

# Alinta Energy Sustainability Report

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**2017/18**

ABN 39 149 229 998



**alinta**energy



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## A message from the MD & CEO

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I am pleased to present our 2017/18 Sustainability Report, which provides our stakeholders with an update on Alinta Energy's activities and impacts. It includes information on our values, strategic vision and annual performance across finance, safety, employment, environment, community, markets and customers.

Our approach to sustainability involves balancing social, environmental and economic outcomes as we strive to deliver affordable, reliable and lower emission energy.

We understand that energy is an essential service and higher prices can impact the most vulnerable people in our society. Our sense of purpose involves a determination to make energy more affordable and we are committed to finding the right balance between delivering reliable, affordable and sustainable energy. This year, we have taken steps to progress this in a number of ways such as increasing competition by entering new markets and putting downward pressure on prices by offering more competitive energy products.

For example, we expanded into South East Queensland through a joint venture with CS Energy and in Victoria through a capacity agreement with Loy Yang B Power Station. The joint venture with CS Energy, reduced the average South East Queensland electricity bill by 13% to 16%, which according to a Deloitte Report<sup>1</sup> resulted in savings of between \$20 million to \$40 million across our 125,000 new customers. We were delighted to be the only energy retailer in Queensland awarded a five-star rating in Canstar Blue's 2018 annual comparison of electricity providers, based on feedback from more than 1,500 Queenslanders.

In January 2018, our Hong Kong-based owner Chow Tai Fook Enterprises Limited (CTFE), acquired the Victorian Loy Yang B Power Station from Engie Australia. This paved the way for Alinta Energy to enter into a capacity agreement with Loy Yang B to buy approximately 75% of its output. We are now leveraging the wholesale price certainty this gives us to offer competitive energy products to Victorian consumers, increasing competition in this major retail market.

We also tailored a suite of products for Commercial & Industrial customers that give price certainty over the long run by allowing customers to participate in the wholesale market if prices fall, while also providing a protective price ceiling if the market rises.

The success of these initiatives saw our total customer numbers increase from 770,000 to over one million during the year. The 30% growth in customer numbers resulted in a 28% increase in employees to 575 people which in turn necessitated moves to new office premises in Perth, Melbourne and Sydney and the opening of a new office in Brisbane.

Since May 2016, the closure of the Northern and Hazelwood Power Stations, has seen energy hedging contracts increase in value. For a multitude of reasons (including those mentioned above), this has translated into higher energy bills for customers, which have risen by around 30%<sup>2</sup> in real terms between FY08 and FY16. The increase in wholesale electricity prices, however, sent an important signal to the market that new investment in energy generation was required and despite the energy policy uncertainty, as at late 2018, the market was responding and wholesale electricity prices were beginning to reduce.

Being the fourth largest privately-owned energy retailer by customer numbers in Australia, we understand our role in transitioning to lower emission generation. Last year we set an ambitious target to support the development of 1,000MW of renewable energy by 2020, and we have made significant leaps towards achieving this goal. As at 30 June 2018, we had financially committed to ten renewable energy projects across Victoria, Queensland and Western Australia, totalling 543MW of large scale renewable generation.

We also recently acquired a geothermal business that provides high-efficiency air conditioning systems to households and small businesses. This technology uses stable underground temperatures to deliver heating and cooling solutions. Although geothermal air conditioning products are relatively new in Australia, there are many examples of similar technologies being successfully used across the world. Our geothermal products are already helping hundreds of Australian households lower the costs of operating their heating and cooling systems, which usually account for about 40% of household energy costs.

<sup>1</sup> [https://www.alintaenergy.com.au/Alinta/media/ecpdfs/Alinta\\_impact-on-Queensland-retail-market.pdf](https://www.alintaenergy.com.au/Alinta/media/ecpdfs/Alinta_impact-on-Queensland-retail-market.pdf)

<sup>2</sup> <https://www.accc.gov.au/system/files/Retail%20Electricity%20Inquiry%20-%20Preliminary%20report%20-%2013%20November%202017.pdf>

We also commissioned an innovative 35MW battery at our Newman Power Station that has won several awards in 2018 including the Australian Engineering Excellence Award - Innovation Category and the Australian Innovative Power Technology of the year from the Asian Power Awards. This is particularly special because it is among the world's largest and is the biggest Australian battery to be developed for an industrial application.

Alinta Energy believes that climate change poses significant risks and supports the transition to lower emission electricity supply over a sensible timeframe. In our view, we must take a coordinated, integrated and long-term approach to ensure that we meet Australia's international commitments to reduce emissions. To do this, Australia needs a stable, national, bipartisan, market-based, technology agnostic policy for energy and climate change. This will create the best results for consumers and the environment in the long term.

Over the past decade, successive governments have sought to establish such a policy to provide certainty for energy providers and consumers. While many policy propositions have had broad industry and consumer group support (such as the recent National Energy Guarantee), to date the Government has not decided to progress with a policy framework. We remain in support of energy and climate change policy and will continue to work with government, industry and consumers to achieve this goal.

We continue to focus on our safety vision of Everyone, Every Day, Every Job: Zero Harm and are in the process of developing a new safety leadership training program for people at all levels across our business. We are proud of not having had any 'Class 1' injuries during the year, meaning our business had no fatalities, permanent or long term impairment injuries.

Our sense of community has seen a series of employee volunteering days and encouraged our people to use their annual day of paid volunteering leave to support a community organisation they are passionate about. They volunteered at a variety of causes such as rejuvenating native landscapes with Landcare and packing hampers for the disadvantaged with UnitingCare.

We also achieved consistency in our remuneration of male and female employees this year, with a recent review indicating near pay equity (with only a 2% variation). This compares very favourably to Australia's pay gap average of 15%.

Overall employee engagement reflected these positive initiatives and rose from 58% to 64% over the last 12 months. This brings us closer to our target of top quartile engagement, for which the 2018 threshold was 68%. The dedication and hard work of our people resulted in our strong financial performance this year. To support further growth, we are actively investing in the development of new competitive energy products for our customers, providing training opportunities for our employees and improving our business processes and systems. As an example, we invested in a new round of leadership training for our people during the year.

We are also giving back to the community by supporting charities that assist vulnerable people in our society. For example, we recently donated \$100,000 to the Salvation Army on our customers' behalf to celebrate reaching our millionth customer.

We also recently commenced a four-year sponsorship program with Cricket Australia to support community and elite level sport in Australia.

I would like to personally thank our employees, stakeholders and the more than one million customers that chose to join or stay with us during the year and I'm looking forward to many more exciting experiences next year.



Jeff Dimery  
Managing Director & CEO

## FY18 highlights

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- Reached 1,000,000 customers across Australia and New Zealand (30% increase from FY17).
- Reached 543MW of large-scale renewable energy projects committed.
- Employee engagement increased to 64% (from 58%).
- Acquired geothermal business (June 2018).
- During the year, the scale of our business increased substantially, resulting in strong financial performance and EBITDA growth.
- Exceeded Net Promoter Score targets with performance of +65 on the west coast and +43 east coast.
- Introduced training and development framework and leadership development program.
- Expanded with a new office in Brisbane to support our growing Queensland business.
- Launched a corporate-sponsored volunteering program, with a total of 323 hours volunteered by our staff.
- At our Newman Power Station we innovated and commissioned Australia's biggest battery, developed for an industrial application. This won several awards in 2018 including Australian Engineering Excellence Award - Innovation Category and the Australian Innovative Power Technology of the year from the Asian Power Awards.

## About Alinta Energy

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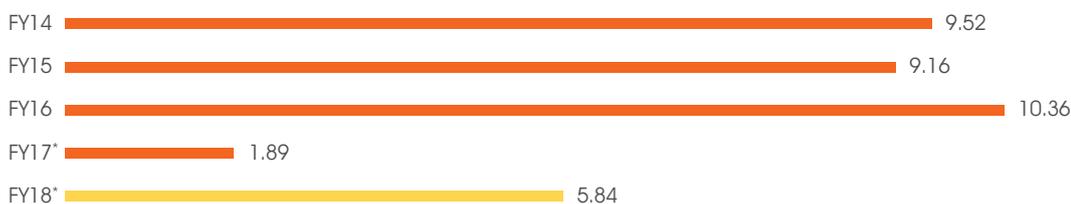
Alinta Energy is the fourth largest privately-owned energy retailer by customer numbers in Australia, supplying over one million customers. We supply retail gas and electricity and generate electricity in Australia and New Zealand. We have a leading position in the Western Australia retail mass market and a rapidly growing retail business in the eastern states.

We have a generation portfolio (owned, operated and contracted) of up to 2,726MW, own or operate seven power stations, have investments in more than 1,600 kilometres of pipelines, and employ 575 people as at 30 June 2018. Our operations are divided into three main operating segments broadly based on geography and business type: West Coast Integrated, Contracted Assets and East Coast Integrated.

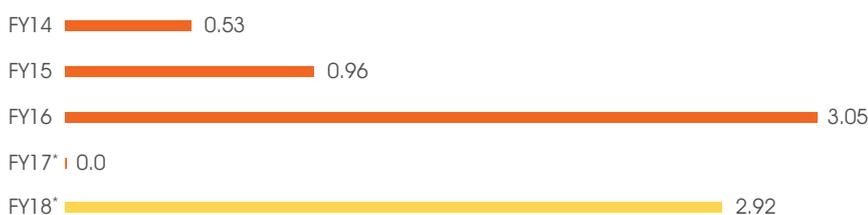


# Key sustainability performance measures

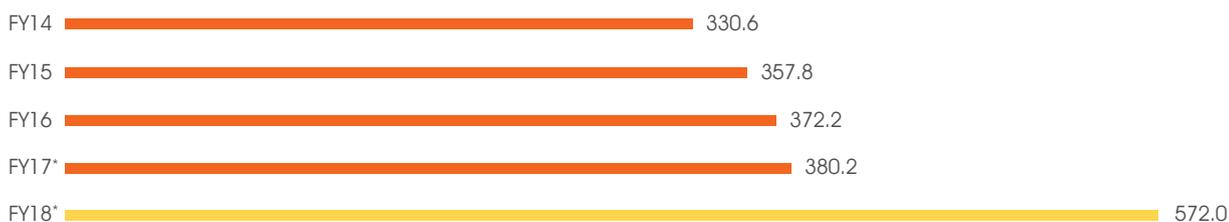
## Total Recordable Injury Frequency Rate (Employees and Contractors)



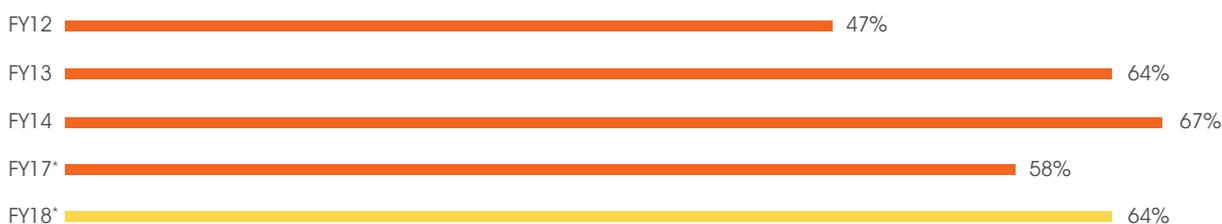
## Lost Time Injury Frequency Rate



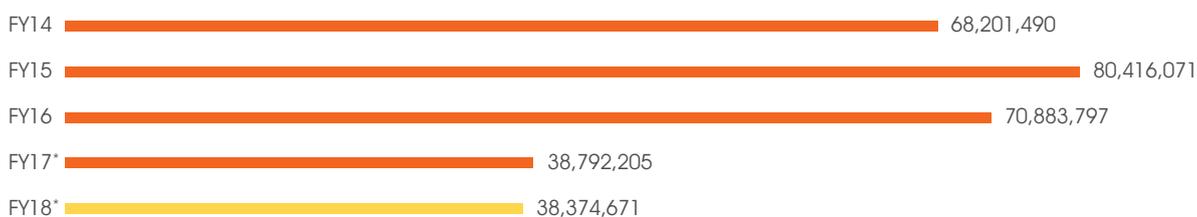
## Underlying EBITDA<sup>1</sup> (\$ million)



## Employee Engagement<sup>2</sup>



## Fuel Energy Used for Australian Power Generation (GJ)



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 FY18 (as at 30 June 2018), upon completion of investigation. FY18 statistic data is at 30 June 2018 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 inclusive of data related to contractors engaged to install residential solar panels.

<sup>1</sup> EBITDA is earnings before interest, tax, depreciation and amortisation.

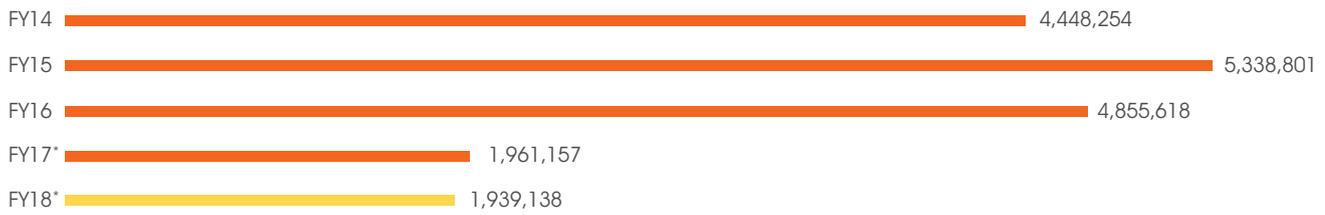
<sup>2</sup> Employee engagement surveys were done in FY12, FY13, FY14, FY17 and FY18. Engagement surveys were not conducted in FY15 and FY16 due to large-scale corporate changes that occurred during the periods like the closure of our Flinders operations.

\*Data from FY17 onwards does not include the Flinders operations, including the Augusta Power Stations and Leigh Creek Mine because it ceases operations in FY16.

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



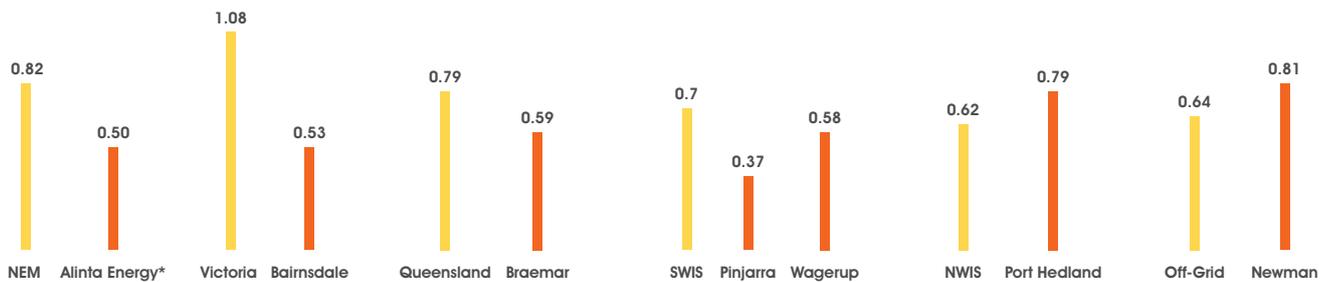
## Scope 1 Greenhouse Gas Emissions from Australian Power Generation (tonnes CO<sub>2</sub>-e)



## Emissions Intensity of Australia Power Generation (tonnes CO<sub>2</sub>-e/MWh)



## Alinta Energy Emission Intensities compared to State Emission Intensities (tonnes CO<sub>2</sub>-e/MWh)



NEM – National Electricity Market.

SWIS – South West Interconnected System (Western Australia).

NWIS – North West Interconnected System (Western Australia).

Alinta Energy emission intensity - All data provided in tCO<sub>2</sub>-e / MWh sent out electricity; \*Includes only emissions associated with fuels used for electricity generation that is owned and operated by Alinta Energy and does not include generation plants where Alinta Energy has contracted to output; and a breakdown of fuel sources associated with these emissions are provided on page 43.

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.

MWh based on electricity sent out from the facility.

\*Data from FY17 onwards does not include the Flinders operations, including the Augusta Power Stations and Leigh Creek Mine because it ceases operations in FY16.

# Sustainability materiality assessment

Our sustainability materiality assessment follows a four-step approach:

1. Engage with key stakeholder groups
2. Identify and prioritise the most important sustainability issues and capture them in this report
3. Review the materiality assessment each year
4. Determine outcomes from the review and continuously improve the Sustainability Report.

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## Engage

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### Engage with key stakeholders<sup>1</sup> via:

- Customer surveys, meetings and Ombudsman investigations
- Employee engagement surveys
- Sustainability email ([sustainability@alintaenergy.com.au](mailto:sustainability@alintaenergy.com.au))
- Meetings with shareholders, customers, suppliers, financiers and creditors
- Community relations
- Involvement in industry working groups
- Meetings with government and regulatory officials
- Gap analysis against the United Nations Sustainable Development Goals (UNSDG), Global Reporting Initiative (GRI) standards and utility sector peers
- Liaison with media organisations and responses to media queries.

