects during the reporting period.

Improved leadership, commitment, planning and implementation across all elements of the AlintaSafe strategic model has resulted in an ongoing and significant improvement in workplace safety management and subsequent injury rates. Our Total Reportable Injury Frequency Rate (TRIFR) during the reporting period of 8.67 (an 8.9% improvement over the previous reporting period result), represents our best safety performance in over a decade. Our Lost Time Injury Frequency Rate (LTIFR) safety performance also compares favourably with industry sector benchmark averages. Graphs of our current and historical safety performance are provided on page 1 of this report.

Positive key lead safety indicator performance outcomes were also delivered during the reporting period. Our near miss and hazard reporting rate continues to grow, with over two reports per person on average achieved. The majority (78%) of Incident Management System reports raised through the period provided opportunities to take preventative action before actual injury, illness and/or damage became a reality. We are also pleased with the improving speed and quality of closure rates on formal safety related actions from Health and Safety Plans, incident investigations and HSE audit recommendations.



Safety Management at Alinta

All people involved in our operations 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 Board Safety & Sustainability Committee. Our operational workforce is represented in formal consultative health and safety committees (or other appropriate safety forums) at each site, that help to monitor and advise on occupational 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, objectives and actions.

Safety Management Framework

Our Occupational Health and Safety (OHS) Management Framework 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 the organisation's operations. Our managers are required to ensure that their OHS management systems and procedures comply with the Framework and referenced documents and are consistent with Australian/New Zealand Standard 4801 occupational health and safety management systems (AS/NZS 4801:2001).

Safety Audits

A key initiative during the reporting period was the completion of the first cycle of our Corporate Safety Assurance Audit Program across all operational sites. This involved the application of our Workplace Health and Safety (WHS) Audit Tool, incorporating our Energy OHS Management Framework and National Self-insurers audit criteria. It also involved the audit of two of our Major Hazard Standards (i.e. Lifting Operations & Equipment and Fire & Explosion).

Contractor Safety

We engage contractors to supplement our own workforce, during both 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 through on-site contractor management and supervision. This includes the collaborative completion of a comprehensive Contractor Health, Safety and Environment Management Checklist and implementation of contract specific safety management plans. All contractors receive a site specific safety induction before performing work on our sites, with worker competencies and qualifications confirmed as being appropriate to the contract's scope of work.

AlintaSafe Core Principles

To underpin our people being 'informed, aware, and making safe choices', we refreshed the understanding and application of the following three AlintaSafe Core Principles across the business during the reporting period.



**we always
stop and think**



**we don't
cut corners**



**we speak up
for safety**

EMPLOYMENT

We recruit from a wide pool of talent to ensure the diversity of experience and perspective necessary to promote innovation and creativity.

Employment at Alinta Energy

We have a strong focus on building a culture of achievement that encourages employees to deliver above-average results while living our Vision, Sense of Purpose and Values. We strive to create a high-performance culture by setting clear expectations, defining employees' roles and providing opportunities for continued employee growth and development. We have also conducted research-based leadership

and organisational surveys in order to transform the organisational culture and achieve high-performance outcomes.

Employment at Alinta Energy is managed by our People & Culture business unit, which focuses on three key levers, namely talent, culture and engagement. We believe that excellence in these three levers leads to sustained business performance and profitable growth. To achieve this, People & Culture strategically 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.

The tables below provide a summary of our employee and government bodies' employment information and composition statistics as at 30 June 2015.

Employee and Governance Bodies' Employment Information

	Employee Numbers		Work Hours		Employment Type		
	Total	FTE ¹	Full Time	Part Time	Salaried ²	Casual	EBA ³
All Employees	825	788	760	65	492	22	311
Board of Director Positions	11	NA	0	11	0	0	0
Executive Positions	8	8	8	0	8	0	0
Senior Leader Positions	83	82	79	4	83	0	0
New Employees	115	91	86	29	78	22	15
Departing Employees	130	115	112	18	97	11	22
Average tenure of departing employees (years)		5.9	6.7	1.0	3.1	0.3	20.9

Employee and Governance Bodies' Composition Statistics

	Gender		Location		Age		
	Females	Males	Regional ⁴	City	Under 30	30 to 50	Over 50
All Employees	217	608	473	352	121	424	280
Board of Director Positions	0	11	0	11	0	4	7
Executive Positions	1	7	0	8	0	6	2
Senior Leader Positions	26	57	7	76	4	67	12
New Employees	44	71	63	52	44	53	18
Departing Employees	48	82	50	80	33	67	30
Average tenure of departing employees (years)	2.1	8.1	9.8	3.4	1.7	2.9	17.2

Table Notes

1 FTE = Full Time Equivalents

2 Salaried employees are permanent employees on a fixed salary that is subject to annual review

3 EBA = Covered by an Enterprise Bargaining Agreement.

4 Regional is defined as any employee that is based outside of a Capital City

Recruitment and Retention

We are committed to best practice recruitment and selection activities that attract and appoint 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 the provision of an environment that encourages the development, retention and promotion of existing employees.

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

Our employees are strongly encouraged to report illegal or inappropriate acts to their manager. We have also implemented a whistle-blower hotline to ensure that all individuals have an additional channel to raise concerns without harassment or discrimination and give confidence that all concerns will be appropriately investigated. The Alinta Energy Hotline is a completely independent service provided by Deloitte. Reports can be made 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 / 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.

Employee Assistance Program

We provide free, confidential and professional assistance to our employees and extended family, through our Employee Assistance Program (EAP). The EAP offers counselling for employees who may be dealing with emotional stress in their professional or personal life. Our company has appointed Inwit Consulting as the Employee Assistance Program provider. Inwit are a group of qualified social workers, counsellors and occupational therapists who have been operating in critical incidents, post trauma and employee assistance for twenty years.

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 of our employees or anyone in the workplace. All employees and contractors are responsible for contributing to a workplace in which employees 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.