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## Review

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### Annually review stakeholders' interests via the following mechanisms:

- Board of Directors review
- Safety and Sustainability Council review
- Feedback from stakeholders during the engagement activities shown above.

### Outcomes:

- Understand the risk to the business and establish our response to managing these risks
- Set or update sustainability targets
- Report progress against targets
- Add to information presented in the sustainability report
- Investigate and implement new products or projects.

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## Identify and prioritise

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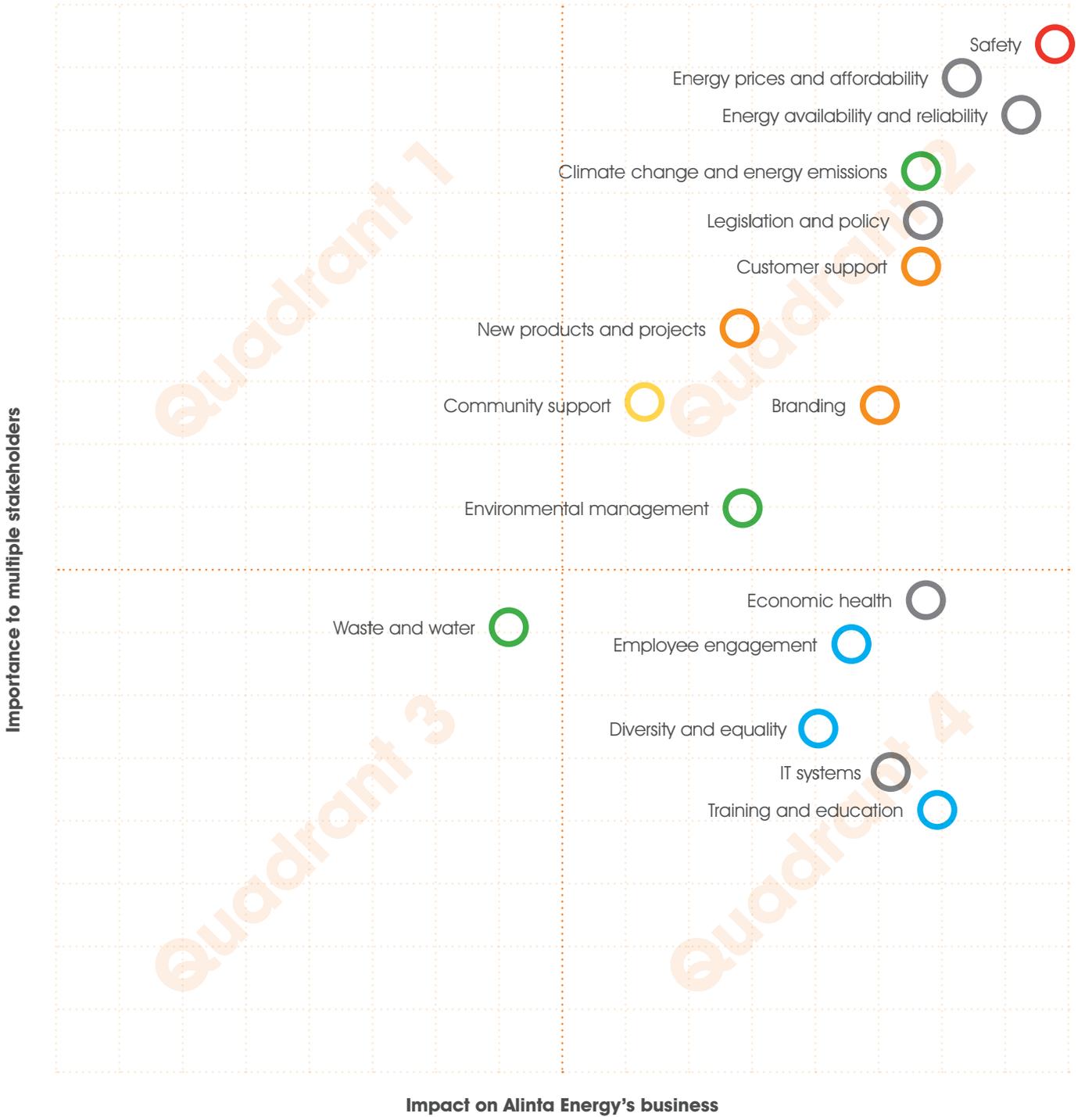
Identify key issues and rank them based on their importance to multiple stakeholder groups and their impact on our business. The key issues are listed below and their relative rankings are shown in the matrix on the next page.

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

<sup>1</sup> A list of key stakeholders is provided in the Stakeholder Inclusiveness section on page 78.

**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
<b>Safety</b>	<b>32-37</b>
<p><b>Impact:</b> Workplace health and safety is our highest priority. A safety incident at work can change lives and have serious ramifications for Alinta Energy and its people.</p> <p><b>Challenge:</b> With the business growing into diverse new activities, there are different types of safety risks that need to be understood and managed. Newly acquired companies can have different safety approaches and maturity levels and need to be integrated into Alinta Energy's safe systems of work. Where we experience business changes, our approach is to tackle safety challenges as a priority and establish processes to manage new risks.</p> <p><b>Governance:</b> Safety is governed by the Board and the Executive Committee along with line management responsibilities that are clearly articulated across the business. We focus on maintaining a strong safety culture and delivering our safety vision of 'everyone, every day, every job: Zero Harm'. This is made real by our three safety principles: we always stop and think, we don't cut corners and we speak up for safety. We have also implemented a range of targeted policies, systems and training to identify and manage safety risks.</p> <p><b>Performance:</b> Our recent expansion into new business activities has resulted in greater exposure to a variety of safety risks. This resulted in a higher Total Recordable Injury Frequency Rate (TRIFR) than the previous reporting period and we slightly exceeded our annual TRIFR target (5.84, compared to a target of 5). We achieved our target of zero 'Class 1' injuries.</p>	
<b>Our business</b>	<b>16-31</b>
<p><b>Energy prices and affordability</b></p> <p><b>Impact:</b> Energy is an essential service which affects everybody's day-to-day lives and financial wellbeing.</p> <p><b>Challenge:</b> High energy prices affect people and businesses of all kinds but have the most drastic impact on people who are experiencing financial hardship. Energy affordability is a prominent economic and social issue. This is at the heart of our business and underpins our sense of purpose that we are determined to make energy more affordable.</p> <p><b>Governance:</b> Our prices are managed by the Retail business and consist of network charges, environmental policies, wholesale and other costs.</p> <p><b>Performance:</b> To put downward pressure on energy prices we are developing competitive new energy offers; entering new markets to increase competition; building, acquiring, contracting competitive energy supply; and using existing resources more efficiently.</p>	
<p><b>Energy availability and reliability</b></p> <p><b>Impact:</b> Providing access to reliable and secure energy to support communities.</p> <p><b>Challenge:</b> Interruption to energy supply has a significant effect on our customers.</p> <p><b>Governance:</b> The performance of all power stations (including availability) is reported internally on a weekly basis and compared to annual targets. This report is distributed to a broad range of internal decision makers and the executive leadership team. We have rigorous preventative maintenance programs to ensure our generation assets are as reliable as possible.</p> <p><b>Performance:</b> Overall, we met five out of our seven site-specific availability targets. Glenbrook Power Station's availability data was marginally less than its target of 94.2%. Our Braemar Power Station in Queensland had a more significant gap in availability performance due to two outages in September and repairs in February.</p>	

# Sustainability materiality assessment

Topic	Page Number
<b>Our business</b>	<b>16-31</b>

## Economic health

**Impact:** We are focused on creating direct and indirect economic value for our key stakeholders.

**Challenge:** The economic sustainability of our business relies on growth and profitability. This depends on an efficient cost base and revenue from high customer demand, where most customers prioritise affordable and reliable energy when selecting their energy providers. We are also conscious of the requirement for our industry to reduce greenhouse gas emissions by continuing to invest in lower emission generation.

**Governance:** Our economic health is predominantly governed by the Board and the Audit and Risk Committee, and our performance is monitored throughout the year against our financial targets, such as EBITDA growth per annum.

**Performance:** During the year, the scale of our business increased substantially from a range of activities including new electricity and gas supply contracts, increased retail customer numbers as a result of discounted retail electricity usage rates, and reinvestment into our assets and people. This resulted in strong financial performance and EBITDA growth.

## IT Systems

**Impact:** Business operations depend on efficient information technology systems and software that perform functions such as customer billing, asset performance monitoring and incident management.

**Challenge:** With the rise of cyberattacks and data theft, information security is paramount. The maintenance of our new and existing information technology is also critical for ongoing business operations.

**Governance:** Our electronic information technology governance practices are outlined in our IT Security Policy. Our information is securely backed up regularly to ensure that we are prepared for any emergencies, such as unexpected outages. We also have information technology and assurance specialists that review the security, reliability, accuracy and completeness of our systems.

**Performance:** To support our business operations, we invested in upgrading a range of IT systems including the Enterprise Resource Planning system, employee, safety and end user platforms. We did not receive any material fines or non-monetary sanctions for non-compliance with the Privacy Act during the period.

## Legislation and policy

**Impact:** We are subject to a range of regulations in areas such as energy trading markets, safety and competition.

**Challenge:** Our business' expansion into new activities and changes in the policy environment may result in new legislation.

**Governance:** Our Regulatory and Government Relations team monitors changes and manages compliance with key legislative requirements.

**Performance:** We did not receive any material fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period. We received a number of smaller infringements from the Australian Energy Regulator and the Essential Services Commission in Victoria associated with process breaches when signing up new customers. We also worked with the ACCC to resolve a compliance matter relating to advertising materials distributed in Victoria. We have since improved our procedures, training programs and contractor management practices to reduce the risk of similar breaches occurring in the future and are working with the relevant regulators to remediate these situations.

# Sustainability materiality assessment

Topic	Page Number
<b>Environment</b>	<b>38-51</b>
<b>Climate change and energy emissions</b>	
<b>Impact:</b> As a retailer of gas and electricity and a generator of electricity in many different markets, we recognise the importance of our role in transitioning towards affordable, reliable and sustainable energy.	
<b>Challenge:</b> We operate in a complex industry where there are differing perspectives on how to balance the affordability, reliability and sustainability of our energy supply. In Australia, the production of electricity is the largest single industrial contributor to the Australia's greenhouse gas emissions, because most of our electricity is generated from fossil fuels such as coal. There is increasing public interest in the climate change impacts associated with electricity generation and an expectation that leaders in Government and business will lower greenhouse gas emissions over time, while ensuring energy remains affordable and reliable.	
<b>Governance:</b> In 2018, Alinta Energy's executive leadership team set a voluntary target of supporting the development of 1000 MW of renewable energy by 2020. Progress against this target is tracked and monitored by senior management and our Capital Steering Committee. We also monitor and report our emissions to the Federal Government under the National Greenhouse and Energy Reporting Act 2007 and engage external auditors to review this data to ensure it is correct.	
<b>Environmental management</b>	
<b>Impact:</b> We recognise that environmental legislation is necessary to protect our environment and communities. In Australia, this includes national and state environmental laws, which include fines and penalties for non-compliance.	
<b>Challenge:</b> Laws relating to environmental outcomes have continuously changed and evolved over time, at both the state and national level.	
<b>Governance:</b> Our approach to environmental management is outlined in our Environment and Community policy and implemented through training, reporting and monitoring programs. Our event management system is used to track environment incidents and community complaints, and manage incident investigations, corrective actions and community responses. Where appropriate, lessons learned from incidents are shared and communicated across the business.	
<b>Performance:</b> During the period, we did not have any material breaches of environmental legislation.	
<b>Waste and water</b>	
<b>Impact:</b> The environmental impacts associated with the waste generated and water consumed by our business is relatively low compared to other aspects of our operations, meaning it has a lower sustainability ranking.	
<b>Challenge:</b> Services for water and waste management are often provided by third parties, which can make it challenging to obtain accurate data to monitor our performance.	
<b>Governance:</b> Our approach to environmental governance is outlined in our Environment and Community Policy that is available to our employees on the intranet and on display at all Alinta Energy offices and power stations. Data is captured by our power stations throughout the year and reported annually in our sustainability reports.	
<b>Performance:</b> We aim to divert our waste from landfill and recycle water wherever practical. We have achieved this by finding markets for our waste materials. In FY18, an example of our Environment and Community Policy in action was a waste minimisation initiative implemented during the Sydney office move. Instead of the easier option of disposing of old furniture to landfill, we donated it to North Ryde Community Aid, a charity that supports the aged and disabled in their community. Not only did this reduce landfill waste, but also supported a worthwhile cause.	

# Sustainability materiality assessment

Topic	Page Number
<b>Employment</b>	<b>52-59</b>
<b>Employee engagement</b>	
<b>Impact:</b> The success of our business relies on our ability to recruit and retain high-performing people. Our People and Culture team have three key areas of focus: talent, capability and culture. By prioritising these areas, we ensure that we have highly engaged people working to achieve superior results in line with the Alinta Energy values.	
<b>Challenge:</b> During a rapid growth phase, it can be challenging to maintain a consistent corporate culture as new hires and newly acquired companies may have different ways of working.	
<b>Governance:</b> The impact of our talent, capability and culture initiatives are monitored via an annual employee engagement survey. Results are workshopped with all levels of staff and leadership, and we use these results to ensure the business is progressing in the right direction. We also provide an Employee Assistance Program that allows our people to access trained psychologists for work and personal matters.	
<b>Performance:</b> In FY18 we achieved an employee engagement score of 64%, which is a 10% improvement on our FY17 engagement score of 58%. To improve the engagement of our people and develop our vibrant and proactive culture, we invested in targeted leadership training, mental health workshops, volunteer days, new innovative projects and open communication with employees through initiatives like the MD & CEO roadshows.	
<b>Diversity and equality</b>	
<b>Impact:</b> We aim to be accessible to many and open to new ideas that create constructive challenges and promote better decision making.	
<b>Challenge:</b> In the absence of diverse experiences and perspectives, a homogenised workforce is likely to result in inferior approaches to problem solving and potentially subpar business outcomes.	
<b>Governance:</b> We report gender diversity through an annual Workplace Gender Equality Agency survey to the Australian Government. In addition, we have appropriate grievance mechanisms to confidentially investigate and address any reports of inappropriate behaviour, an independent whistleblower hotline operated by Deloitte and an Employee Assistance Program.	
<b>Performance:</b> All reported incidents of discrimination are taken seriously, documented and investigated. We continued to investigate and find resolutions for a range of workplace incidents, however none were related to diversity. There were no breaches or incidents of discrimination reported by our employees during the reporting period. This is supported by having a diverse workforce, where people are respected and remunerated fairly, regardless of gender, age, disability, culture, religion, caring responsibilities or sexual orientation.	
<b>Training and education</b>	
<b>Impact:</b> We are committed to helping our employees acquire the knowledge and skills required to deliver superior value for our stakeholders and make Alinta Energy Australia's most admired energy company.	
<b>Challenge:</b> Without investment in our employees, they may not feel valued, engaged or equipped to grow in their roles.	
<b>Governance:</b> We established a learning and development framework that develops our people through experiences, exposure and education. We provide a range of internal training programs and have a policy that supports employees to undertake relevant studies that develop and support their careers with us. Employee feedback is sought and reviewed via an annual engagement survey.	
<b>Performance:</b> In 2018, we launched a bespoke leadership development experience for all leaders at Alinta Energy called 'e3'. This is helping to amplify the best parts of our culture, build the confidence required to have better conversations with each other, and ensure we are fostering the right level of commercial leadership for sustainable growth.	

# Sustainability materiality assessment

Topic	Page Number
<b>Our communities</b>	<b>60-65</b>
<b>Community support</b>	
<b>Impact:</b> Our customer service team speaks with households every day to understand their circumstances and help them access more affordable energy. We also have large energy facilities that provide employment and business opportunities in regional communities. It is important to us to be good corporate citizens, particularly among the communities that depend on us and for people in vulnerable circumstances.	
<b>Challenge:</b> There are many worthy causes and it can be challenging to determine which charity organisations to support when so many of them do valuable work.	
<b>Governance:</b> Community governance is outlined in our Environment and Community Policy and monitored by the Board's Executive Committee.	
<b>Performance:</b> We give back to the community through fundraising and donating our time, which this year included establishing a new employee volunteering day, and by directly sponsoring organisations and events. This year our people volunteered a total of 323 hours with organisations like Wesley Mission and Landcare. We also directly donated money to a range of charities, including \$100,000 to The Salvation Army to celebrate reaching one million customers.	
<b>Markets and customers</b>	<b>66-75</b>
<b>Customer support</b>	
<b>Impact:</b> Ensuring a positive customer experience and offering affordable energy products underpins Alinta Energy's vision to be Australia's most admired energy company.	
<b>Challenge:</b> Trust is vital to customer-centric organisations. The annual global survey by the Edelman Trust Barometer identified a decline in public trust across business, media, government and NGOs. This global trend can make it more challenging for businesses to communicate effectively with their customers and establish a trusted relationship.	
<b>Governance:</b> We provide ongoing training and monitoring at our call centres to help service representatives meet our customers' needs. We also review monthly Net Promoter Scores (NPS), customer satisfaction scores and Ombudsman complaints to assess the effectiveness of our customer service and support.	
<b>Performance:</b> In FY18, we exceeded our NPS targets in both the East and West Coast retail energy businesses with 43% and 65% (FY18 targets: 30% and 50%) respectively. We also achieved 93% for our West Coast monthly satisfaction score (FY18 target: 90%) but were slightly below our target on the East Coast with 79% (FY18 target 90%). Overall, our performance showed marked improvements compared to the previous reporting year.	

**Markets and customers****66-75****New products and projects**

**Impact:** An openness to innovation and technology enables us to evolve with our changing industry, capitalise on new growth opportunities and expand our business. We aim to invest in technologies, products and projects that benefit our new and existing customers.

**Challenge:** New businesses and products generally have higher levels of risk and establishment costs, especially projects associated with commercialising new technologies.

**Governance:** The governance of developing new customer and household products is managed by our Retail Markets group, while negotiating power purchase agreements to support, and managing the construction of, new large scale renewables are governed by our Merchant Energy group. From a retail perspective, new technologies undergo a rigorous due diligence process that is managed by a dedicated New Energy team and the approval for capital associated with the construction of new generation facilities is managed through our Capital Steering Committee.

**Performance:** During the year, we acquired a geothermal heating and cooling system business, and we will now focus on making this technology more accessible to Australian households and businesses. We also entered the Queensland retail energy market through a joint venture with CS Energy, and our new retail electricity and gas products have encouraged more competition in that market. In addition, we designed a suite of products for our Commercial and Industrial customers that provides price certainty over the long run by offering a ceiling price if the market rises and direct customer participation in the market if it falls. Finally, we commissioned a 35MW battery at our Newman Power Station that will benefit our customers, lower emissions and has won several awards in 2018 for innovation.

**Branding**

**Impact:** Alinta Energy's brand is a public reflection of our reputation and integrity. We aim to enhance the value of our brand by being accountable, transparent, honest, simple and innovative.

**Challenge:** Our brand and reputation are influenced by many factors including our products, customer service, public image, electricity reliability and availability, safety and environmental performance and our social license to operate.

**Governance:** We review our external communications to ensure they are honest, fair, easy to understand, consistent and comply with relevant laws and regulations.

**Performance:** Our brand is brought alive by every member of the Alinta Energy team. During the period we communicated our activities through our website and publications and commenced an exciting new sponsorship with Cricket Australia to support an iconic sport from the elite level through to grassroots teams, while increasing our brand awareness across the country. We have also chosen to be transparent and publish this voluntary sustainability report on our performance around availability, safety, customers and employees.

# Our business

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Alinta Energy actively invests in energy markets across Australia and New Zealand with an owned and contracted generation portfolio of 2,726MW. This includes 1,773MW (65%) of gas fired generation facilities, 203MW (7%) renewables generation and 750MW (28%) contracted thermal generation.

We are supporting the development of an additional 340MW of renewable energy projects that are currently under construction and will be operating by the end of 2019. This will bring our percentage of renewables to 18%. Compared to our major competitors, we have a lower proportion of energy capacity from coal, more energy from natural gas and a similar proportion from renewables.





# Our business

Fuel for our generation assets is provided under contracts with suppliers, and also includes by-products from co-located industrial facilities and renewable sources. Our owned and operated generation portfolio has been less emissions intensive than the National Electricity Market for numerous years (see our emission intensity graph on page 7).

We do not own upstream gas production fields or facilities.

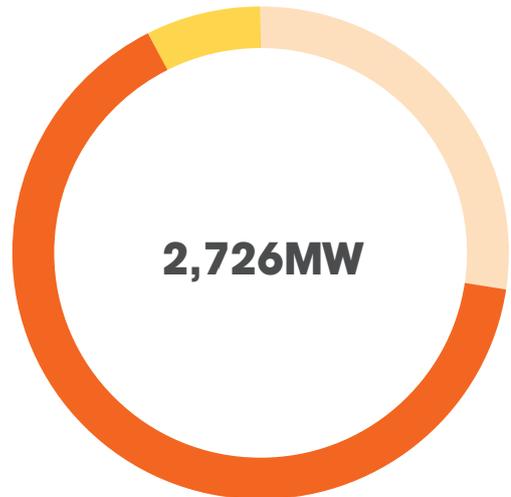
Alinta Energy has a detailed renewable investment strategy and aims to support the development of 1,000MW renewable energy by 2020. We also recently acquired a business that supplies and installs geothermal-based air conditioning units (see page 72).

## Where we operate

We are a national energy company that operates across all mainland Australian states and in New Zealand. Our operations span South Australia, Victoria, New South Wales, Australian Capital Territory, Queensland, the resource rich Pilbara region and the south west region of Western Australia (including Perth). We also operate a facility in Glenbrook, New Zealand.

We operate in Australian energy markets including the South West Interconnected System (SWIS), North West Interconnected System (NWIS) and the National Electricity Market (NEM).

Capacity split at 30 June 2018



- Gas fired power stations - 65%
- Contracted brown coal power station - 28%
- Contracted renewables - 7%

The scope of our business activities across Australia and New Zealand is shown below:

	<b>Generation</b> We design, build, own and operate energy assets	<b>Storage</b> We own and operate energy storage assets	<b>Transmission and distribution</b> We own transmission and distribution networks	<b>Customers</b> We provide energy to mass market, SME, C&I and major customers	<b>Retail renewable energy opportunities</b> We invest in innovative technology for our customers
Australia - East Coast (NEM)	<span style="color: orange;">○</span>	<span style="color: lightorange;">○</span>	<span style="color: orange;">○</span>	<span style="color: orange;">○</span>	<span style="color: orange;">○</span>
Australia - West Coast (SWIS and NWIS)	<span style="color: orange;">○</span>	<span style="color: lightorange;">○</span>	<span style="color: orange;">○</span>	<span style="color: orange;">○</span>	<span style="color: orange;">○</span>
Australia - Pilbara	<span style="color: orange;">○</span>	<span style="color: orange;">○</span>	<span style="color: orange;">○</span>	<span style="color: orange;">○</span>	<span style="color: lightorange;">○</span>
New Zealand	<span style="color: orange;">○</span>	<span style="color: lightorange;">○</span>	<span style="color: lightorange;">○</span>	<span style="color: orange;">○</span>	<span style="color: lightorange;">○</span>

○ Current activities

# About Alinta Energy

## Performance

We measure our performance against a range of financial and operational targets, such as earnings before interest, tax, depreciation and amortisation (EBITDA) growth and availability targets. Our performance in these important areas is shown below:

Target	FY19 Target	FY18 Target	FY18 Actual	FY17 Actual
<b>EBITDA</b>	2%	8%	50%	2%
<b>Availability</b>				
<b>Newman</b>	88.5%	^ 90.0%	93.4%	94.9%
<b>Port Hedland</b>	84.8%	86.8%	88.8%	94.5%
<b>Pinjarra</b>	93.2%	^ 90.1%	91.1%	97.4%
<b>Wagerup</b>	95.6%	94.7%	96.3%	94.1%
<b>Bairnsdale</b>	94.4%	92.2%	94.4%	97.7%
<b>Braemar</b>	92.9%	93.2%	85.8%	97.4%
<b>Glenbrook (MHF<sup>*</sup>)</b>	94.8%	94.2%	93.1%	92.0%

^ The FY18 targets for Newman and Pinjarra were increased by 0.1% from the levels reported in the FY17 Sustainability Report.

\* MHF - Multiple hearth finance.

**EBITDA:** During the year, the scale of our business increased substantially from a range of activities including new electricity and gas supply contracts, increased retail customer numbers as a result of discounted retail electricity usage rates, and reinvestment into our assets and people. This resulted in strong financial performance and EBITDA growth.

**Availability:** In FY18, we met five out of our seven generation facility availability targets. The Glenbrook Power Stations' availability performance was marginally below its target of 94.2%. Braemar Power Station in Queensland had a more significant shortfall in availability due to outages in September 2017 and February 2018.

# About Alinta Energy

## Energy Output, Energy Sales and Customer Numbers

	Total	NSW	VIC	SA	WA	QLD	ACT	NZ
<b>Energy Output (GWh)</b>								
Gas-fired Generation (GWh)	1,750	-	258	-	1,071	421	-	-
Co-generation (GWh)	2,707	-	-	-	2,115	-	-	592
Wind Offtake Agreements (GWh)	695	-	379	-	316	-	-	-
Contracted Brown Coal (GWh)*	2,810	-	2,810	-	-	-	-	-
<b>Energy Sales</b>								
Total Gas Sales (GJ)	38,186,440	599,936	5,384,821	446,411	30,115,577	1,639,695	-	-
Total Electricity Sales (GWh)	8,563	719	3,826	868	2,679	466	5	-
<b>Customer Numbers</b>								
Residential	1,007,604	92,299	201,028	83,417	505,328	125,532	-	-
Business	8,556	297	302	429	899	6,623	5	1

\* Relates to Alinta Energy's contract with Loy Yang B Power Station for ~75% of their output, which commenced from 16 January 2018.

## Offices

Our headquarters are located in Sydney, however our largest office is in Perth. We also have offices in Melbourne and Adelaide, and during FY18 opened a new office in Brisbane to support our growing East Coast Integrated business.

## Ownership

Alinta Energy and the Loy Yang B Power Station<sup>4</sup> are both subsidiaries of the Chow Tai Fook Enterprises Limited (CTFE) group entity, Pioneer Sail Australia Pty Ltd (ABN 91 617 846 385), after CTFE acquired the Loy Yang B Power Station in January 2018. Alinta Energy and Loy Yang B have separate boards, each with independent chairman. Pioneer Sail Australia Pty Ltd and Alinta Energy forecast future carbon pricing scenarios into all significant generation capital expenditure decisions.

CTFE is the flagship private investment holding company of the Cheng Family, which is the controlling shareholders of the Chow Tai Fook Jewellery Group Limited (Hong Kong stock code 1929) that was founded in 1929, one of the world's leading jewellery retailers with US\$7.6 billion revenue in the financial year ended in March 2018.

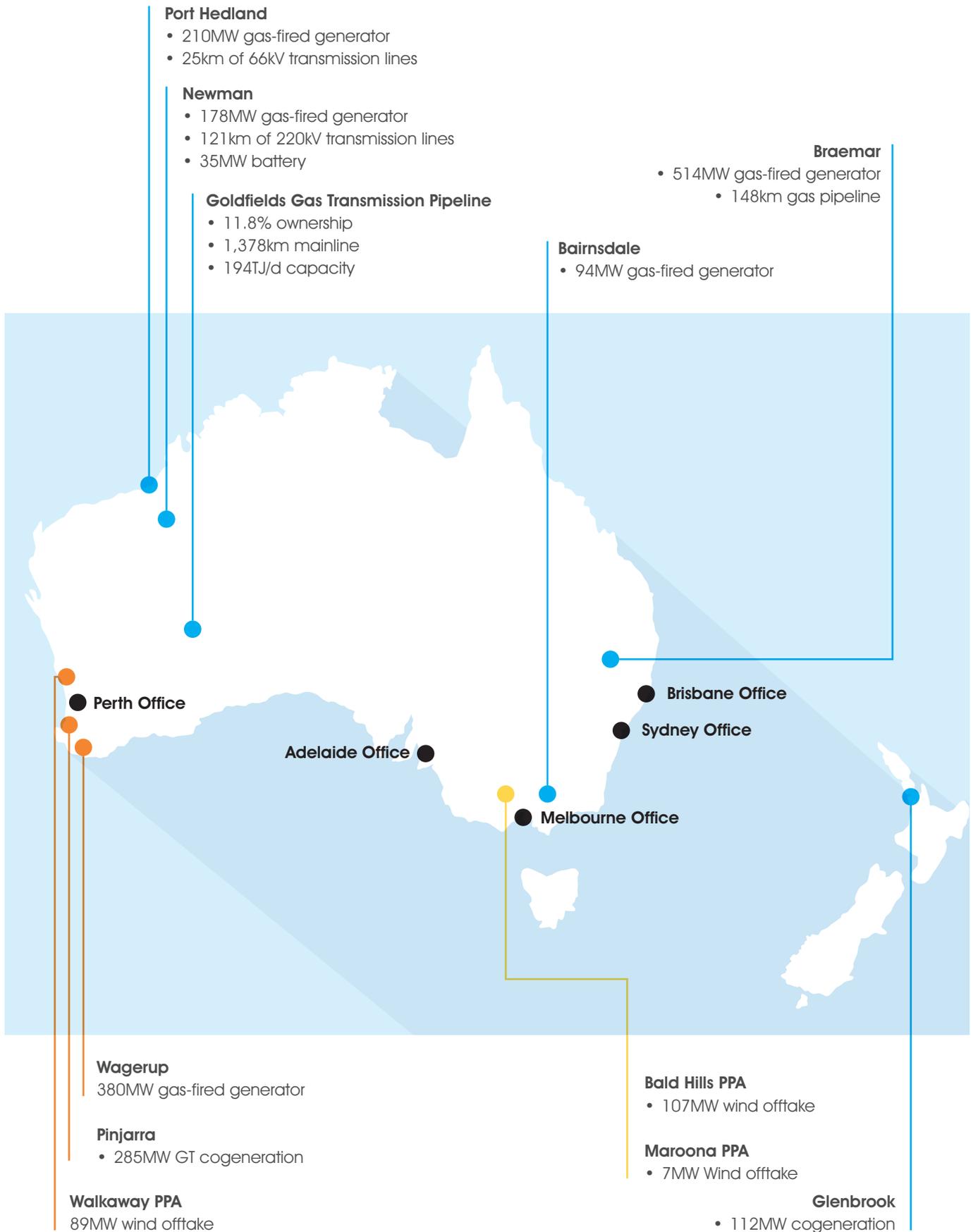
The Cheng Family's businesses focus on jewellery, property development, hospitality services, infrastructure, aircraft leasing, energy, healthcare, education, technology, environmental services, retail and media. As of December 2017, the Cheng Family had held controlling interests in 9 listed companies on the Main Board of the Stock Exchange of Hong Kong Limited with a combined asset of over US\$65 billion.

CTFE seeks to deliver sustainable growth through professional investing and upholding relationship driven philosophy of family-owned businesses. CTFE is a premier family investor with strategic investments in energy, aircraft leasing, healthcare, education and media; marquee investments in prime real estate and hospitality services; private equity investments in quality growth companies mainly in the technology sector and a liquid portfolio of equities and bonds. CTFE is also the largest shareholder of New World Development Company Limited (Hong Kong stock code 0017), a constituent stock of the Hong Kong Hang Seng Index with assets of approximately US\$60 billion as of December 2017. CTFE and its investee companies operate in 30 countries globally.

<sup>4</sup> For more information on Loy Yang B see their Sustainability Report.  
(<https://www.alintaenergy.com.au/nsw/about-us/power-generation/loy-yang-b-power-station>)



# Office and asset locations



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

## Operational power stations

### Western Australia

#### Port Hedland Power Station

- Staff: 9
- Capacity: 210MW
- Fuel type: Gas/Distillate
- Load Profile: Intermediate
- FY18 Availability: 88.8%

#### Newman Power Station and Battery Storage

- Staff: 11
- Capacity: 178MW
- Fuel Type: Gas/Distillate
- Load Profile: Intermediate
- Other: 35MW battery storage facility.
- FY18 Availability: 93.4%

#### Wagerup Power Station

- Staff: 7
- Capacity: 380MW
- Fuel Type: Gas/Diesel
- Load Profile: Peaker
- FY18 Availability: 96.3%

#### Pinjarra Power Station

- Capacity: 285MW
- Fuel Type: Gas
- Load Profile: Base
- FY18 Availability: 91.1%
- No Alinta Energy staff as operated by Alcoa of Australia

### Queensland

#### Braemar Power Station

- Staff: 7
- Capacity: 514MW
- Fuel type: Gas-fired
- Load Profile: Intermediate Peaking
- FY18 Availability: 85.8%

### Victoria

#### Bairnsdale Power Station

- Staff: 3\*
- Capacity: 94MW
- Fuel Type: Gas-fired
- Load Profile: Peaker
- FY18 Availability: 94.4%

### New Zealand

#### Glenbrook Power Station

- Staff: 27
- 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)
- FY18 Availability: 93.1%

## Transmission Infrastructure

### Western Australia

#### Newman to Roy Hill Electricity Transmission Line

- 121km (220kV) transmission line to supply power from Newman Power Station to the Roy Hill Mine including substations, a distribution system and 6MW of on-site diesel generation.