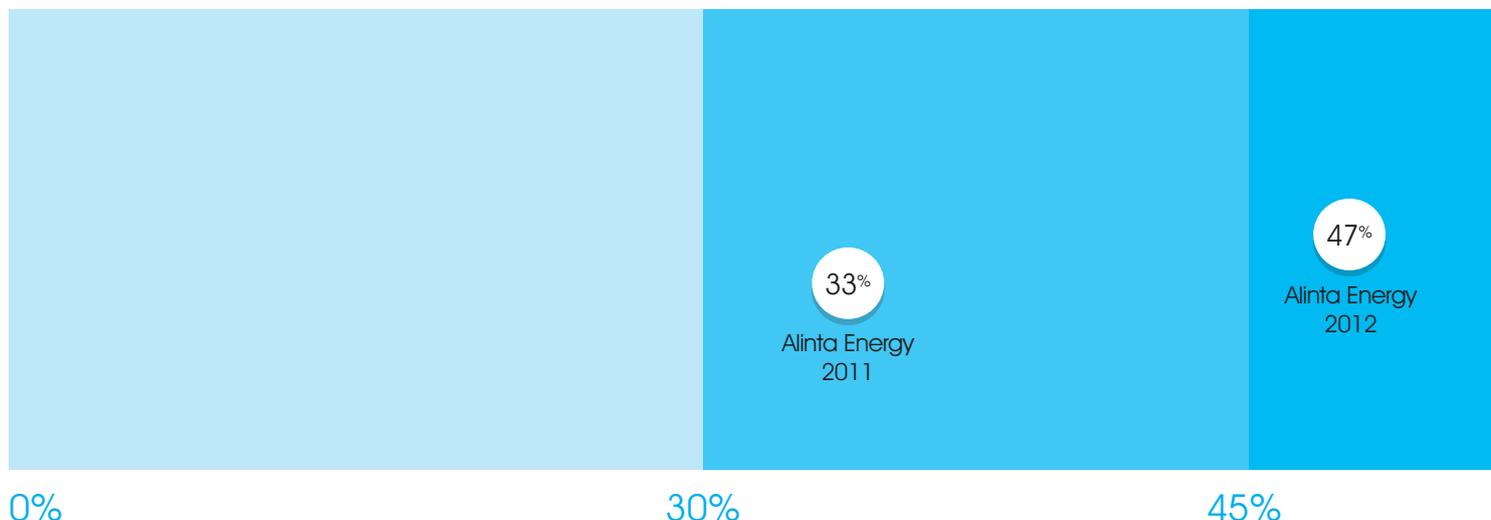
There were no confirmed breaches or incidents of discrimination reported by our employees during the reporting period.

EMPLOYMENT

Destructive Range

Serious Range

Indifferent Range



Gender Equality

We recognise the importance of ensuring equal opportunities and remuneration for both the men and women that work for our business.

We are planning to undertake a systematic analysis of gender diversity using the Chief Executive Women (CEW) Gender Diversity Kit during the next reporting period, to better understand gender equality issues within our business. CEW spent over two years creating this Kit with input from CEOs, Boards, Government Agencies and Academia. The Kit has been used by over 100 organisations, who acknowledged valuable insight and progress from using the Kit and the diagnostic tool to gather the relevant facts within their own organisations.

Performance Review and Career Development

We promote positive performance reviews where employees are coached and encouraged rather than being disciplined in a punitive manner.

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.

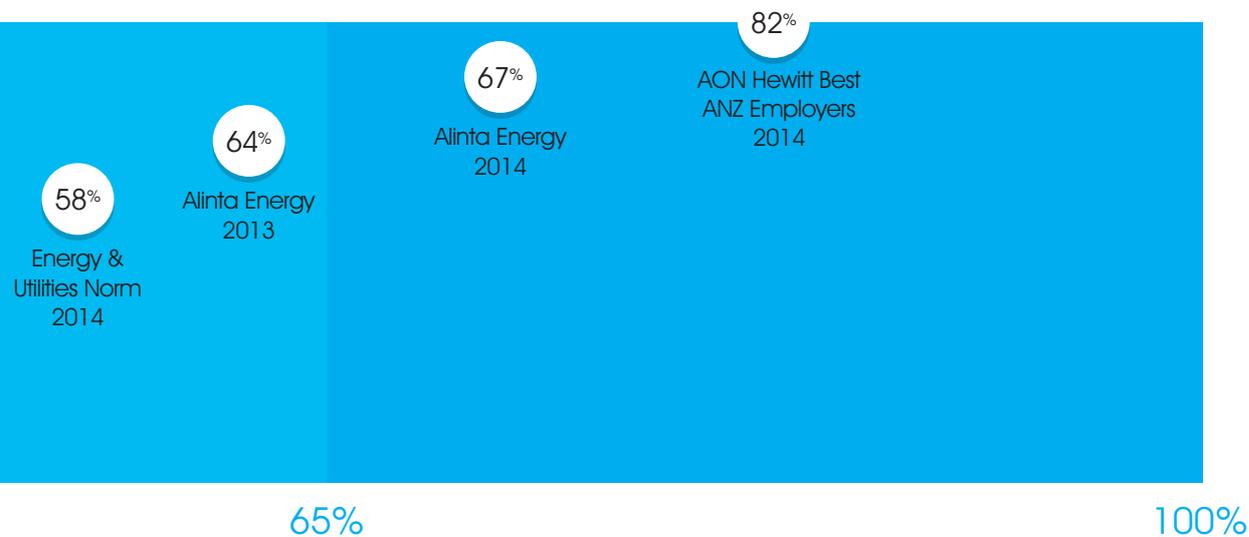
Employee Training

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 & Culture Team run an 'Achievement Program' every two years, which non-management level employees attend. This training program is designed to contextualise the company's vision, discuss the culture that will help achieve the vision, highlight our company's values and desired behaviours, and explain the purpose of our employee development plans.

The People & Culture Team also run a 'Leadership Program', which is delivered to senior leaders across the business. This program is designed to articulate the desired qualities of our company's leaders by providing details on the behaviours that have been demonstrated to drive great leadership. The program also provides feedback and coaching on each leader's current behaviours and leadership style using the Human Synergistics® Life Styles Inventory™ tool. The overall aim of this training program is to provide key personnel with practical tools that will improve their leadership skills.

High Performance Range

**Employee Engagement**

Our company's 2014 Aon Hewitt engagement score indicated that 67% of our employees were engaged. This score marks the next chapter of our engagement journey (33% in 2011, 47% in 2012, 64% in 2013) and positions us much closer to achieving our ultimate goal of sustaining engagement above 70%. Our 2014 result of 67% places us in the top quartile range of organisations across Australia and New Zealand, and also moves our company into Aon Hewitt's 'High Performance Range'.

In 2014, we reached an 85% survey completion rate across the business, which is an achievement in itself, and provides us with an accurate understanding of what's currently working and where there are opportunities for improvement moving forward.