#### Goldfields Gas Transmission Pipeline

- 11.8% investment in 1,378km long pipeline in Western Australia.

### Queensland

#### Braemar Gas Pipeline

- 148km pipeline, 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<sup>^</sup>

- 133MW wind and 17MW solar conditional offtake agreement

### Victoria

#### Bald Hills Wind Farm

- 107MW offtake agreement

#### Maroona Wind Farms

- 7MW power purchase master agreement

#### Timboon Wind Farm<sup>^</sup>

- 7MW conditional power purchase master agreement

#### Yawoong Wind Farm<sup>^</sup>

- 7MW conditional power purchase master agreement

#### Bannerton Solar Farm<sup>^</sup>

- 32MW conditional power purchase master agreement

#### Kiamal Solar Farms<sup>^</sup>

- 50MW conditional power purchase master agreement

### Queensland

#### Collinsville Solar PV<sup>^</sup>

- 42MW conditional offtake agreement

#### Rugby Run Solar PV<sup>^</sup>

- 52MW conditional off take agreement

## Offices

#### Sydney Corporate Headquarters

- Staff: 132
- 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: 220
- 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: 27
- Pillars/Business Units: Power Generation, Corporate Services, Finance, Retail Markets
- Other: Home to many of Alinta Energy's supporting services.

#### Melbourne Office

- Staff: 111
- Pillars/Business Units: Retail Markets (East Coast), Power Generation
- Other: Base for East Coast customer operations

#### Brisbane & Gold Coast Office field sales

- Staff: 21
- Pillars/Business Units: Retail Markets (East Coast)
- Other: Base of new Alinta Geothermal and field sales

\* This site normally operates with two additional staff members, however there were two open positions at 30 June 2018.

<sup>^</sup> These assets reflect financial commitments as part of our progress towards 1,000MW of large-scale renewables by 2020, however are not yet operational.

# Vision

Our vision, sense of purpose and values aim to unite and guide our people, customers and stakeholders.



1 By 2022, based on AON Hewitt engagement survey and TRIFR <5 and zero Class 1 (fatalities and permanent life altering injuries).

2 Average CAGR over the life of "base" Alinta five year plan to 2020.

3 By 2020, either from internal developments or contracted sources, including

a) in operation and producing MW; or

b) projects that are still in development but have reached FID stage and progressing towards being producing projects.

4 Based on NERC benchmarks for forced outage factors, availability and start reliability. NPS targets - West Coast +60, East Coast +60.

# Values

Our values support our vision and underpin our identity and culture.



## 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. Our governance structures and business units are designed to enable us to achieve our vision, sense of purpose and values.

## Board of Directors

Alinta Energy's Board has seven members, comprising three independent non-executive directors (including the Chairman), three non-executive directors, and the Managing Director & CEO. Brief biographies of our directors are provided on page 28.

The Board is the primary governing body responsible for approving our overall strategy, monitoring its implementation and overseeing our operations. The Board has delegated authority to the MD & CEO to manage the business on a day-to-day basis and approves matters beyond management's authority.

The Board has established the following standing committees to assist it in fulfilling its responsibilities:

- **Executive Committee**  
Assists the Board and considers important matters which arise between Board meetings.
- **Audit and Risk Committee**  
Oversees financial reporting, risk management and compliance and internal and external audit functions.
- **People, Remuneration and Benefits Committee**  
Oversees key people and culture policies and practices and makes recommendations to the Board on remuneration and other benefits and executive retention and succession plans.

Our sustainability initiatives and performance are reviewed and monitored by 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 our policies and procedures. It provides a framework for our people to behave ethically at work and more broadly.

## Legislation and Policy

Our business can be affected by changes to laws, regulations and government policies. We are subject to a wide range of regulations across health and safety, competition, environmental compliance, customer communications, renewable energy, energy efficiency, energy trading markets, and tariff setting. The whole business is actively involved in complying with these requirements. Corporate Services monitors legislation and policy to consider the impact of new requirements, amendments, or changes in Alinta Energy's business.

## Competition and Consumer Law

We take compliance with the Competition and Consumer Act 2010, including Australian consumer law very seriously and have a robust compliance program in place. This includes mandatory compliance training and assessment for relevant staff through a Self-Administered Legal Training (SALT) program to ensure they clearly understand their responsibilities under these laws. We regularly monitor the activities of our business partners, particularly marketing and outsourced service providers, to identify and rectify any compliance concerns in a timely manner.

Alinta Energy did not receive any material fines<sup>5</sup> or non-monetary sanctions for non-compliance with Australian Consumer Law during the reporting period. During the period, we worked with the ACCC to resolve a compliance matter relating to advertising materials distributed in Victoria. We identified a discrepancy during our investigation and took remedial action including for people who had been affected. No formal action was taken by the ACCC.

<sup>5</sup> Please refer to our definition of material fines on page 78.



**Alinta Energy Directors Tony Howarth and Gary Burg at Port Hedland Power Station in the Pilbara, WA.**

# Executive leadership team

Alinta Energy’s organisational structure is designed to promote efficient decision-making supported by individual accountability and effective oversight.

We have four business units, which comprise the two operational pillars of Merchant Energy and Retail Markets and the two supporting functions of Finance & IT and Corporate Services. Each business unit is led by an Executive Director who reports to the MD & CEO. At the time of publishing, Alinta Energy has decided to elevate Information Technology into the Executive team, which will be led by a new executive that is being appointed. Our current Executive Directors and their areas of responsibility are shown below:



**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 Counsel
- 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
- 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)

Alinta Energy has established several management committees including the Capital Steering Committee, Energy Risk Management Committee and the Safety and Sustainability Council. The Safety and Sustainability Council is chaired by the General Manager of Safety & Sustainability and has broad representation from operations, engineering, large scale power development, wholesale, people and culture, sales, retail, small scale renewables, safety, sustainability, finance and risk.

# Board biographies

## Independent Non-Executive Directors



### Mark Johnson AO (Chairman)

- Chairman of Alinta Energy since March 2011.
- Currently Chairman of Dateline Resources among other directorships.
- Served 22 years as a director of AGL, most recently as Chairman (2006 – 2010).
- Mark holds a Bachelor of Laws (Hons.) from the University of Melbourne, an MBA from Harvard and is a Fellow of the Australian Institute of Company Directors (AICD).



### Tony Howarth AO

- Director of Alinta Energy since March 2011.
- Director of Wesfarmers (since 2007).
- Previously Chairman of Home Building Society, Deputy Chairman of Bank of Queensland and a Director of AWB.
- Tony is a Life Fellow of the Financial Services Institute of Australasia.



### Gary Burg

- Director of Alinta Energy since April 2017.
- Chair of UCW Limited (ASX: UCW) and an independent non-executive director of ClearView Wealth Limited (ASX: CVW).
- 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.

## Non-Executive Directors



### Dr Henry Cheng

- Chairman of Chow Tai Fook Enterprises Limited.
- Chairman and Executive Director of New World Development Company Limited (HK stock code: 0017) and Chow Tai Fook Jewellery Group Limited (HK stock code: 1929).
- Executive Vice-Chairman of Silk Road Chamber of International Commerce.
- Chairman of the Advisory Council for The Better Hong Kong Foundation.
- Awarded the Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2017.
- Dr Cheng holds an MBA from University of Western Ontario; an honorary DBA from Johnson & Wales University; and an honorary LLD from University of Western Ontario.



### Patrick O.Y. Tsang

- CEO of Chow Tai Fook Enterprises Limited.
- Executive Director of UMP Healthcare Holdings Limited (HK stock code: 0722) and Melbourne Enterprises Limited (HK stock code: 0158); Non-Executive Director of Greenheart Group Limited (HK stock code: 0094), i-CABLE Communications Limited (HK stock code: 1097) and Integrated Waste Solutions Group Holdings Limited (HK stock code: 0923).
- Governor of Chow Tai Fook Charity Foundation.
- Over 20 years of international investment banking experience, including as Managing Director, Head of Asia Fixed Income Capital Markets at Deutsche Bank AG based in Hong Kong.
- Patrick holds a Bachelor of Economics from Columbia University, New York.



### Conrad Cheng

- Non-Executive Chairman of Greenheart Group Limited (HK stock code: 0094).
- Executive Director of New World China Land Limited (a listed public company in Hong Kong until its delisting on 4 August 2016).
- Vice-Chairman of Green Council (a non-profit, non-partisan environmental association and certification body of Hong Kong).
- Previously an Executive Director of New Times Energy Corporation Limited (HK stock code: 0166).
- Conrad holds a Bachelor of Arts in Statistics from University of Toronto.

## Executive Director and CEO



### Jeff Dimery - Managing Director and CEO Alinta Energy

- CEO of Alinta Energy since 2011.
- Chair of the Australian Energy Council.
- Previously held numerous energy industry directorships including The National Generator's Forum, the Australian Wind Energy Association, the Renewable Energy Generators of Australia, the Clean Energy Council and the Australian Energy Market Commission's Reliability Panel.
- 15 years at AGL prior to joining Alinta Energy.
- Jeff holds a Bachelor of Business from RMIT University and has completed the Executive Learning Program at IMD Business School in Switzerland.

# Risk management and compliance

## Enterprise Risk Management

Our Enterprise Risk Management (ERM) framework is a key governance framework that has been developed in accordance with leading standards AS/NZ ISO 31000:2009 and Committee of Sponsoring Organisation's Enterprise Risk Management – Integrated Framework (COSO II). It supports the identification, analysis, evaluation, treatment, monitoring via a risk register, review and communication of risks. These risks are classified as either financial, strategic, operational and reputational and are assessed against an impact and likelihood rating criteria.

Biannually, the business prepares a formal risk report with current, new and emerging risks and documents the progress of mitigating actions. The report is prepared through a bottom-up process that focuses on taking ownership for risk and includes a divisional risk register that covers all leaders within the group. These divisional risks are reported to the Board and its Executive Committee and Audit and Risk Committee. Overall risk management practices are reviewed by internal audit and any issues are reported on a regular basis to the Audit and Risk Committee.

## Compliance

The Australian energy industry is heavily regulated and managing compliance 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<sup>6</sup> fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period. We did, however, receive a number of individual infringements from the Australian Energy Regulator and the Essential Services Commission in Victoria associated with process breaches when signing up new customers. We have since improved our procedures, training programs and contractor management practices to reduce the risk of similar breaches occurring in the future and are working with the relevant regulators to remediate these situations.

<sup>6</sup> Please refer to our definition of material fines on page 78

## Anti-corruption measures

Alinta Energy has zero tolerance for bribery and corruption. This is reflected in our Anti-Corruption and Bribery Policy, which is available on our intranet. To safeguard the business from the adverse reputational damage caused by corruption and bribery, we set an expectation that all people in the Alinta Energy Group will:

- act with honesty and integrity in all aspects of their work, and
- adhere to our high ethical and moral standards.

## Whistleblower hotline

Alinta Energy is committed to a culture of compliance, ethical behaviour and good corporate governance. Our people are strongly encouraged to immediately report illegal or inappropriate acts to their manager or to an independent whistleblower hotline if it is sensitive in nature. This includes actual or suspected theft, fraud, dishonesty, harassment, unethical behaviour and workplace safety hazards.

This ensures that all our people have a choice of communication channels to raise concerns without fear of harassment or discrimination. The whistleblower hotline is an independent service provided by Deloitte and is investigated by the Executive Director Corporate Services and the General Manager People & Culture for consideration by the MD & CEO. All the details on how to use this service are available on our intranet, which includes reporting misconduct directly to Deloitte by phone, email, online or by post.

## Insurance

We have a comprehensive insurance program which includes policies for property damage, business interruption, workers' compensation, combined liability, directors and officers liability, corporate travel, motor vehicle, marine transit and group journey injury cover. These policies and their deductibles are maintained at levels that we believe are adequate, reasonable and consistent with our risk profile and aligned with industry practice.

# Economic health

Sustained economic growth is important to many of our key stakeholders, including our employees, owners, partners and suppliers, who derive an income from the business. Our executive leadership team achieves sustained economic growth by creating direct and indirect economic value from efficient operations and strategic investments.

## Direct Economic Value

The economic value generated by our business is shared among suppliers, employees, financiers, owners and the government, as illustrated:

Economic Value Distributed (\$ million)	FY18	FY17
Operating costs, including suppliers	2,146	1,920
Employees' wages and benefits	98	75
Finance expenses	29	199
Income tax	(178)	36
Net profit after tax	630	(52)

Revenue by Type (\$ million)	FY18	FY17
Electricity	1,086	858
Gas	595	607
Other retail	35	39
Contracts & trading	1,006	672
Other income adj.	3	2
Total revenue	2,725	2,178

\* For consistency, the data in the table above has been prepared based on our audited financial statements which comply with accounting standards, rather than in line with the GRI Standards.

## Indirect Economic Value

We support a range of charitable organisations that assist the community and our environment through financial contributions and volunteering. For more information, please refer to Our Communities on page 60.

## Invested Capital

Alinta Energy's total invested capital and debt at the end of the reporting period was \$2.97 billion, comprising 76% equity from our private ownership and 24% debt.

## Financial Performance

During the year, the scale of our business increased substantially, resulting in strong financial performance and EBITDA growth. For example, the business signed a major capacity agreement with Loy Yang B, entered into new gas supply agreements and made significant investments in assets and people to grow our presence across Australia. We also discounted our retail electricity usage rates, which resulted in a significant increase in our retail customer numbers. As a result of these actions, our financial performance and EBITDA improved significantly.

Segment Underlying EBITDA (\$ million)	FY18	FY17	FY16	FY15	FY14
<b>West Coast Integrated</b>	231.9	242.5	237.1	236.9	209.4
<b>Contracted Assets</b>	150.8	145.0	162.1	155.4	158.0
<b>East Coast Integrated</b>	238.8	32.6	21.5	9.5	9.2
<b>Underlying EBITDA pre corporate and other costs</b>	<b>621.5</b>	<b>420.1</b>	<b>420.7</b>	<b>401.8</b>	<b>376.6</b>
<b>Corporate and other<sup>1</sup></b>	(49.5)	(39.9)	(48.5)	(44.0)	(46.0)
<b>Group Underlying EBITDA</b>	<b>572.0</b>	<b>380.2</b>	<b>372.2</b>	<b>357.8</b>	<b>330.6</b>

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.

- For comparability, group underlying EBITDA excludes the Flinders operations in prior years. These operations ceased in FY16.

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

## Consolidated Accounts

A copy of Alinta Energy's consolidated accounts can be purchased from the Australian Securities and Investment Commission (ASIC) website (<http://asic.gov.au>). These are independently audited by KPMG to ensure they provide a true and fair representation of our financial position and performance.

# Safety

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Alinta Energy is committed to providing safe, healthy work environments and systems for all workers. Health and safety remains our highest priority and we have continued to focus on our relentless pursuit of zero harm during the year.





alintasafe

Bisley FR

alintasafe

everyone, every day,  
every job: Zero Harm

# Safety

Our performance against our safety targets and key activities for FY18 is shown in the table below and demonstrates our commitment to monitoring our performance against our objectives.

Target	FY19 Target	FY18 Target	FY18 Actual	FY17 Baseline
<b>Class 1 injuries*</b>	0	0	0	0
<b>TRIFR</b>	<5	<5	5.84	1.89
FY19 Key Activities		FY18 Key Activities		FY18 Actual
Conduct major hazard standard field verifications at all power generation sites through outage / high risk periods.		Conduct audits over two major hazard standard's at all 6 power generation sites		Achieved
Conduct safety audits for Metering and Geothermal.		Conduct safety audits for solar and field sales		Achieved
Safety leadership training Safety value add tracking		Review safety at new & significant projects from FY18		Achieved

<sup>1</sup> Alinta Energy took a staged financial interest in Queensland Pre-stressing Pty Limited during FY18 and eventually acquired a 95% interest in the Geothermal part of the business in June 2018. Due to the ongoing transition of this business into Alinta's operations, (including the adoption of Alinta's safety system), this business's safety statistics have not been included in the safety performance data in this report. This information will, however, be included in future periods once business integration is completed.

\* Class 1 injuries include fatalities and permanent, partial and long term temporary impairment injuries.

## Safety Performance

Graphs of our current and historical safety performance are provided on page 6 of this report.

During the year, the expansion of our retail business into new business activities and large projects have created exposure to new and diverse safety risks.

For example, Alinta now directly employs field sales agents to sell energy to customers in public spaces (such as shopping centres) and through a door-to-door sales model. This contributed to more recordable injuries occurring in FY18 than the previous reporting period. Our annual TRIFR of 5.84 slightly exceeded our target of 5. The same contributing factors also resulted in our Lost Time Injury Frequency Rate (LTIFR) increasing to 2.92.

We are not satisfied with this performance and have conducted a field sales safety audit during the year to identify opportunities for improvement. The recommendations from this process are currently being implemented, and we are confident these initiatives will help manage the risks faced by our field sales agents and reduce safety incidents and injuries in the future.

In contrast, we demonstrated exemplary safety performance on two large projects that were completed during the year. This included the 141,300 hours Repower project at Port Hedland and the 112,200 hours Battery project at Newman. Significant planning and maintaining a strong safety culture meant that all additional staff and contractors required during these two large projects were injury free. Both projects had zero recordable injuries and we are very proud of this achievement.

Despite these new risks and challenges, we are pleased to report there were no Class 1 injuries during the reporting period, which includes fatalities and injuries resulting in permanent or long-term impairment. This was in line with our target to maintain zero Class 1 injuries, consistent with our performance in the previous reporting period.

## Safety engagement

Our relentless pursuit of zero harm through leadership, commitment, planning and implementation of the AlintaSafe strategic model has maintained our strong safety culture this year. This is evidenced by our staff's responses to the safety related questions in the 2018 AON Hewitt employee engagement survey, which indicated a 91% safety engagement score. This result is well above AON Hewitt's top quartile performance data for safety engagement.

## Safety Reflections

In May 2018, we held safety events across the business to release our refreshed AlintaSafe program. This included an organisation-wide stop work meeting to reconnect with our safety value and provide employees with reminders of our safety principles.

## AlintaSafe Strategic Model

The AlintaSafe strategic model is designed to lift the profile of our safety value and encourage workers to eliminate hazards, reduce risks and improve safety systems. It supports leadership to reinforce our safety vision of 'everyone, every day, every job: zero harm' with words and effective action.

The model, including our three safety principles and five safety pillars is shown below:



## Safety Governance

Alinta Energy's strong safety culture is promoted by our executive leadership team and reflected in our Health and Safety Policy. The Board and Executive Committee monitor our ongoing safety performance and receive reports from our internal Safety and Sustainability Council

Formal site health and safety groups and informal forums are in place to monitor and advise on workplace health and safety programs.

All workers are engaged via safety reflection events to proactively apply the Health and Safety Policy that guides decision-making, objective setting and actions.

## Health and Safety Management System

Our health and safety management system applies to everybody on our sites and work areas, regardless of their employment status. This includes employees, contractors, volunteers and others who could be impacted by our operations. Managers are required to ensure that OHS procedures comply with the management system and are consistent with Australian/New Zealand Standard 4801 health and safety management systems (AS/NZS 4801:2001).

## Safety Audits

In FY18, we concluded our corporate safety assurance audit program that focused on our confined space and hazardous substances major hazard standards. All Alinta Energy power stations were audited against the requirements of these standards and are now working through the implementation of the audit recommendations. We also conducted two safety management plan audits of our solar and field sales operations in the Retail business.



**Ellen Lambridis (Chief Financial Officer) doing a breath test at our Newman Power Station.**

## Contractor Safety

Contractors are engaged both for normal operations and during high labour demand periods such as major plant shutdowns. Contractor safety is managed through a specific prequalification process, formal contract risk assessment, and on-site management and supervision.

Contract safety management plans are put in place for major projects. This involves confirming contractor competencies and qualifications against the agreed scope of work and requiring all contractors to undergo site-specific safety induction before beginning work. During the reporting period we have implemented contractor management software (Rapid Induct) to strengthen and monitor this process.

Access terminals have been installed at each Alinta Energy site as part of the software implementation. Contractors and visitors must sign in at these terminals and confirm their induction and prequalification. At the end of the reporting period, 139 compliant contractors had been input to the system and 923 people had completed health and safety inductions.



**An example of the new access terminals implemented at each site during the year.**

## Mental Health Support

The Mental Health and Wellbeing Committee was established in 2017 to help Alinta Energy provide safe and healthy workplaces for our people. The Committee includes representatives from across all four business units. It supports the executive leadership team in ensuring we have appropriate frameworks, tools, training and reporting in place to support psychological health.

During the reporting period, the Committee arranged mental health training sessions for our people on a range of practical topics. In addition, representatives from each of our major locations and People and Culture attended a two-day mental health first aid training program. Resources and tips for maintaining mental wellbeing are regularly shared across the organisation on our intranet.

Alinta Energy has an employee assistance program available to support our people and their families; further details are provided at page 59.

## Disaster and Emergency Response Planning

Emergency response preparedness plays a vital role in the management of our business and our Emergency Response Plans are designed to ensure that all workers have the skills and resources needed to effectively manage an emergency.

Each of our facilities have developed a site-specific Emergency Response Plan, which includes details such as contact numbers, how to raise 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.

## International Travel – SOS Emergency Medical Assistance Program

Our workers travel to international locations like the Philippines and Hong Kong. To ensure that they have the necessary support, we have subscribed to a 24/7/365 international emergency response service provided by a world leading medical and travel security company. This service includes:

- real time advice relating to emerging situations that may impact their safety or security,
- access to English speaking doctors that can provide medical advice and treatment, and
- assistance centres that coordinate evacuations when required.

# Environment

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We are committed to our vision of becoming Australia's most admired energy company and preparing for a carbon constrained future is an important aspect of achieving this vision. As part of this, we have committed to support production of 1,000MW of large-scale renewables by 2020.

During FY18 we acquired a business that supplies and installs geothermal-based air conditioning systems that promote sustainable living. Further details can be found in the Markets and Customers section on page 72.





# Environment

This section focuses on our environmental management practices, large scale renewable energy initiatives, efforts to reduce the impact of climate change and greenhouse gas emissions, and reduction of waste and water. Our performance against key environmental management and renewable energy targets is shown below:

Target	Ongoing Target	FY18 Actual	FY17 Actual
<b>Zero significant environmental incidents</b>	<b>0</b>	<b>0</b>	<b>0</b>

Target	2020 Target	FY18 Actual	FY17 Actual
<b>Developing or producing 1,000MW renewables by 2020</b>	<b>1,000MW</b>	<b>543MW</b>	<b>402MW</b>

## Climate change and energy emissions

### Climate Change

According to the World Economic Forum’s 2018 Global Risks Perception Survey<sup>7</sup>, three of the top five global risks relate to the environment:

- Extreme weather events
- Natural disasters
- Failure of climate change mitigation and adaptation.

Top 5 global risks in terms of:	
Likelihood	Impact
Weapons of mass destruction	Extreme weather events
Extreme weather events	Natural disasters
Natural disasters	Cyberattacks
Failure of climate change mitigation and adaptation	Data fraud or theft
Water crises	Failure of climate change mitigation and adaptation

7 - Global Risks Perception Survey 2018 [http://www3.weforum.org/docs/WEF\\_GRR18\\_Report.pdf](http://www3.weforum.org/docs/WEF_GRR18_Report.pdf)

International action against climate change is driven by the United Nations Convention on Climate Change (UNCCC). During the UNCCC’s 21st Conference of Parties, in Paris, governments from around the world committed to reducing their national emissions. This included Australia’s commitment to reduce its emissions by 26-28% below 2005 levels by 2030.

### The energy industry’s challenge

Electricity generation is a significant contributor to Australia’s greenhouse gas emissions, meaning there is strong public interest in the role the energy sector should play in reducing the country’s emissions. The community expects government and business leaders to reduce the sector’s contributions to climate change, while also ensuring energy remains affordable and reliable.

The diversity of opinion on the speed of this reduction presents the energy industry with a significant challenge. Reducing our sector’s emissions requires major investment in infrastructure and time is needed to prepare the electricity system for withdrawing older thermal generation facilities in an orderly manner to minimise energy price shocks and maintain grid stability.

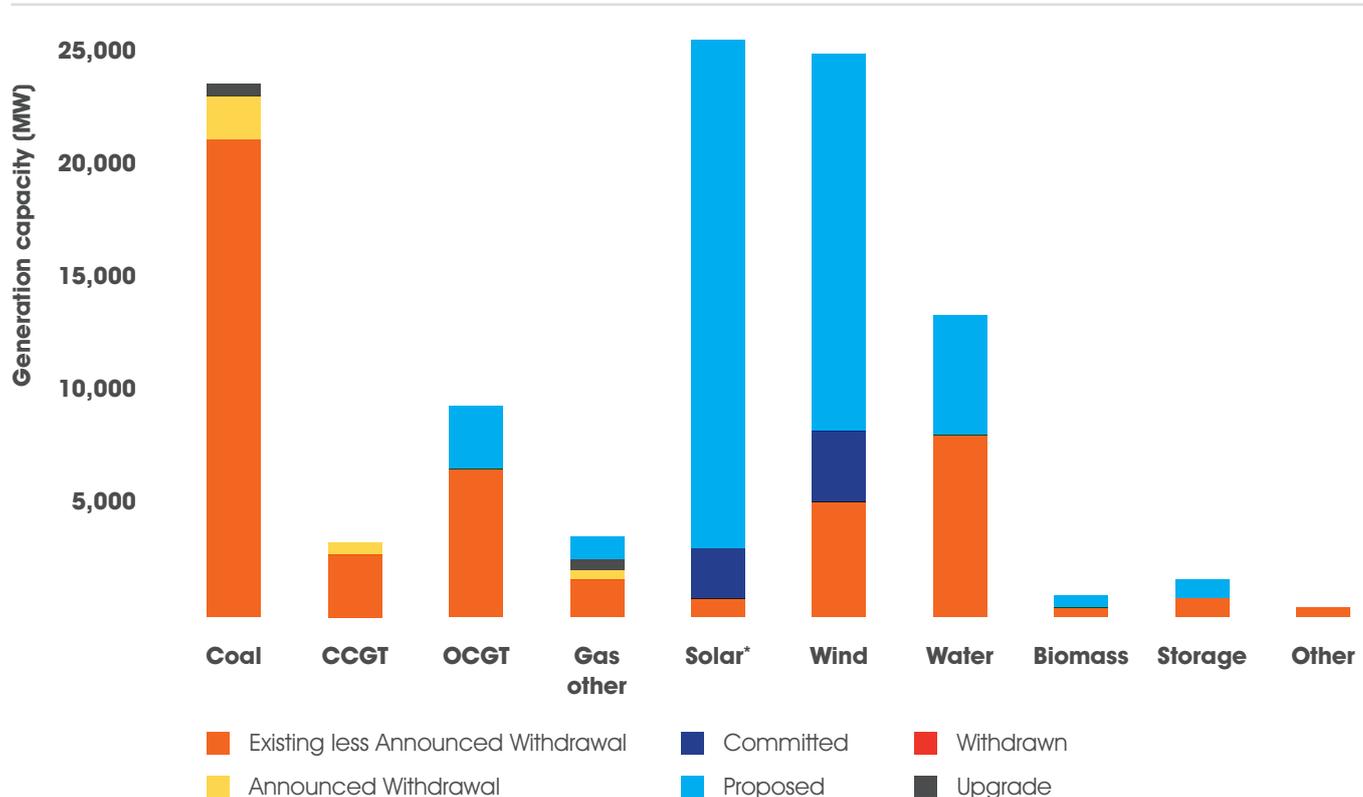
Alinta Energy believes that climate change poses significant risks and agrees Australia must reduce the greenhouse gas emissions associated with electricity supply. However, this transition should take place over a sensible timeframe to:

- Allow low emission generation and energy storage technologies enough time to mature and be deployed across the electricity grid at commercial scales.
- Give market participants enough time to thoroughly evaluate investments in new generation assets to avoid expensive and ineffective decisions.
- Spread out capital investment costs and baseload generation capacity withdrawals over an appropriate period to ensure energy prices remain affordable and reliability is not impacted.

The good news is that the transition to a cleaner energy future has already begun. Over recent years, there has been significant investment in new renewable generation capacity and older coal-fired generators have begun to exit the market. With enough time and a stable energy policy environment, the industry will be able to materially lower its greenhouse gas emissions, maintain energy affordability at reasonable levels and solve the reliability issues of increasing intermittent generation capacity.

The following graph and table is sourced from the Australian Energy Market Operator<sup>8</sup> and shows the current generation capacity by fuel type in the National Electricity Market (NEM), which operates across Queensland, NSW, Victoria, South Australia, Tasmania and the ACT, including progress towards installing new renewable energy capacity as at 1 July 2018. It shows that although most of the existing generation in the NEM is from coal, there are significant amounts of committed and proposed large scale renewable generation in the development pipeline.

## NEM Installed Capacity



Status	Coal	CCGT	OCGT	Gas Other	Solar*	Wind	Water	Biomass	Storage	Other	Total
<b>Existing<sup>^</sup></b>	23,006	3,093	6,717	2,158	960	5,114	8,021	665	100	155	<b>49,989</b>
<b>Announced Withdrawal</b>	2,000	208	34	480	-	-	-	-	-	-	<b>2,722</b>
<b>Existing less Announced Withdrawal</b>	21,006	2,885	6,683	1,678	960	5,114	8,021	665	100	155	<b>47,267</b>
<b>Upgrade</b>	180	-	-	-	-	-	-	-	-	-	<b>180</b>
<b>Committed</b>	-	-	-	210	2,315	2,992	-	24	107	-	<b>5,648</b>
<b>Proposed</b>	-	60	2,389	990	21,899	16,643	5,349	385	1,688	59	<b>49,462</b>
<b>Withdrawn</b>	-	-	-	-	-	-	-	-	-	-	<b>-</b>

<sup>^</sup> Existing includes Announced Withdrawal.

\* Solar excludes rooftop PV installations

8 - <https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/Generation-information>. This data is current as at 1 July 2018.

## Australia's energy policy

To enable Australia to meet international emission reduction commitments, over the past decade successive governments have sought without success to introduce legislation and regulations that establish a governance framework to provide certainty for energy providers and users.

The most recent example is the National Energy Guarantee (NEG), which aimed to address emissions reduction, energy reliability and affordability in a single policy framework. While the NEG has broad support from industry and consumer groups, the Australian Government to date has decided not to progress with the framework.

Alinta Energy believes that Australia requires stable, national, bipartisan, market-based policies for energy and climate change, where participants can be confident making significant and long-term investment decisions. In our view, this would be best achieved through a coordinated, integrated, technology agnostic, long-term energy policy which takes account of all options, opportunities and challenges, and has a firm bipartisan commitment at both national and state levels. We believe this approach would deliver the best results for consumers and the environment in the long term. Alinta Energy remains committed to continuing to work with government and industry to achieve this goal.

Currently there are a range of national and state policies that aim to reduce carbon emissions, promote renewable energy and improve energy efficiency. Key policies like the National Greenhouse and Energy Reporting Scheme, Emission Reduction Fund, Renewable Energy Target as well as various state programs are discussed in this report.

## National Greenhouse and Energy Reporting

The National Greenhouse and Energy Reporting Act, 2007 (NGER Act) is a foundation piece of legislation that requires Australian facilities to report their emissions and the energy they produce and consume. Alinta Energy and its predecessor companies have participated in the NGER program since its inception in FY09. To ensure its accuracy and completeness, NGER data is subject to a voluntary external audit.

The most significant materials consumed by our business relate to the fuels used at our facilities to generate electricity. For owned and operated sites, the main fuel is natural gas and coal seam methane sourced from third party suppliers for use in our gas turbine generation facilities across Australia. In FY18, our energy consumed and scope 1 greenhouse gas emissions remained relatively consistent (both decreased by 1%).

## Energy Consumption from Alinta Energy Owned Electricity Generation in Australia (GJ)

Power Station	Brown Coal	Natural Gas	Coal Seam Methane	Diesel	Fuel Oil	Energy Content of Fuel
South Australia	-	-	-	-	-	-
Queensland	-	-	5,009,434	-	-	5,009,434
Victoria	-	2,682,626	-	-	-	2,682,626
Western Australia	-	30,681,479	-	1,132	-	30,682,611
<b>Total</b>	<b>-</b>	<b>33,364,105</b>	<b>5,009,434</b>	<b>1,132</b>	<b>-</b>	<b>38,374,671</b>

## Scope 1 Emissions from Alinta Energy Owned Electricity Generation in Australia (tonnes CO<sub>2</sub>-e)

Power Station	Brown Coal	Natural Gas	Coal Seam Methane	Diesel	Fuel Oil	Total Emissions
South Australia	-	-	-	-	-	-
Queensland	-	-	248,741	-	-	248,741
Victoria	-	137,024	-	-	-	137,024
Western Australia	-	1,553,293	-	79	-	1,553,372
<b>Total</b>	<b>-</b>	<b>1,690,317</b>	<b>248,741</b>	<b>79</b>	<b>-</b>	<b>1,939,137</b>

The energy and emissions data presented in this report do not include data from the Glenbrook Power Station in New Zealand and the Loy Yang B Power Station in Victoria.

Glenbrook Power Station is embedded in NZ Steel's Glenbrook facility and generates electricity using waste heat and offtake gases from the steel making process, making it impractical to quantify the energy consumed and emissions for this asset.