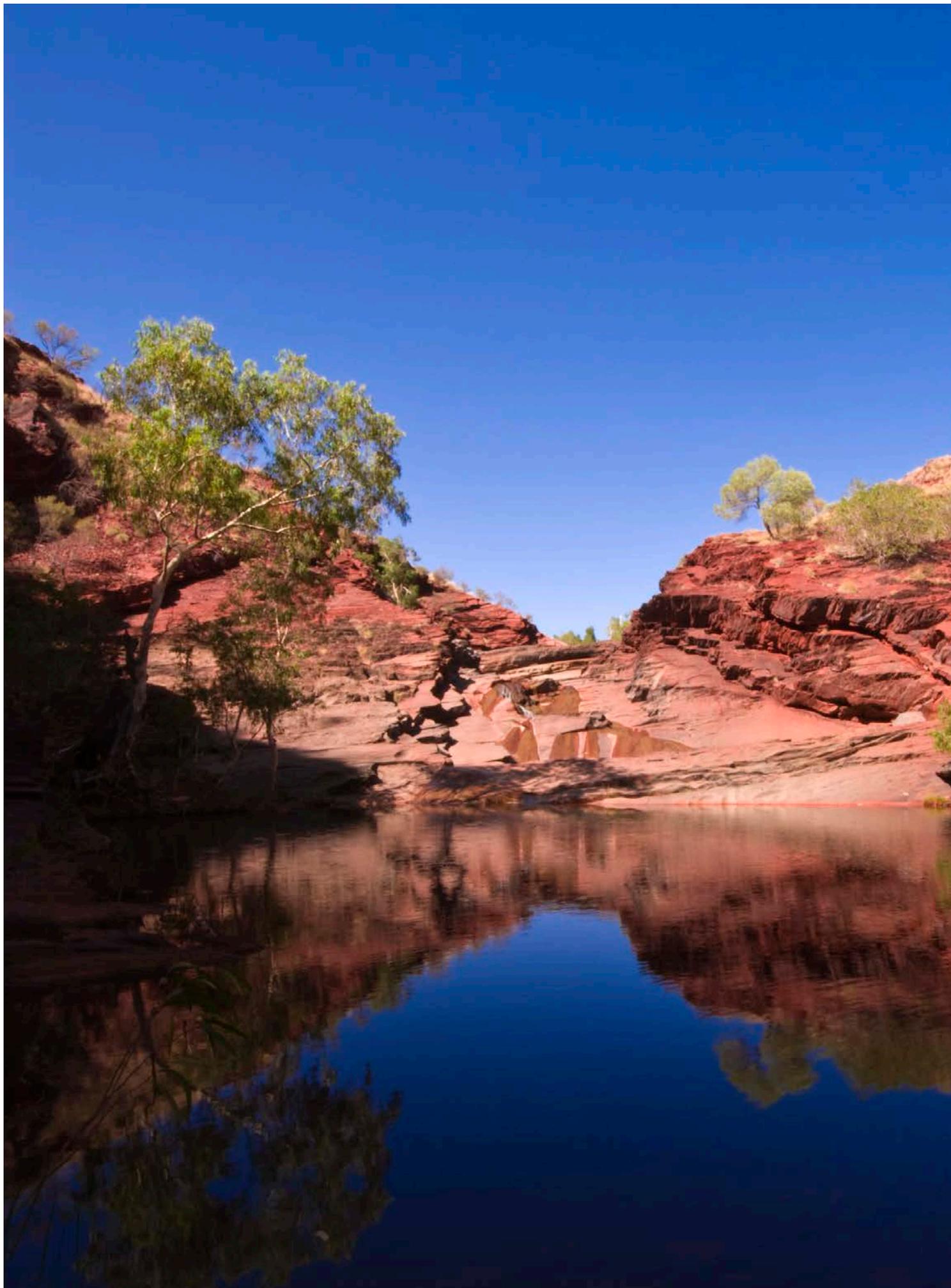
The next Aon Hewitt employee engagement survey will take place during the 2016 calendar year.

Restructuring and Redundancy

We recently announced that we would be closing our Flinders Operations during the next reporting period. As a result, approximately 440 employees are expected to be made redundant, and the welfare of these employees and their families is our highest priority.

We have committed over \$3.5 million in funding to provide a suite of transitional support services to our people. The allocation of this funding will be split between retraining and reskilling assistance, financial advisory services, career counselling, wellbeing and human resource support, as well as Transition Centres and other job opportunity services. This funding is on top of the circa \$75 million of redundancy benefits and entitlement packages that will be distributed to employees across the Flinders business.





OUR ENVIRONMENT

Alinta Energy understands the importance of looking after our shared environment and we are therefore committed to providing for the community's energy needs in a manner that leaves a healthy environment for future generations.

We also understand that the world is transitioning towards a decarbonised economy and we are actively repositioning our company to participate in a low carbon future, which includes developing solar energy products for retail energy customers and lowering our exposure to carbon related risks.



ENERGY & CLIMATE CHANGE

One of our Environment and Community Policy commitments is the 'systematic identification, investigation, evaluation and reporting of natural resource reduction and energy efficiency improvement opportunities'.

Fuel used for Thermal Generation

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

Our Port Augusta Power Stations combust brown coal sourced exclusively from our Leigh Creek Coal Mine, although this power station will cease operations during the next reporting period.

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.

Renewable Energy

Our company has signed long term off-take agreements to purchase electricity and Large Scale Generation Certificates (which are used to comply with the Renewable Energy Target) from the Walkaway Wind Farm located 25km south-east of Geraldton in Western Australia and the recently commissioned Bald Hills Wind Farm located approximately 10km south east of Tarwin Lower in Victoria.

We are also currently developing a solar energy offering for Western Australian retail customers to facilitate a greater degree of energy independence, which is expected to be launched in early 2016. We are also assessing the feasibility of offering similar solar products to energy consumers on the East Coast of Australia in the near future.

We also participate in the Federal Government's mandatory Renewable Energy Target (RET) as a liable entity. This program provides incentives for the construction of new renewable energy generation assets.

Energy Consumption for Electricity Generation

State	Brown Coal (tonnes)	Natural Gas (GJ)	Coal Seam Methane (GJ)	Diesel (kL)	Fuel Oil (kL)	Energy Content of Fuels (GJ)
South Australia	2,456,647	-	-	-	3,284	28,375,218
Queensland	-	-	25,175,485	-	-	25,175,485
Victoria	-	1,594,345	-	-	-	1,594,345
Western Australia	-	26,251,841	-	22	-	26,252,673
Total	2,456,647	27,846,186	25,175,485	22	3,284	81,397,721

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

State	Brown Coal	Natural Gas	Coal Seam Methane	Diesel	Fuel Oil	Total Emissions
South Australia	2,723,932	-	-	-	9,535	2,733,467
Queensland	-	-	1,243,243	-	-	1,243,243
Victoria	-	81,086	-	-	-	81,086
Western Australia	-	1,331,700	-	58	-	1,331,758
Total	2,723,932	1,412,786	1,243,243	58	9,535	5,389,554

GreenPower

Upon request, our electricity retail business offers GreenPower carbon off-set products to select business customers. More information on GreenPower is available via the GreenPower website: www.greenpower.gov.au.