Loy Yang B Power Station is under the operational control of Latrobe Valley Power (Holdings) Pty Limited and is not part of the Alinta Energy Group. For more information on their emissions see their Sustainability Report which is available (<https://www.alintaenergy.com.au/nsw/about-us/power-generation/loy-yang-b-power-station>).

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 our operational control that are associated with the generation of steam used by Alcoa of Australia Ltd (Alcoa).

The above information maintains a consistent approach to our other assets and facilitates the calculation of meaningful energy and emissions intensity values.

## The Emission Reduction Fund

The Australian Government's primary program to reduce carbon emissions is the Emissions Reduction Fund (ERF). This consists of two elements:

- A fund that purchases Australian Carbon Credit Units (ACCUs) from carbon abatement projects through a reverse auction. This is a voluntary program that aims to incentivise new practices and technologies that reduce emissions.
- A Safeguard Mechanism that ensures facilities that emit significant emissions, keep their emissions at or below a baseline set by the Clean Energy Regulator (CER). Where the baseline is breached, the facility is required to acquire and surrender excess emissions to the government in the form of ACCUs.

The Safeguard Mechanism's electricity sectoral baseline applies to Alinta Energy's facilities except for the Newman Power Station. Under the current policy, we operate below the sectoral baseline and expect this to continue into the foreseeable future.

Public consultation is currently occurring on draft amendments to the Safeguard Mechanism Rule that are likely to change our Newman Power Station's baseline in the future. We will quantify the potential impact of these changes once further information is available, which is expected to be issued by the Department of Environment and Energy in early 2019.

## The Renewable Energy Target

In addition to the ERF, the Australian Government promotes renewable energy through the Renewable Energy Target (RET). The RET has two parts: the Large-Scale Renewable Energy Target (LRET) and the Small-scale Renewable Energy Scheme (SRES).

Alinta Energy supports the RET and we have an ambitious target to support the development of 1,000MW of renewable generation by 2020. This investment strategy, however, will take some time to be fully implemented.

In February 2018, we applied the shortfall charge provisions contained in the Renewable Energy (Electricity) Act 2000 to meet our 2017 RET Large-Scale Generation Certificate (LGC) surrender obligations and will use our significant renewable investments to 'make good' on our LGC shortfall once those projects are operational and creating LGCs. This strategy:

- Complies with the RET, which provides flexibility to make good on LGC shortfalls within three years.
- Minimises the cost of meeting our RET liability, which is beneficial for customers.
- Promotes greater competition in the energy market by increasing the number of energy companies that generate LGCs.
- Enables us to make a more significant investment in renewable energy as we transition towards a low carbon future.

## Alinta Energy's approach to renewables

Our goal is to supply reliable and affordable energy to our customers within the context of a preparing for a carbon constrained future. We believe the transition to a low carbon future must be achieved in an orderly manner that minimises financial impacts and meets consumers' current and future needs.

To do this, we have developed our sense of purpose, vision and targets with careful consideration of the 'energy trilemma', which involves balancing the affordability, reliability and sustainability of our energy supply.

Alinta Energy's primary sustainability goal is to support the development of 1,000MW of large scale renewable energy by 2020. This includes a focus on renewables and innovation in the Pilbara, Western Australia.

## Our involvement in large scale renewables

In FY18, we achieved 543MW towards our target to support the development of 1,000MW of renewable energy by 2020. The renewable projects reflected in this performance are:

### Western Australia

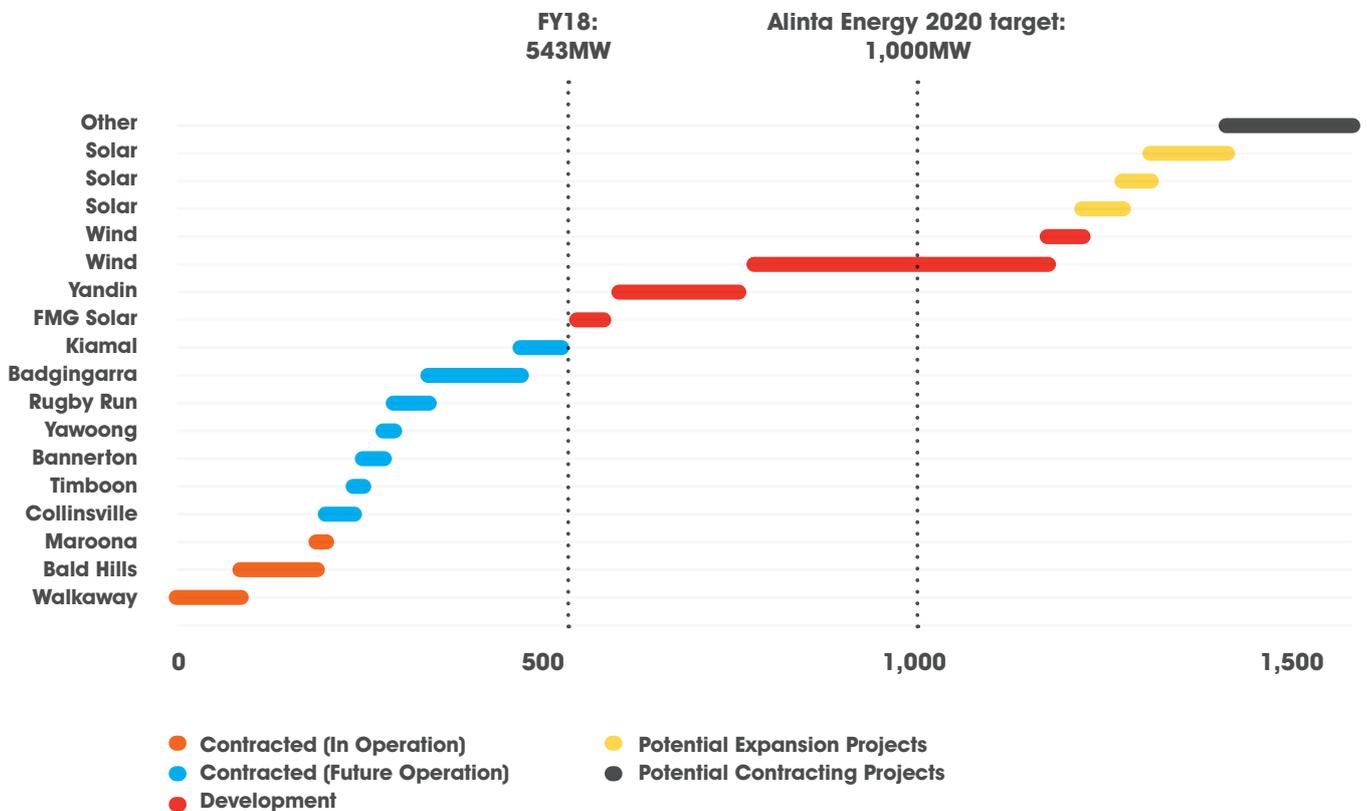
1. 89MW Walkaway wind farm
2. 150MW Badgingarra wind farm

### Victoria

3. 107MW Bald Hills wind farm
4. 7MW Maroona wind farm
5. 7MW Timboon wind farm
6. 32MW Bannerton solar farm
7. 7MW Yawoong wind farm
8. 50MW Kiamal solar farm

### Queensland

9. 42MW Collinsville solar farm
10. 52MW Rugby Run solar farm



We continue to assess cost effective ways to increase our exposure to renewable energy generation. This may include installing new renewable generation capacity, acquiring existing renewable generation assets and / or entering into additional long-term offtake agreements with existing and proposed renewable projects.

In July 2018, Alinta Energy sought expressions of interest (EOI) for additional renewable energy generation project(s) over 50MW in the National Energy Market that require support through a power purchase agreement, joint venture partnership or purchase of developments. At the date of this report we were reviewing the responses to the EOI to identify potential new renewable partnership opportunities. Our due diligence process will not only consider the financial viability of these projects but also the integrity and values of any potential project partners.

# Large Scale Renewables - Showcase

## Bannerton, Victoria

Bannerton is a 110MW solar farm approximately 100km from Mildura, in northern Victoria. Alinta Energy has signed a 17-year Power Purchase Agreement for 32MW. This project became operational in September 2018.



## Walkaway, Western Australia

Walkaway wind farm is an 89MW wind farm located 25km south-east of Geraldton in Western Australia. Alinta Energy has had a long-term power purchase agreement with the wind farm since 2006, with it previously being referred to as the Alinta wind farm.



## Collinsville, Queensland

Alinta Energy has signed a Power Purchase Agreement with Ratch Australia to acquire the renewable energy generated from the 42MW Collinsville solar farm, which became operational in July 2018. Collinsville is in the resource rich Bowen Basin, in the Whitsunday Region, Queensland Australia.

The project will provide a major source of renewable energy for northern Queensland and is expected to generate enough energy to power 15,000 homes.



## GreenPower

Upon request, our electricity retail business also offers GreenPower carbon offset products to business customers, which increase demand for large scale generation certificates (LGCs). More information on GreenPower is available via the GreenPower website ([greenpower.gov.au](http://greenpower.gov.au)).

## State and territory government energy policy

Several state governments and territories have established their own renewable energy targets and energy efficiency programs. However, these are not aligned across all states and territories or with Australia's national policy. The differences in the objectives and rules of the state and territory policies make it challenging to determine whether Australia's consolidated efforts across the state schemes are on track to achieve our international commitments.

While recognising their renewable energy leadership aspirations, Alinta Energy believes climate change management would be most efficiently and effectively achieved through a single national program. This would avoid complex interactions between separate programs that raise the costs of compliance and administration and create a risk of market distortions. We are of the view that a single national energy and renewables policy should be adopted to clearly establish stable investment signals in the market.

At 30 June 2018, state and territory policies included:

State/ Territory	Type	Target
VIC	Renewable Energy Target*	25% by 2020 and 40% by 2025
VIC	Energy Efficiency Target*	Carbon abatement target 6.3m tco2-e (2019) and 6.5m tco2-e (2020)
QLD	Renewable Energy Target*	50% by 2030
SA	Renewable Energy Target*	50% by 2025
SA	Retailer Energy Efficiency Scheme*	Energy efficiency target of 2,350,000GJ (2019 and 2020)
TAS	Renewable Energy Target	100% hydroelectricity power by 2022
ACT	Renewable Energy Target	100% by 2022
ACT	Energy Efficiency Improvement Scheme*	Energy saving target 8.6% p.a. to 2020
NSW	Emissions target*	Net zero emissions by 2050
NSW	Energy Saving Scheme*	Energy saving target of 8.5% p.a. to 2025
NT	Renewable Energy Target	50% by 2030

\* Policies that are relevant to Alinta Energy's business.

# Case study: Western Australia's largest Lithium Ion Battery Storage System

In April 2018, Alinta Energy commissioned Western Australia's largest lithium ion battery at our Newman Power Station in the Pilbara region. The 35MW (11.4MWh) battery is among the world's largest and is the biggest Australian battery to be developed for an industrial application.

The Alinta Energy Newman Battery Storage Project is designed to improve the performance of the islanded high voltage network in the region that supplies power to major iron ore producers.



**Daniel McClelland (Alinta Energy Executive Director Corporate Services), Mark McGowan (Premier of Western Australia) and Ryan Smith (Alinta Energy Operations & Maintenance Supervisor).**

Western Australia Premier, Mark McGowan, toured the site and heard from the Alinta Energy team about some of the project's features and how it delivers robust energy solutions to our customers.

Our MD & CEO, Jeff Dimery, said the award-winning battery technology is among the best in the world and represents a smart solution to boost capacity and reliability.

In FY18 it was the:

- Winner – Innovation Category (Australian Engineering Excellence Award, 2018).
- Winner – Innovation Category (Western Australian Engineering Excellence Award, 2018).
- Winner – Innovation Power Technology of the Year Australia Category (Asian Power Awards, 2018).
- Finalist – Energy Innovation of the Year Category (Western Australian Energy Awards, 2018).

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**“The project demonstrates our commitment to finding innovative ways to integrate our existing generation portfolio into an evolving market that will incorporate more renewable generation and storage technologies, with an emphasis on sustainability, reliability and affordability of supply”**

**MD & CEO, Jeff Dimery**

# Environmental compliance

Our business is subject to national, state and local environmental laws and regulations. Each of the jurisdictions where we operate across Australia and New Zealand has specific environmental regulations, including permits, licences and consents that are required for our operations. We take our environmental responsibilities seriously and ensure compliance processes are embedded across the business.

Alinta Energy did not have any significant environmental incidents or receive any material fines<sup>1</sup> or non-monetary sanctions for breaches of environmental laws or regulations during the reporting period.

## Environmental Policy and Framework

Our Environment and Community Policy sets out our commitment to protect all aspects of the environment as a priority and to implement a continuous improvement philosophy targeting operational excellence in the environmental performance of our operations.

This is supported by our Environmental Management Framework that aligns 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 activities such as training, reporting and monitoring.

## Environmental 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 using our web-based event management system. Our operations did not report any significant environmental incidents during the reporting period.

## Biodiversity

In October 2003, the Australian Government announced 15 national biodiversity hotspots, which were identified by its Threatened Species Scientific Committee\*. 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 and require our construction contractors to develop a construction environmental management plan for all major construction projects. These plans must identify how management will maintain compliance and minimise construction impacts on local vegetation, waterways and ecosystems. The projects we undertook during the reporting period all fully complied with obligations and did not have a material impact on biodiversity.

## Supplier environmental impacts

Alinta Energy's activities can impact sustainability across our supply chain, which is why we have an indirect supplier prequalification process and conduct rigorous risk assessments on major new suppliers.

The prequalification process uses a risk-based approach to assess whether prospective suppliers and contractors meet our requirements. It reviews their health, safety and environmental management systems, recent performance and requires approval by senior management before we enter into a contract. Our larger suppliers and contractors undergo a risk assessment which can include an audit held either at their premises or one of our sites. Some are also subject to an ongoing 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 or processing activities and we do not produce unconventional gas through hydraulic fracture stimulation (fracking).

Gas for our power stations and our retail customers is sourced from independent third-party suppliers who are required to comply with relevant safety and environmental laws at both national and state levels. 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.

<sup>1</sup> Please refer to our definition of material fines on page 78.

\* <http://www.environment.gov.au/biodiversity/conservation/hotspots/national-biodiversity-hotspots>

# Waste and water

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

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

## Water

Our overall water usage in FY18 remained broadly consistent with the previous reporting period with a 2% decrease to 2,816ML as shown in the following tables:

### Water Usage by Source Category (ML)

Self-sourced surface water	Potable water from water suppliers	Self-sourced groundwater	Recycled water from water suppliers
2,774	25	4	13

### Water Usage by Usage Category (ML)

Cooling	Industrial Processing	Domestic and Office Usage
2,616	192	4

### Water Discharge by Category (ML)

On-Site holding / evaporation pond*	Lost to evaporation & steam sales to customers	Consumed Domestically or treated off-site
349	2,443	24

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

## Solid Waste

We aim to minimise the amount of waste we send to landfill. During the year, 11,760 tonnes of fly ash from our Glenbrook facility was sent under a commercial arrangement for reprocessing. Our major operational facilities disposed of an estimated 120 tonnes of solid waste to landfill and 48 tonnes were recycled. Other waste products including steel, wood pallets and waste oil are either sold, reused on-site or sent off-site for recycling.

# Furniture donation to North Ryde Community Aid

During FY18, we moved to new offices in Perth, Melbourne and Sydney to accommodate our growing business. While used furniture from office relocations can often end up in landfill, in Sydney it was given a new lease of life through a donation to North Ryde Community Aid.

North Ryde Community Aid is a charity organisation in Sydney's north west which delivers vital services that enable older people to remain in their homes, provides emergency support services to people experiencing financial disadvantage, and coordinates community programs to reduce social isolation and promote wellness. We donated a range of furniture items, including sofas, cabinets, desks, drawers, tables, chairs and televisions.

This initiative demonstrates our environmental policy in action. Not only did it reduce landfill but it also supported a local charity that provides important community services.

**“Thanks again to Alinta for all the effort you went to arranging this – feels like a whole new fresh office to come to work to!”**

**Kirby Zell Wilkie, Social Support Coordinator at North Ryde Community Aid.**



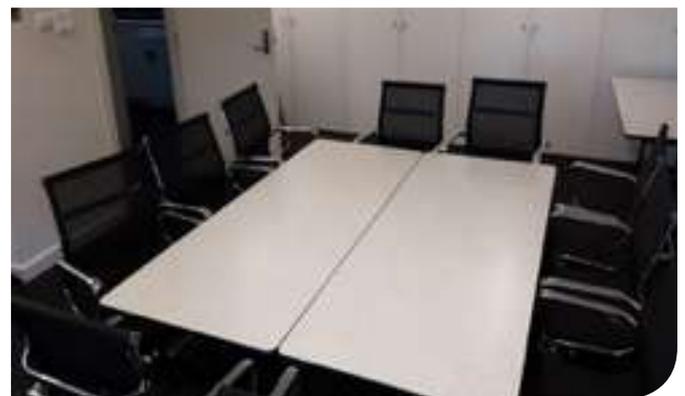
**NRCA waiting room (before)**



**NRCA waiting room (after)**



**NRCA meeting room (before)**



**NRCA meeting room (after)**

# Employment

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Alinta Energy's people are the foundation of our success. We aim to employ, retain and develop the best people, with a mix of diverse experience and perspectives to foster innovation across our business. Our culture allows our people to achieve and thrive while delivering business outcomes that align with our vision, values and sense of purpose.