Energy & Emission Performance

We are committed to ensuring that our electricity generation assets convert fuel energy into electricity as efficiently as practicable. We continually strive to reduce our greenhouse gas emissions, within the practical limits set by the nature of our generation portfolio.

Alinta Energy and its predecessor companies have been reporting energy consumption, energy generation and greenhouse gas emissions via the National Greenhouse and Energy Report (NGER) scheme since the 2008/09 financial year.

The energy consumed and scope 1 greenhouse gas emissions associated with our electricity generation activities during the current reporting period were higher than the FY13-14 reporting period, (as shown in the graphs on page 1) due to the greater amount of electricity produced during the current reporting period. The emissions intensity and energy efficiency of our electricity generation activities, however, has remained relatively consistent from year to year. The small fluctuations in energy intensity and emissions intensity shown in the graphs on page 1 are associated with year-to-year variations resulting from operational factors such as plant performance and changes in generation fuel mix.

After the closure of our Flinders Operations, which will occur during the next reporting period, it is anticipated that our corporate greenhouse gas emissions and emissions intensity will both decrease significantly.

Regulatory Risks and Opportunities

Climate change regulation presents both challenges and opportunities for our business.

The Federal Government's recent repeal of the Clean Energy Act 2011 resulted in a significant decrease in our company's regulatory compliance costs during the period, and these savings were passed through to our customers in line with our sense of purpose of 'making energy more affordable'.

The Australian Government's Emissions Reduction Fund (ERF) presents both challenges and opportunities for our company. On one hand, the ERF allows companies such as Alinta Energy to obtain a financial contribution towards projects that reduce emissions, allowing us to explore potential projects that might be able to participate in the ERF. The 'Safeguarding Mechanism' component of the ERF, however, includes incentives for companies to remain below a predetermined baseline from 1 July 2016 onwards.

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 (EELS). These programs help to improve energy efficiency and reduce demand side management in their relevant jurisdictions.

Solar Thermal Feasibility Study

We have completed the Final Balance of Study Report into solar thermal generation at Port Augusta, South Australia. This report investigated a range of alternate plant configurations and costing assumptions. Based on the findings of this report, we have concluded that constructing a 50MW molten salt power-tower located in Port Augusta is not commercially feasible at this time.

The investigations and options modelled to complete the Final Balance of Study Report were extensive and conclusive given current market conditions within the National Electricity Market. Our company, in consultation with the Australian Renewable Energy Agency (ARENA), will not continue to Stage Two (a full-feasibility assessment), given that continued investigation would only serve to reinforce the findings of Stage One.

The Final Balance of Study Report, along with all other Stage One reports, is available on our website (alintaenergy.com.au/solarthermal).

ENVIRONMENTAL MANAGEMENT

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 in a timely manner via the company's web-based Incident Management System (IMS). The IMS is also used to track community complaints and grievances and subsequent corrective actions and responses.

Site Managers are also 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, preventive and mitigation strategies are implemented to eliminate or reduce the risk to as low as reasonably practicable and deliver legislative compliance. Lessons learned from incidents are shared and communicated across the business where appropriate.

Our operations did not have any significant environmental incidents during the reporting period. The percentage of minor / moderate environmental and community incidents, hazards and near misses that were recorded in the company's IMS as being resolved as at 15 September 2015 are summarised below.

Category	Incident	Hazard/ Risk	Near Miss
% Significant Events	0%	0%	0%
% Resolved as at 15 Sept 2015	90%	90%	100%
% of total events reported	28%	68%	4%

Environmental Framework

Our company's Board has endorsed an Environment and Community Policy with a commitment to the protection of all aspects of the environment as a priority, and continual improvement and excellence in the environmental performance of all operations.

The Environmental Management Framework was developed to support our business in meeting this policy, enabling us to manage our environmental impacts in a consistent and systematic way and providing the right level of oversight, management and internal control. This document outlines the methodology and the respective responsibilities for Environmental Management across our businesses, facilities, projects, regions and assets and was developed in general accordance with the ISO14001 environmental management standard.

Environmental 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 have obtained all of the environmental permits, licences and consents necessary to conduct our business, which are renewed on expiry in the ordinary course of business.

Our business is also subject to national, state and local environmental laws and regulations, which influence the manner in which we operate our assets and conduct our business. Standards are set in accordance with these laws and regulations, which also provide for penalties and other liabilities and obligations for the violation of such standards. Many of these laws have specific 'regulators' appointed by each of the jurisdictions to supervise a specific area of business activity and to enforce compliance with the obligations defined in the legislation and regulations, which are monitored by that regulatory agency.

We did not receive any material fines or non-monetary sanctions for non-compliance with environmental laws and regulations during the reporting period and no environmental incidents caused material environmental harm. We have made financial provisions in our long term business models based on our current understanding of the likely future site demolition, remediation and rehabilitation costs should permanent closure of any of our assets occur. The closure plan for the Flinders Operations

is currently under development and will further refine the demolition, remediation and rehabilitation costs associated with the closure of these assets.

Transportation

Our facility's input fuels are mainly transported via infrastructure that is owned and operated by third parties, except for the group's ownership of the 148km long Braemar 1 gas pipeline in Queensland, a small interest in the 1,380km long Goldfield's Gas Pipeline in Western Australia and the lease of the 250km long railway connecting the Leigh Creek Coal Mine to the Port Augusta Power Stations. In all cases, the operation and maintenance of transport and transmission infrastructure owned by our company is outsourced to third party contractors, who have an obligation to maintain and operate these assets in accordance with the relevant environmental legislation.

We do not collect data relating to the environmental impacts associated with transporting members of the company's workforce.

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: www.environment.gov.au/biodiversity/conservation/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. For greenfield projects like the recently completed Newman to Roy Hill Transmission Line, we require contractors to develop a Construction Environmental Management Plan (CEMP). These CEMPs identify management actions required to maintain compliance, as well as minimising the impact of construction activities on local vegetation, waterways and ecosystems. During the construction works, our personnel checked compliance with the CEMP on a regular basis.

We also support biodiversity conservation efforts around our existing facilities. For example, yellow-footed rock wallabies disappeared from Aroona in 1983, which is located near our Flinders Operations. Thanks to Zoos South Australia and their partners (including the predecessors to Alinta Energy); yellow-footed rock wallabies were reintroduced into the Aroona Sanctuary in 1996, resulting in the successful re-establishment of a local population. For the past six years, Ecoknowledge (a consultancy firm that we engage), with the help of our employee volunteers, have carried out a monitoring program to assess the health of the wild wallaby population. The most recent monitoring report from Ecoknowledge indicated that seven rock-wallabies were captured for observation during the monitoring period. All animals observed were considered to be in good health and food sources were abundant following recent rains. A single female was observed carrying a four month old joey in her pouch.

Spencer Gulf Initiatives

Our company participated in, and financially contributed to, the Spencer Gulf Ecosystem and Developments Initiative. With further development along the margins of the Spencer Gulf, the joint Adelaide University, South Australian Government and Industry initiative aims to collate and better understand the environmental characterisation of the Gulf, to produce an informed and evidence-based decision support system to balance the economic, environmental and social impacts of developments in the region.

ENVIRONMENTAL MANAGEMENT

Weed and Pest Management

We participate in weed and pest control programs in collaboration with the South Australian State Government and local Natural Resource Management Boards. As an example, the Leigh Creek Coal Mine is active in the removal of Athel Pine (*Tamarix aphylla*) from the mine lease and surrounds and feral pest control at the Aroona Sanctuary.

Polychlorinated Biphenyls (PCBs)

No PCBs are present at our company's power generation facilities. Minor quantities of PCBs may remain in some old transformers at the Leigh Creek Coal Mine. These will be removed during the closure works at the site.

Environmental Assessment and Protection

Our company continues to implement environmental assessment and protection activities to measure and further reduce its environmental impacts and ensure compliance, which is estimated to have involved \$330,000 of investment during the reporting period.

A site investigation and detailed environmental risk assessment relating to a historical groundwater hydrocarbon plume at the Playford Power Station (resulting from a fuel oil pipe leak that occurred when the power station was owned and operated by the South Australian Government) was finalised during the reporting period. The Risk Assessment Report concluded that this contamination was not migrating into the Spencer Gulf and that risks to the marine ecosystem were negligible.

Supplier Environmental Impacts

We understand that the sustainability benefits and impacts associated with our business reach beyond operations that are under our direct control and include impacts associated with our supply chain.

For example, although our company is not involved in gas exploration, extraction and processing, we do consume gas in many of our power stations. We are therefore supportive of 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.

We have also implemented a supplier pre-qualification process which takes a risk-based approach to ensuring compliance with our requirements. Suppliers and contractors who provide goods and services that are directly required for the operation and maintenance of any of our facilities are required to be pre-qualified prior to entering into a contract with our company. The elements that can be evaluated as part of this process include health, safety and environmental management systems and performance. We have four levels of pre-qualification, depending on the value of the goods and services provided and the inherent risks associated with the contract. Following the review of the pre-qualification document, an audit of the supplier may be conducted at the discretion of our procurement team. The audit may consist of a visit to the contractor's premises or held at one of our sites. Selected contractors may also be required to participate in a supplier management process where their health, safety and environment performance and/or other contractual obligations will be monitored and periodically reviewed during the period of the contract.

We plan to undertake a review of our Contractor Management System and supplier pre-qualification process during the next reporting period, and any changes to our systems and processes that result from this review will be discussed in our next Sustainability Report.

Environmental Data

Our environmental data collection, management and analysis system supports the development of our environmental sustainability reporting program. Our environmental data collection system has been subject to external audit for the first time this year, and we will review the recommendations from this assurance audit with a view to implementing a continuous improvement program over the coming year(s) to further increase the program's efficiency and data accuracy.

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 do not include the energy and emissions associated with the generation of steam used by Alcoa of Australia (Alcoa). This was to maintain a consistent approach with the other assets owned by our company and facilitate the calculation of meaningful energy and emissions intensity values.

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

Water Consumption and Management

Water is integral to our operations and is used primarily for industrial processes such as cooling and fly-ash management. For example, the cooling water and ash dam suppression water used at Augusta Power Stations is sea water that is sourced from, and ultimately returned to, the Spencer Gulf. Other water uses include the supply of potable water to the township of Leigh Creek. Our Leigh Creek Coal Mine also extracts ground water for mine dewatering purposes, which is stored and/or beneficially reused for dust suppressions within the mining lease. Our waste water treatment, management and discharge activities include licenced release of water into the environment, as well as the treatment and beneficial reuse of domestic waste water and groundwater from mine dewatering activities for irrigation and dust suppression purposes.

The tables below provide data on our company's water sources, usage and discharge activities during the reporting period.

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
601,337	3,054	1,212	469	6

Water by Usage Category

Cooling	Ash management	Mine dewatering	Industrial processing	Domestic and office usage
594,729	9,337	927	643	442

Water by Discharge Category

Off-Site environment	On-site holding / evaporation pond*	Lost to evaporation	On-site dust suppression & irrigation	Consumed domestically or treated off-site
597,525	4,776	2,447	911	419

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

Solid Waste

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 & reprocessing materials
4. Waste to energy	Energy recovery prior to disposal
5. Disposal of waste	Zero conservation of resources

For example, approximately 167,000 tonnes of fly ash was sold during the reporting period under a commercial arrangement for use in cement products and for mine backfill.

Other waste products, including steel, wood pallets and waste oil are either sold, reused onsite or sent offsite for recycling.

Excess fly ash and mine overburden are managed in such a way as to minimise erosion and dust generation.

During the reporting period, our Flinders Operations owned and operated a licensed solid waste disposal facility at Leigh Creek, which is operated in accordance with the relevant regulatory requirements.

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, our major operational facilities disposed of an estimated 2,319 tonnes of solid waste to landfill. The majority of this waste is ash filtered for the New Zealand Steel off-take gases used to generate electricity at our Glenbrook Power Station, which is ultimately sent to a New Zealand Steel landfill site.



Royal Flying Doctor Service



alintaenergy



Royal Flying Doctor
The furthest corner. The finest



OUR COMMUNITIES, MARKETS & CUSTOMERS

Our company is an integral part of the communities in which we operate and our contributions to the community go beyond providing essential services such as electricity and gas to our customers.