The People and Culture team focuses on three key levers: talent, capability and culture. Promoting excellence across these areas develops our people into leaders that support sustainable growth. They partner with the business to meet employees' needs throughout their careers with us. This includes developing policies, upgrading systems, recruiting high performers and developing leaders across the business.





# Employment at Alinta Energy

Our progress against key targets and People and Culture activities during the year is shown below:

	FY19 Target	FY18 Actual	FY17 Baseline
<b>Focus on actions to improve employee engagement so we can achieve our target to be in Aon Hewitt's AON top quartile</b>	<b>Top quartile</b>	<b>64%</b>	<b>58%</b>

FY18 Key Activities	FY18 Actual
Conduct employee life cycle review, update processes and policies to clarify expectations, entitlements and improve employee experience	Achieved
Continue to evolve succession planning, talent calibration and our critical role matrix to best position our talent for success	Achieved
Develop a learning framework and approach as part of talent framework	Achieved
Drive a high performance culture through linking individual employee contribution to our strategic priorities and overall vision.	Achieved
Implement process improvements for the regular achievement review process	Achieved

## Employee engagement

We aim to become an Employer of Choice by tracking a range of indicators through our annual AON Hewitt employee engagement survey and using this information to deliver a continuous improvement program.

During the year, we implemented a number of initiatives to strengthen employee engagement and develop our people. These included:

- Investing in new employee systems, such as an online employee achievement review tool.
- Implementing a learning and development framework accompanied by a new leadership training program called 'e3'.
- Improving processes and revising key policies, such as introducing a purchased leave program.

In FY18, we achieved an employee engagement score of 64% (FY17: 58%). The improvement in employee engagement in FY18 demonstrates our commitment to improving and strengthens alignment between performance and our business objectives. We believe this is a meaningful step towards achieving our longer-term goal of being in AON Hewitt's top quartile. The threshold for top quartile employee engagement varies over time; in 2018 it required an engagement score of 68% or above.

During FY18, our employee numbers increased from 448 to 575 (28%) due to significant business growth, entering new markets and bringing some previously contracted functions in house. The tables below summarise our employee composition at 30 June 2018:

	Employee Numbers		Work Hours		Employment Type		
	Total	FTE <sup>1</sup>	Full Time	Part Time	Salaried <sup>2</sup>	Casual	EBA <sup>3</sup>
<b>All Employees</b>	575	560	537	38	553	5	17
<b>Directors</b>	7	N/A	1	6	7	0	0
<b>Executives</b>	5	5	5	0	5	0	0
<b>Senior Leaders</b>	50	50	50	0	50	0	0
<b>New Employees<sup>4</sup></b>	197	195	191	6	195	0	2
<b>Departing Employees</b>	125	120	116	9	120	3	2
<b>FY18 average tenure of departing employees (years)</b>	2.3		2.2	3.1	2.3	0.2	3.1

	Gender		Location		Age		
	Women	Men	Regional <sup>5</sup>	City	Under 30	30 to 50	Over 50
<b>All Employees</b>	226	349	37	538	112	363	100
<b>Directors</b>	0	7	0	7	0	3	4
<b>Executives</b>	1	4	0	5	0	4	1
<b>Senior Leaders</b>	13	37	0	50	0	38	12
<b>New Employees<sup>4</sup></b>	72	125	6	191	53	120	24
<b>Departing Employees</b>	59	66	3	122	30	72	23
<b>FY18 average tenure of departing employees (years)</b>	2.5	2.1	8.8	2.1	0.6	2.5	3.9

#### 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 non-executive and executive (MD & CEO).
- 3 EBA: Employed under an Enterprise Bargaining Agreement.
- 4 New employees include people who were employed during FY18 and remained employed at 30 June 2018. It excludes people who commenced and departed within the year.
- 5 Regional: More than 80 kilometres from the nearest capital city.

# Employee Spotlight: Ray Myles

Ray is our longest serving employee and has been with Alinta Energy for a remarkable 46 years. He is our Group Manager Customer Operations for the Western Australian (WA) Business. With a team of 70 people, Ray continues to drive WA's high levels of customer service and operations across the call centre and billing functions.

## How would you describe your work environment?

Our work environment is fast paced, vibrant and there is a constant buzz around the office. It has a positive atmosphere driven by the constant movement and interaction of people across our operations. There is never a dull moment.

Our office facilities are certainly first class – they're bright, open plan and have space for all staff to feel comfortable and relaxed. The space also has excellent views across the city. There are quiet rooms and a fully serviced break out room so that our people can have coffee or lunch while connecting with their colleague away from their desks.

## What do you love most about your role?

The best part of my role is that each day I interact with people, whether it be our customers or our own Alinta staff. I really like when I can assist them and help them overcome their challenges. In more recent years, I have been asked by several people to be their mentor and I have really enjoyed witnessing the progression of their careers and being able to contribute to the development of our younger people.

## What does working for Alinta mean to you?

I am proud to tell people I know that I work for Alinta Energy and to share what a great organisation it is to be a part of. Alinta has been such a large part of my life for a long time and naturally I have a personal and emotional attachment to the organisation and the people that are at the core of Alinta Energy.

## What is your favourite customer related story?

Over the 46 years, I have interacted with so many customers and experiences that it is difficult to pinpoint one favourite story. What I can say is that in every situation my aim has remained constant, which is to always help out, despite the circumstances. When I look back, my fondest customer related experiences tend to be when I have been able to work with my team to help a customer. These are usually after hours when a customer is experiencing difficulties and by the end,

I can see that the small part that I played in alleviating their stress has made such a big difference for them.

## What is your proudest moment at Alinta?

This is a very difficult one as there have been so many great moments. Team work is so important to me and I am always pleased to be a part of a team that delivers a successful outcome against all odds. Personally, being recognised by my peers for Leadership in the business at the inaugural Alinta Achievement awards has been something particularly special for me.

## Do you have anything else to add about your experience at Alinta Energy?

I consider myself one of the very fortunate and lucky ones, who has been through so much change within the organisation over the years. However, the people within Alinta Energy have always had a certain quality about them and this combined with good management has allowed us to be recognised as a respected organisation with strong corporate and social responsibilities. Alinta has always had a strong brand that is recognised and trusted, and I am proud to say I have played a part in developing this over the years.



## Diversity and equality

We believe the variety of perspectives that result from having a diverse workforce promotes innovation and success. Diversity makes Alinta Energy more creative, flexible, productive and competitive, leading to better business decisions.

Diversity encompasses race, ethnic origin, culture, gender, language, age, sexual orientation, family/marital status, nationality, religion, socio-economic status, physical and mental ability, experience and education. It drives our ability to attract, retain, motivate and develop the best talent, create an engaged workforce, deliver the highest quality services to our customers and continue to grow our business.

Alinta Energy's Embracing Diversity Policy sets out our commitment to eliminate all forms of discrimination, celebrate differences and ensure financial and other benefits are not limited by a person's characteristics. In the rare instance that a concern relating to discrimination arises, we have appropriate investigation mechanisms including an independent whistleblower hotline and provide support through our Employee Assistance Program.



Our public commitment to gender diversity is reflected in our gold sponsorship of Women in Energy, which aims to increase female representation and support women in the energy sector.

Gender equality data is reported to the Workplace Gender Equality Agency. In FY18:

- Women's salaries on average were approximately 98% of men's, based on total fixed remuneration for similar roles.
- Women's target performance bonuses were an average of 107% of men's target performance bonuses for similar roles.

During the year, we also formalised our policy on providing support for employees facing domestic or family violence, including workplace flexibility and paid special leave.

Alinta Energy's support for diversity extends beyond our own business. Our Environment and Community Policy embeds our commitment to respect the diverse cultures of the communities in which we operate.

## Learning and development

Alinta Energy is committed to helping our people develop the skills and experience they need to succeed in their roles and future careers. This is underpinned by our learning and development framework, as shown below:

Our People			
Support Manager	Development Discussion & Plan		
Development focus	Technical	Behavioural	Leadership (if relevant)
<b>Experience - 70%</b>	Expanding your current role, stretch/challenging assignments, special projects, rotational assignments, volunteering/community involvement		
<b>Exposure - 20%</b>	Career discussions, networking, mentoring, coaching, professional or trade associations		
<b>Education - 10%</b>	Instructor led courses, self-study/online courses, books/journals, advanced degree/professional certification, conferences		
<b>Organisational Support</b>	<ul style="list-style-type: none"> <li>• Manger</li> <li>• Learning and Development Specialist within the business</li> <li>• 70/20/10 Examples tool</li> </ul>	<ul style="list-style-type: none"> <li>• Manger</li> <li>• Behavioral development tool</li> <li>• People and Culture</li> <li>• 70/20/10 Examples tool</li> </ul>	<ul style="list-style-type: none"> <li>• Manager</li> <li>• Behavioral development tool</li> <li>• Leadership program</li> <li>• Leadership competencies</li> <li>• People and Culture</li> <li>• 70/20/10 Examples tool</li> </ul>

During FY18 we developed a professional leadership development program and began implementing it across our business. The new e3 program aims to produce exceptional outcomes for our customers, teams and the broader business. It is delivered at three levels of leadership:

- **Engage** – for people leaders
- **Elevate** – for general managers and senior leaders
- **Enterprise** – for the executive leadership team.

The program focuses on building knowledge, skills and capabilities across ten competencies which are collectively referred to as our Leadership DNA. These span our sense of purpose, culture, profitability, sustainability and operating excellence, as shown below:



## Achievement review

Reviewing our employees' achievements each year provides them with valuable feedback and recognition and maintains our focus on achieving success individually and across our teams, business units and entire organisation. All employees are required to complete a formal achievement review and development plan annually. This supplements ongoing discussions and coaching between managers and their direct reports throughout the year.

A new achievement review tool was implemented across the business during FY18. This guides employees through the review process and helps them set specific, measurable goals to develop their careers. It uses a web-based platform that can be accessed at any time from employees' computers or using an application on mobile devices.

## Employee Assistance Program

Our Employee Assistance Program is a free, confidential and professional service for our employees and their families which is available at any time. It is delivered by Assure Programs, who employ a specialised group of registered psychologists with at least five years post-registration experience. The program can assist with specific personal or work-related situations such as anxiety, stress, depression, overwhelming situations, fly-in fly-out challenges, family difficulties, team conflict, career progression and return to work following an injury, as well as more general mental health and wellbeing.

## Freedom of association and enterprise bargaining

All of our people, both employees and contractors, have the right to exercise freedom of association, including choosing whether to become a member of industrial associations such as trade unions. Employees also have the right to engage in an enterprise bargaining process, where a worker and their representative (such as a union) negotiate with the organisation for an enterprise agreement.

## Labour management relations

Our employee relations are based on Alinta Energy's value of Respect and Integrity, including acting fairly and supporting equal opportunity and diversity. Decisions on appointments and promotions are based on merit.

Our employment practices are governed by relevant legislation, regulations and industrial instruments. We comply with minimum notice periods regarding operational changes, including whether these are specified in collective agreements, in accordance with Fair Work Australia requirements and the National Employment Standards.

## Restructuring and redundancy

During the year, approximately 20 people were made redundant due to changed business requirements. We provided affected employees with access to a range of services to support them through this transition including outplacement services.

## Brightspark Innovation Fund

Brightspark is an internal initiative that invites our people to submit innovative ideas to be considered for investment. This has been established because the energy industry is changing rapidly and we want to foster a culture of innovation to give us the agility to adapt and succeed.

A \$10 million fund has been allocated over 5 years to develop the most innovative ideas that support:

- Innovative systems and processes.
- Innovative investments.
- Acquiring new innovative capabilities.
- At the time of publishing this report, the Brightspark Selection Committee has chosen four projects for funding and further business development.

## Our communities

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“When I saw the opportunity to volunteer for Landcare I really wanted to do it. It was in my local area and gave me a chance to give something back to my community.

It was also an opportunity to do something really different to being in an office. A group of us spent the day at La Perouse pulling out noxious weeds. It was hard work but it gave me a chance to connect with other people from the office while doing something worthwhile. It was outside and a really beautiful location. In addition to doing something challenging and rewarding, we got to learn a great deal about the local community and history. The team from Landcare were excellent and really made it a great day out. I would definitely do it again”. –

**Sonia Kolar, Senior Energy Spot Trader,  
Alinta Energy**





# Our communities

## Community support

Alinta Energy is proud to support charity organisations across the country, including in the communities where we operate. We support national and local grassroots organisations through financial donations, energy contributions and employee volunteering.

To demonstrate our commitment and ensure that our performance is continuously improving, we completed a range of key community development activities during FY18 and are planning to implement ongoing activities in FY19, as shown below:

Key Activities for FY18	
Establish a volunteering leave day program	A new volunteering day program was established in Alinta Energy's 'Taking leave policy' and employees have volunteered with Landcare, Wesley and Uniting Care.
Finalise the review of our community development and brand strategy	An external consultant reviewed our community development and brand strategy and this information is being incorporated into the redesign of our strategy.
Key Activity for FY19	

Promote the use of volunteering days and increase employee uptake from the previous year.

## Volunteering

This year, Alinta Energy established a community volunteering leave program. This gives our employees the opportunity to take an additional day of paid leave each year to provide volunteer services to a charity of their choice. During the year, we organised volunteering days with Landcare, UnitingCare and Wesley Mission to support employee involvement and promote cross team bonding.

These not-for-profit organisations were chosen because they focus on helping Australians in need and protecting our unique flora and fauna. These goals align with our own focus on energy affordability and environmental sustainability. In FY18, our people volunteered a total of 323 hours to give back to our communities.

## Community impacts from operations

Our operations have the potential to impact residents located near our generation assets. Site managers report any community complaints relating to their facility using our event management system and ensure they are investigated and necessary corrective actions are implemented. Where the complainant is known, the management team communicates the investigation outcome and is responsible for addressing the underlying issues.

No people were physically or economically displaced by new or expanding projects during the reporting period.

## Sponsorships

A recent review of our community investment and sponsorship strategy identified opportunities to partner with organisations that align with our values and our sense of purpose that we are determined to make energy more affordable.

During the year we sponsored several large organisations including The Salvation Army, UnitingCare West and Breast Cancer Australia. We also supported grassroots initiatives like Country Education Foundation's 'Pig Push' event in regional NSW, the 'Below the Belt' Pedalthon and Perth's Special Children's Christmas party. The estimated value of our community contributions through corporate sponsorships, community development programs and charitable donations was approximately \$165,000 for FY18.

### The Salvation Army

To celebrate reaching one million customers, we wanted to say "thanks a million" to our customers by donating \$100,000 on their behalf to The Salvation Army, which helps people doing it tough. We held a gold coin donation morning tea across our sites to raise further funds for the Salvos and raise awareness among our staff of the great work they do.

More details of our support for The Salvos is provided in the Markets and Customers section on page 69.



**Left to right: Jill Summers (The Salvation Army), Katherine Fraser (The Salvation Army) and Stephanie Bowen (Alinta Energy)**

## UnitingCare's Food Rescue Program in WA

We have been the principal partner of UnitingCare West's Food Rescue program since 2013. Food Rescue alleviates hunger by saving and distributing food to over 78 organisations across Western Australia. These organisations work with people experiencing homelessness, women and children in crisis, vulnerable young people, Indigenous communities, elderly people, refugees and families on low incomes.

In addition to monetary donations, our employees volunteered with UnitingCare's Food Rescue cargo carts. This initiative collects thousands of food items from cafes in Perth on a daily basis and redistributes it to people experiencing homelessness across the city.

The Alinta Energy team volunteering with Uniting Care West's Food Rescue Cargo Carts in Perth



**The Alinta Energy team volunteering with UnitingCare West's Food Rescue Cargo Carts in Perth**

## National Breast Cancer Foundation

The team at Pinjarra cogeneration in partnership with their contractor Heat Exchangers WA painted plate heat exchangers pink to raise funds for the National Breast Cancer Foundation.



Left to right: Warren Hawkins (Head of SWIS and East Coast O&M, Alinta Energy), Bukkie Orugun (Sales Manager, HEWA), Matt Brook (Cogeneration Coordinator, Alcoa), John Mackenzie (Mechanical Engineer, Alinta Energy)

## Grassroot initiatives that we donated towards during the period included:

### Below the Belt Pedalthon

Members of the Alinta Energy team competed in the Below the Belt Pedalthon in Sydney to raise money for urogenital cancers.