COMMUNITY DEVELOPMENT

Community Investment and Sponsorship Strategy

Our community investment and sponsorship strategy is focused on supporting organisations, both large and small, that align with our sense of purpose and values, while building upon the relationships we have within the communities we operate in and provide service to.

Our sponsorships vary in size from grassroots support up to national organisations. We have a multidimensional approach to community investment, which includes monetary donation, employee volunteering opportunities and energy contributions. The estimated value of our community contribution via corporate sponsorships, community development programs and charitable donations was approximately \$700,000 during the year.

Royal Flying Doctor Service

Our company formed a three year national partnership with Royal Flying Doctor Service (RFDS) in 2013, which built upon our more than ten year history with the organisation in South Australia. The RFDS provides an essential health service to many of the regional communities where more than half our people live and work.

Our support covered the costs associated with half a medical fit out of an aircraft in SA, including two infant humidicribs, three vital signs monitors, an emergency backup generator in WA, an electric mobile scissor lift and a Mirrijini scanner.

For more than ten years our Flinders Operations in South Australia have also been major sponsors of the Wilpena Under the Stars Gala Ball. Many of our employees and their partners attend the event, with all proceeds of the evening donated to the RFDS.



Ronald McDonald House Charities

Our company also formed a three year partnership with Ronald McDonald House Charities (RMHC) in 2013. This partnership supports RMHC's efforts in providing a 'home-away-from-home' for many regional families when their children require medical treatment in capital cities.

Our partnership with RMHC encompasses a variety of sponsorship activities. Highlights of this national sponsorship include providing free energy to two houses in Victoria, one house in South Australia and free gas to the new WA house. We will also refurbish a room in all 14 houses nationally and provide additional funds towards programming and home maintenance.



Our employees also actively engage with the sponsorship by volunteering to 'make a meal' for the families residing in Perth's Ronald McDonald House. The Make a Meal program involves a team of volunteers providing all the ingredients for a two course dinner and then preparing it on-site. We host 'make a meal' volunteering opportunities approximately four times a year. The Make a Meal program means families do not have to worry about dinner preparations and can concentrate on spending time with their ill children.

'Fair Go Wheels' Campaign

Our Western Australia energy retail business was 'keeping it fair' during winter through our 'Fair Go Wheels' promotion, which was launched via the Perth radio station 96fm at the start of June 2015. The initiative encouraged the public to nominate an individual or family that was in need of a 'fair go'. During the promotional period, ten winners were selected to receive a helping hand and were notified via a live cross with the 96fm radio Breakfast Crew. The promotional winners were delivered their gifts by the Alinta Energy Fair Go Wheels Van, with both the nominator and nominee also receiving a 'Free Gas in Winter' credit to their Alinta Energy account.



Employee Led Community Development Activities

Our employees also donated their time and money to support a range of other charitable activities, including the Uniting Care Food Rescue Cargo Carts, Australia's Biggest Morning Tea, the World's Greatest Shave, Port Augusta Toy Run, Mobile GP Soup Kitchen, UnitingCare West Food Rescue, OzHarvest Cooking for a Cause, Movember and the Great Track Clean-up Crew.

Desert Fringe

For the eighth consecutive year, our company has sponsored the Desert Fringe festival in Port Augusta. Desert Fringe is an extension of the Adelaide Fringe Festival and showcases a range of artists for the Port Augusta community. This regional element of Adelaide Fringe is funded as a direct result of the partnership with our company, bringing world-class art and cultural talent to the regional community of South Australia.

Regional Employment and Support

We are a major employer in some of the regional areas where we operate and, to the extent practical, we seek to employ people and engage contractors that are local to the regions where our facilities are located.

We understand that our announced closure of the company's Flinders Operations will have a profound impact on the regional centres of Port Augusta and Leigh Creek. As such, we are working with the South Australian Government to help these local communities transition to an independent future.

Community Impacts from Operations

We understand that our operations have the potential to disturb residents that live and work in the vicinity of our operational facilities, through issues such as emissions, dust and noise.

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.

Indigenous Rights

We have a proud history of engagement with and support of local Indigenous communities. Our company has sponsored the Polly Farmer Foundation for over 10 years, an organisation that helps indigenous youth reach their potential through the provision of after school tuition, mentoring for high school students, primary school 'Learning Clubs' and 'Maths and Science Centres of Excellence'.

Our team at Leigh Creek Coal Mine also works closely with the Adnyamathanha Traditional Lands Association regarding the preservation of objects of cultural importance.

MARKET & CUSTOMERS

Keeping it Fair

Our company promises to 'keep it fair' for our customers. This approach drives our customer-focus towards reliable service, simplified billing and products and flexible payment options. This is illustrated through our 20 year legacy in Western Australia, with best-in-class customer service for an Australian utility, and our fresh approach in South Australia and Victoria, where we offer competitive discounts without lock-in contracts or exit fees.

Alinta Solar



As part of our commitment to make energy more affordable and transition our company towards a low carbon future, our retail energy business plans to launch a solar product to households in the Perth metropolitan area in early 2016. The principles behind the development of our solar offering will be to deliver customers with safe, reliable, affordable and quality solar products for their homes. Our offer will be designed to simplify the often complicated world of solar products and provide customers with the peace of mind that comes with dealing with an energy retailer who has a long-standing commitment to its customers and the community.

Launching this product offering will be an exciting moment for our company in Western Australia, as it will broaden our product offerings to residential customers from gas alone, to both gas and quality solar solutions. Further updates on this exciting new development will be provided in future Sustainability Reports.

Customer Service

We have a long history of retailing gas in Western Australia and we recently commenced retailing energy on the East Coast of Australia.

Our West Coast retailing business monitors customer satisfaction via an independent survey conducted on a monthly basis, which is undertaken by an external research agency. This retail business' monthly customer satisfaction results (based on 'customer service received') remained at or above 90% during the reporting period. The business' Net Promoter Score was also consistently above 50% during the year, which is a great result. Our West Coast Customer Service Centre won the Gold Medal for Australia's best customer service excellence for a medium enterprise at the national Customer Service Council's 12th annual awards.



We also track ombudsman complaints as a means of assessing the effectiveness of our customer grievance processes. During the reporting period, our combined East and West coast retail business averaged 1.79 complaints per 1,000 customers. Although this result is already considerably better than many of our peers, we believe there is still room for improvement. As a result, we recently revised our procedures for handling customer complaints across our East Coast retail business, with the aim of resolving as many of these grievances as practical before they result in an ombudsman complaint.

Customer Communications

Communicating with and marketing to existing and new customers is a core activity of our retail business. We recognise that it is important that these communications are presented in easy to understand factual ways that assist customers to make informed choices. To ensure this outcome is achieved, we conduct detailed reviews of customer communication collateral, as well as providing detailed training and customer communication scripting to be used by our business partners.

We did not identify any material incidents of non-compliance with regulations and voluntary codes concerning marketing communications (including advertising, promotion and sponsorship) during the reporting period.

Financial Hardship

We value our relationship with our customers and recognise that there are instances where individual customers experience financial hardship and may find it difficult to pay an outstanding amount on an energy bill. We make every effort to engage with customers and provide support and assistance to customers experiencing payment difficulties or financial hardship. This includes entering into payment extensions and instalment payment plans to manage debt and continued consumption. We also undertake to treat customers that are experiencing payment difficulties or financial hardship sensitively and respectfully at all times. We understand that energy is an essential service for every household, so disconnection is only ever used as a last resort.

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. Our Privacy Policy and internal systems and processes are reviewed regularly to ensure ongoing compliance with the Privacy Act.

There were no material breaches or unauthorised disclosure of personal information by our company during the reporting period.

Competition and Consumer Law

Our company takes compliance with the Competition and Consumer Act 2010 (Cth), including the Australian Consumer Law, very seriously. For example, we require relevant staff members to undertake compliance training and assessments through a Self-Administered Legal Training (SALT) compliance program to ensure employees fulfil their roles in a manner which demonstrates a commitment to compliance with these laws. We monitor the activities of our business partners, in particular our marketing partners and outsourced service providers, on a regular basis to allow for the early identification and rectification of compliance concerns should they arise.

Our company was not involved in any formal legal proceedings for contravention of the Australian Consumer Law during the reporting period.

Anti-Corruption Measures

Our Anti-Corruption and Bribery Policy applies to all employees of Alinta Holdings and its subsidiaries regardless of location. We require all of our employees to act with honesty and integrity in all aspects of their work, and to adhere to our high ethical and moral standards. Corruption and bribery can severely damage the reputation of our business. As such, we apply a zero tolerance approach to any acts of corruption and bribery accepted by or carried out by any member of our company.

Plant Availability and Reliability

We have a rigorous preventative maintenance program in place to maximise the availability of our power stations and ensure we can provide a safe and reliable supply of electricity to our customers and the wholesale electricity market. Where practical, maintenance activities are undertaken at times that are least likely to impact our customers and the market.

Data on the availability of our power stations during the reporting period is provided on pages 8 and 9 of this report.

Falling Electricity Demand

Electricity demand in Australia has been falling for approximately six years as households have become more efficient and the number of industrial customers has declined. This dynamic, combined with a policy setting that is designed to support significant growth in renewable energy generation, have had the effect of causing a significant oversupply of generation capacity, particularly in South Australia. These challenges contributed to our decision to close our South Australian Flinders Operations.

Disaster and Emergency Response Planning

Disaster and emergency response planning plays a vital role in the management of our business and is designed to ensure that all employees have readily available and easy to follow guidance on how to manage emergency situations.

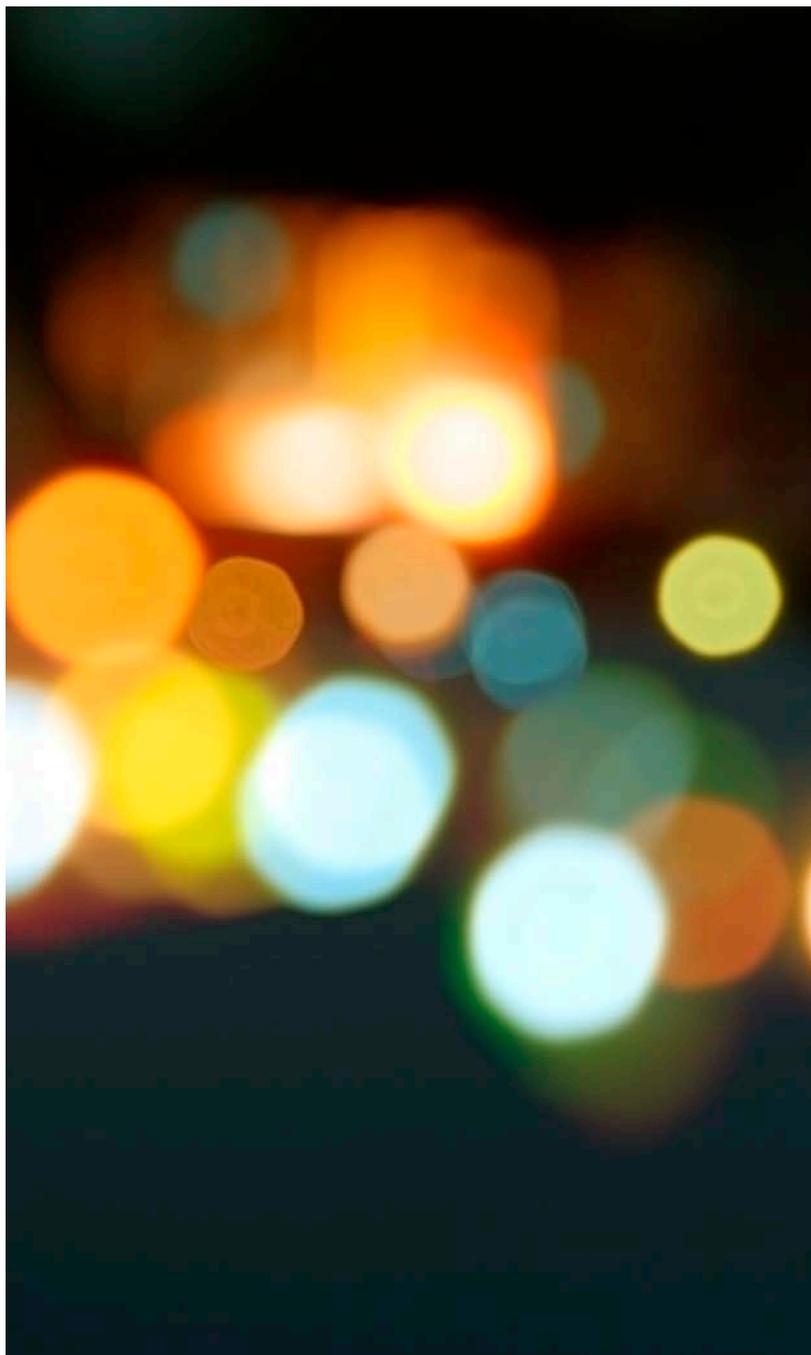
Each of our facilities has developed a site-specific Emergency Response Plan, which contain information such as relevant contact numbers, how to raise the alarm and notify the appropriate authorities, initial response procedures, roles and responsibilities, emergency equipment, communication protocols, drills and training and post incident recovery.

We also have an operating Corporate Crisis Management Plan.

OUR REPORT

This Sustainability Report has been prepared in accordance with version G4 of the Global Reporting Initiative (GRI) guidelines at a 'Core' level. The structure of the report has been designed to take into account the reporting principles, standard disclosures, disclosures of management approach and indicators outlined in the GRI guidelines.

Many of the performance metrics included in this report were subject to a limited assurance audit, which was undertaken by KPMG.



REPORTING PRINCIPLES

Stakeholder Inclusiveness

Our company's stakeholders include employees, owners, customers, government, financiers, creditors, regulators, non-government organisations, suppliers, neighbours and the general 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 employee engagement surveys, community forums, regulatory audits, customer surveys and meetings, supplier meetings, market research and participation in industry forums and committees, such as the Energy Supply Association of Australia (ESAA) and Energy Retail Association of Australia (ERAA).

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 company's 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 internal management discussions and feedback from our 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, transport, 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, Indigenous rights, local communities, anti-corruption, anticompetitive 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.

Completeness

This report contains information on our environmental and social activities and economic performance from 1 July 2014 to 30 June 2015. 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.

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 our annual sustainability reports will be reasonably consistent from year to year and contain 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 a limited external assurance audit, undertaken by KPMG, as per the Limited Assurance Audit Statement provided on page 36 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.

Independent limited assurance report to the Directors of Alinta Holdings

Our conclusion

Based on the procedures performed, as described below, nothing has come to our attention that would lead us to believe that the Selected Sustainability Information identified below and included in the 2015 Sustainability Report for the year ended 30 June 2015, is not, in all material respects, prepared in accordance with the GRI G4 Guidelines and management's calculation methodologies.

We have been engaged by Alinta Holdings (Alinta) and are responsible for providing a limited assurance conclusion in respect of the selected sustainability information for the period ended 30 June 2015 to be included in the Sustainability Report (the Report) as identified below (the Selected Sustainability Information)

Our assurance engagement is conducted in accordance with the Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ASAE 3410 *Assurance on Greenhouse Gas Statements*. These standards require the assurance team to possess the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

We have not been engaged to provide an assurance conclusion on any other information disclosed within the Report.

Director's and management's responsibilities

The directors and management of Alinta are responsible for the preparation and presentation of the Selected Sustainability Information, specifically ensuring that in all material respects the Selected Sustainability Information is prepared and presented in accordance with the GRI G4 Guidelines and management's calculation methodologies. This responsibility also includes the internal controls relevant to the preparation of the Report that is free from material misstatement whether due to fraud or error.

Limited assurance over Selected Sustainability Information

In forming our limited assurance conclusion over the Selected Sustainability Information our procedures consisted of making enquiries and applying analytical and other evidence gathering procedures including:

- Interviews with senior management and relevant staff at corporate and operating sites;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of source data into the Selected Sustainability Information;
- Agreeing the Selected Sustainability Information to relevant underlying sources on a sample basis to determine whether all the relevant information has been included in the Selected Sustainability Information and prepared in accordance with the GRI G4 Guidelines and management's calculation methodologies.

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 and 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. Accordingly, we do not express a reasonable assurance opinion.

Selected Sustainability Information includes the following data for the year ended 30 June 2015:

- Data on page 1
- Number of material fines for non-compliance with laws and regulations on page 6
- Availability of power stations on pages 8 and 9
- Economic data included in the table on page 12
- Employee data included in tables on page 16
- Substantiated grievances relating to labour practices on page 17
- Breaches or incidents of discrimination reported by employees on page 17
- Energy and emissions data in table on page 22
- Number of material fines for non-compliance with environmental laws and regulations on page 24
- Table of environmental incidents on page 24
- Investment to ensure environmental compliance on page 26
- Table: Water by source category on page 27
- Table: Water by discharge category on page 27
- Quantity of fly ash sold on page 27
- Quantity of waste to landfill on page 27
- Quantity of corporate and sponsorship, community development programs and charitable donations on page 30
- Number of material instances of non-compliance with regulation and voluntary codes concerning marketing communications on page 32
- Number of formal Legal proceedings for contravention of Australian Consumer Law on page 33
- Number of material breaches or unauthorised disclosure of personal information on page 33

Basis of preparation and restriction on distribution and use

The Selected Sustainability Information has been prepared by the directors and management of Alinta to meet their and the intended users' needs. As a result the Selected Sustainability Information may not be suitable for another purpose. Our report has been prepared for Alinta. We disclaim any assumption of responsibility for any reliance on this report, or on the Selected Sustainability Information to which it relates, to any person other than the directors of Alinta or for any other purpose than that for which it was prepared.



KPMG
Sydney, 17 December 2015

GRI STANDARD DISCLOSURES INDEX

Material General Standard Disclosures (GSD)		Material Specific Standard Disclosures (GSD)			
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G4-3	Page 6	Market Presence	G4-EC2	23, 33	
G4-4	Page 6	Indirect Economic Impacts	G4-EC6	16	
G4-5	Page 6	Procurement Practices	G4-EC8	12	
G4-6	Page 7	Materials	G4-EC9	12	
G4-7	Page 6	Availability and Reliability	G4-EN1	1,27	
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G4-11	Page 16	Biodiversity	G4-EN5	1, 6, 22	
G4-12	Page 22,26	Emissions	G4-EN8	27	
G4-13	Page 6	Effluents and Waste	G4-EN11	25	
G4-14	Page 24-27,36	Products and Services	G\$-EN-12	25	
G4-15	NA	Compliance	G4-EN15	1, 22	
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G4-17	Page 12	Overall	G4-EN22	27	
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G4-20	Page 36	Employment	G4-EN29	6	
G4-21	Page 26, 27, 36	Labour/Management Relations	G4-EN30	25	
G4-22	NA	Occupational Health and Safety	G4-EN31	26	
G4-23	NA	Training and Education	G4-EN33	26	
G4-24	Page 2, 36	Diversity and Equal Opportunity	G4-EN34	24,31	
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G4-29	NA	Indigenous Rights	GA-LA6	1, 14	
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			EU30	8, 9	

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