## Pinchapoo

Our team donated personal hygiene products to Pinchapoo who redistributed more than 1 million items to thousands of disadvantaged men, women and children around Australia.



## Wesley Mission

Alinta Energy teams packed Christmas hampers with Uniting and organised a Christmas party at Edward Eagar Lodge (Sydney) where Wesley provides emergency accommodation.



## Landcare

Alinta Energy teams across Australia rolled up their sleeves to do weeding, mulching and planting with Landcare.



## Markets and customers

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At Alinta Energy, we are united around our sense of purpose to make energy more affordable for our customers.

As part of this, we provide our customers with access to the innovative energy solutions we invest in, helping them decrease their carbon footprint and lower their costs.





# Markets and customers

## Retail

We monitor customer satisfaction through monthly surveys and via the Net Promoter Score (NPS), which measures customers' willingness to recommend our services to others. Our performance against the targets for these measures are shown below:

Target	FY19 Target	FY18 Target	FY18 Actual	FY17 Baseline
<b>NPS score</b>				
West Coast	> +60	> +50	+65	+60
East Coast	> +60	> +30	+43	+13
<b>Monthly customer satisfaction survey</b>				
West Coast	> +90	>90%	93%	93%
East Coast	> +90	>90%	79%	74%

Our annual NPS performance exceeded our targets in both markets with +65 in the west and +43 in the east. The lower targets for the East Coast reflect our emerging position in this region as well as the differences in this market compared to the West Coast.

Monthly customer satisfaction surveys are conducted by an external research agency and are the results for 'customer service received'. We achieved our 90% target on the West Coast with 93% while on the East Coast, we improved by 5% and are heading towards our 90% target with 79%.

## Celebrating one million Alinta Energy customers

To celebrate reaching our one millionth customer, we donated \$100,000 on behalf of our customers to The Salvation Army to help give hope to people doing it tough.

Since 1880, The Salvation Army in Australia has committed to promoting social justice and protecting the rights of disadvantaged and marginalised people. They are the largest provider of homelessness services in Australia.

In a typical week, The Salvation Army in Australia provides approximately:

- 100,000 meals to the hungry
- 2,000 beds to the homeless
- 1,000 people with assistance in finding employment
- 500 people escaping abuse with refuge
- 500 people with addictions to drugs, alcohol or gambling with assistance
- Several thousand people with counselling
- 4,000 people in the court system with chaplaincy services.

## People like Jodie...

Jodie's life began to unravel when she had to become a full-time carer for her husband after he was badly injured in a car accident. With Jodie and her husband unable to earn an income to pay their mounting bills, they and their severely autistic young son soon faced the threat of homelessness.

**As Jodie says "There are so many days I do not have a single cent to my name. There's a lot of saying 'no' to your children because of what you cannot give them. It's heartbreaking."**

Families like Jodie's need urgent help with power bills, fresh food and groceries and financial counselling, which they receive through The Salvation Army.



**Daniel McClelland (Executive Director, Corporate Services at Alinta Energy); Jill Summers (The Salvation Army); and Jeff Dimery (MD & CEO at Alinta Energy)**

## Canstar Blue's electricity award

On 14 August 2017, we entered South East Queensland's residential retail market through a joint venture with CS Energy.

Alinta Energy was delighted to be the only energy retailer in Queensland to be awarded a five-star rating from Canstar Blue's 2018 annual comparison of electricity providers, which was based on feedback from more than 1,500 Queenslanders.

**"In addition to overall satisfaction, Alinta Energy received five stars on customer service, value for money, bill and cost clarity and focus on environmental sustainability."**

**Simon Downes, Editor, Canstar Blue.**



**"We know that cheaper energy costs make a difference to local families, local business and the community and we think the energy consumers in South East Queensland deserve a better go!"**

**Jim Galvin, Executive Director Retail Markets**



# Customer Service

We deliver exceptional service through the friendly and responsive people that work in our Manila and Perth customer service contact centres.

Our connection to our customers is driven by our people, like our Operations Manager Edwardo Ondoy. Read about Edwardo's story below.

## About Edwardo

Edwardo joined our business in August 2017 as an Operations Manager for our Manila customer service contact centre, which has over 180 employees and 16 team leaders.



### What is your approach to customer service?

Listen actively and be present to connect with our customers. If someone gets frustrated, don't take it personally, but rather focus on identifying the underlying driver and work with them to resolve it together.

### What does working for Alinta Energy mean for you personally?

Alinta's prides itself on work-life balance and gives me the flexibility to work morning shifts. For me, this means more quality time with my family after shift and on weekends. Also, they are open to process improvements, honest with their feedback and are very supportive of me and my goals in life. This makes me feel heard, creates two-way learning and allows me to be the best version of myself.

### What sustainable activities does your office do?

We always take pride in helping our communities whether through giving out school supplies to less fortunate students, going to their school to paint their rooms and to spend time with them to read stories or to share our knowledge to inspire them that they can build a career in the BPO industry. We also join clean up drives, plant a tree projects and other initiatives.

### What is your proudest moment at Alinta Energy?

Seeing our hard work pay off in our team's performance in the last quarter of last year was one of the key moments in my stay in Alinta Energy. All metrics were on target, service levels were met, we achieved our highest Net Promoter Score and customer satisfaction performance in the East Coast's history and employee engagement was very high.

**"It's not about roles or titles – it's all about doing things right the first time, all the time. It's not about scopes and limitations – it's about our shared responsibility"**

**Edwardo Ondoy, Operations Manager**

### Complaints

If a customer believes that an issue they have raised with us has not been adequately addressed, they can escalate it to the State or Territory Ombudsman. Monitoring complaints to the Ombudsman is one way for us to assess the effectiveness of our customer processes. The level of Ombudsman complaints reduced during FY18 to an average of 0.29 complaints per 1,000 customers per month for our combined East and West Coast retail business.

## Financial Hardship

There are times when some of our customers find themselves in circumstances where they struggle to pay their energy bills by the due date, perhaps because of unemployment, illness or changed financial conditions. Energy is an essential service and disconnections have significant implications for people.

Alinta Energy's hardship program recognises that these customers need to be treated with respect and dignity. We have a specialised team of professionals who are trained to support customers in potential financial hardship and to help them in the most effective way. This may involve giving them with extra time to pay, instalment payment plans or referral to government programs to help them manage their bills and keep the lights on.

## Customer privacy

With increasing examples of data breaches from around the world, the security of our customers' information is paramount. Our Privacy Policy sets out how we collect, manage, use and disclose our customers' personal information. It also discloses the procedure to report a breach of privacy. We manage personal information 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 breaches of the Privacy Act during the reporting period<sup>5</sup>.

## Commercial and Industrial Customers

Alinta Energy provides innovative and competitive energy solutions to meet the needs of our Commercial and Industrial (C&I) customers. These customers differ in size and nature and use energy in a variety of ways.

Unique to Alinta Energy Western Australia, we assess our C&I customers' current and future energy requirements and tailor their gas meter connection(s) to suit their individual needs. To make the gas connection process as simple as possible, we liaise with the network on our customers' behalf to leverage our relationships and streamline the process. We can also provide these customers with alternative fuel transitioning solutions from LPG to natural gas.

We've also designed a suite of products that give our C&I customers competitive price certainty over the long term, by allowing them to participate in the market when prices fall, while providing a price ceiling if the market rises.

<sup>5</sup> Please refer to our definition of material fines on page 78.

## New products and projects

### Western Australia's first home capped gas plan

Alinta Energy launched the first capped gas plan for residential customers in WA. This is a personalised plan created for our customers to help them budget their energy costs more easily. With these products, our customers know exactly how much they'll pay each month, with no price increases in the next 12 months and no lock-in contracts.

**“We're proud to launch this unique and innovative product into the Western Australian market. At Alinta Energy, we are committed to offering competitive and relevant products and services to ensure we continue to deliver the best overall value for our customers.”**

**Jim Galvin, Executive Director Retail Markets**



**No more bill shock**



**No price increases in the next 12 months**



**Monthly direct debit payments, making it easier to budget**

## Alinta Energy Geothermal systems

Geothermal heating and cooling systems, commonly known as ground source heat pumps, can significantly improve a building's sustainability. Globally, geothermal systems are widely used to reduce the impact from traditional air conditioning systems, which can account for 40% of an average household's energy use<sup>11</sup>.

During the year, Alinta Energy acquired an Australian designed and manufactured geothermal heating and cooling system that is being installed at large residential developments (such as Fairwater Residential and Ed.Square in Sydney) and commercial premises (such as the Stokehouse Restaurant in Melbourne). To date there are over 700 systems installed in Australia and more than 1,500 additional systems contracted for installation.

Ed. Square is Frasers Property Australia's latest project situated in Sydney's south western suburbs. It is in one of Australia's fastest growing areas, which is part of the South West Priority Growth Area identified by the NSW Government. Frasers Property is targeting a Six Star Green Star Communities rating from the Green Building Council of Australia for Ed.Square.

Alinta Energy Geothermal has been selected to install our GeoAir heating and cooling system in most town homes throughout this new community. The GeoAir system will offer significant energy savings for the future home-owners while contributing significantly to the amenity of the homes. Replacing the external air conditioning units of conventional air conditioning systems, the GeoAir system is significantly smaller and quieter; an important improvement for this style of housing.



### How does it work?

Alinta Energy Geothermal uses the earth's temperature to make air conditioning systems more energy efficient than traditional heating and cooling systems. While air temperatures fluctuate during the day and between the seasons, below ground temperatures remain constant.

In the cooling mode, the system circulates a hot refrigerant vapour into the earth through installed geothermal loops to absorb the naturally cooler, and stable, sub-surface temperatures. With excess heat removed, the cooled refrigerant condenses into a liquid and is circulated through a fan coil unit that cools the warmer air by absorbing excess heat, which causes the refrigerant to expand back into a vapour.

In the heating mode, cold refrigerant is circulated within the geothermal loop, absorbing the heat naturally supplied by the earth. This heated refrigerant vapour is compressed and circulated through the fan coil unit, heating the home. This process removes the heat from the refrigerant, cooling it again.



11 - <http://www.yourhome.gov.au/energy/heating-and-cooling>

## The Living Future Institute of Australia

Alinta Energy and Alinta Geothermal are proud partners of the Living Future Institute Australia. The Institute is dedicated to establishing a powerful network of informed, influential, and active global citizens who are committed to redefining humanity's relationships with the ecosystems we inhabit. It provides training, support and design initiatives across four innovative international programs.

## Power of Choice

The Government's Power of Choice metering reform for electricity retailers took effect on 1 December 2017 and resulted in a change to the industry metering rules. This change aimed to help inform consumers about their energy usage, shift energy demand away from peak periods, reduce the cost of energy supply and lower prices for everyone.

These changes have resulted in increased installations of 'smart' electricity meters in customers' homes, the availability of more detailed electricity consumption data and paved the way for the development of new and innovative energy products for customers. In response to this change, we have established partnerships with Metering Coordinators to ensure our customers experience excellent service when a meter change is required.

## Branding and Customer Communications

Alinta Energy is a challenger brand in Australia's East Coast energy retail market and we are determined to make energy more affordable. Communication with our customers is essential to accurately explain the benefits of our products. Customer interactions can vary from face to face conversations with our people in the field over the phone with our customer service centres or online via website or email. It also includes advertising, sponsorship and promotional materials.

Our communication materials must be accurate, clear and succinct so that people can make informed choices about their energy.

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<sup>12</sup>. We were, however, issued with a small number of infringements from the Australian Energy Regulator and the Essential Services Commission in Victoria relating to errors, oversights and unauthorised activity in our new customer sign-up process. We have since made substantial improvements to our systems and processes to minimise the chance of similar situations arising in the future and are working with the relevant regulators to remediate these situations.



<sup>12</sup> Please refer to our definition of material fines on page 78.

## Cricket Australia partnership

Alinta Energy recently entered into an agreement to become the principal partner of the Australian men's cricket team when playing at home and the national and the national digital platform MyCricket for the next four years. This makes Alinta Energy the first long-term principal partner of the Australian men's cricket team, with branding rights across the playing shirts of all three formats of men's international cricket in Australia – one of the most visible sponsorships in Australian sport.

Cricket Australia is an institution that started in 1892 and continues to grow and engage Australians. According to Alinta Energy's MD & CEO, Jeff Dimery,

**“this partnership reflects our growth into a national energy player and gives us a great opportunity to take our message around more affordable energy further than ever before.”**

Through this channel, we hope to help develop healthier and more connected customers and communities.

In addition to supporting elite cricket, our sponsorship helps grassroots cricket through the MyCricket platform. MyCricket supports registration, scheduling, coaching, umpiring, scoring and collation of individual and team statistics for more than 15,000 cricket matches played nationwide and is used by up to 90% of Australia's cricket clubs and associations.



**James Sutherland (Cricket Australia CEO), Ashton Agar (Australian Cricket Team representative) and Jeff Dimery (Alinta Energy MD & CEO)**



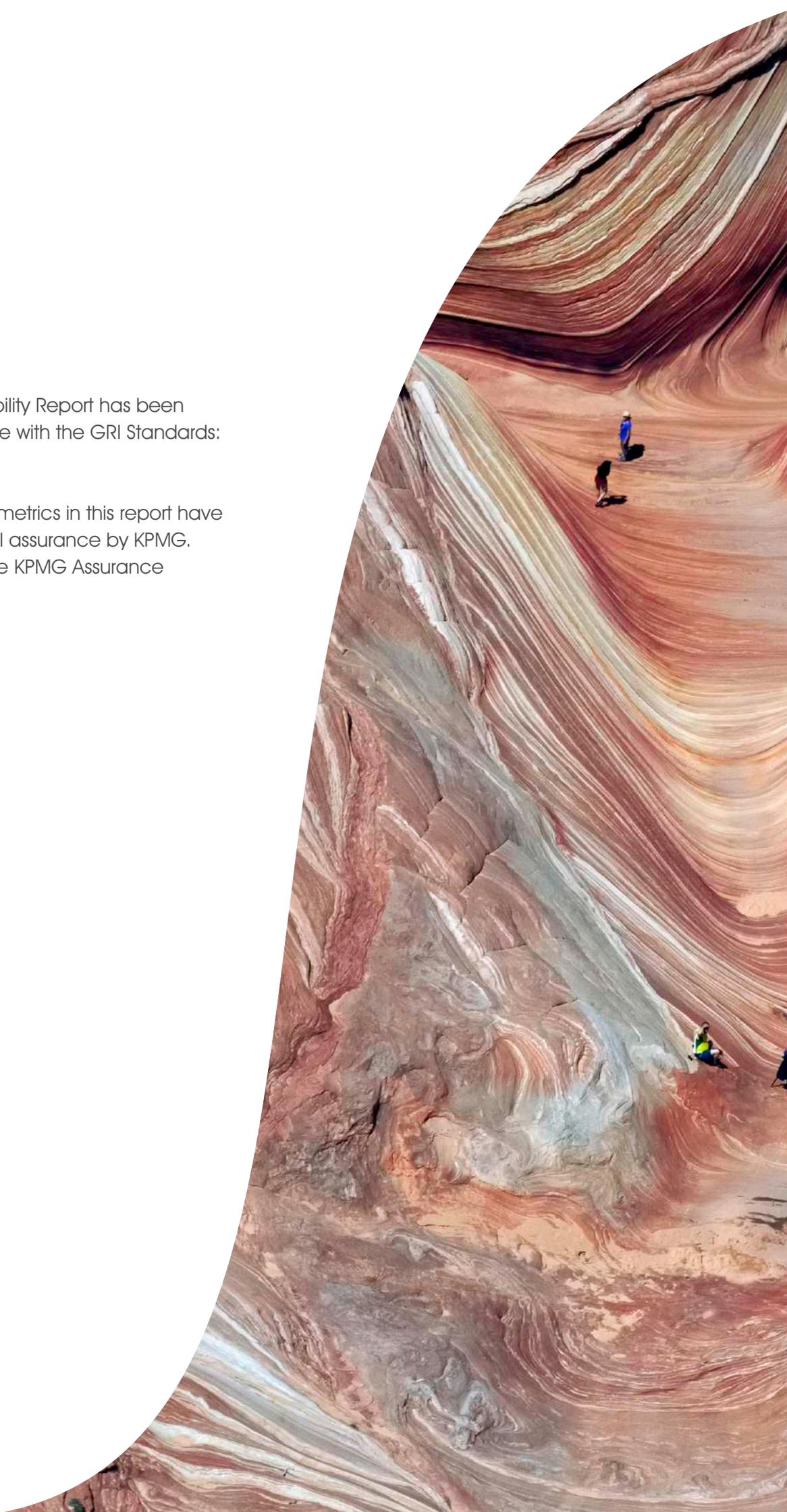


# Our report

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Alinta Energy's Sustainability Report has been prepared in accordance with the GRI Standards: Core option.

Selected performance metrics in this report have been subject to external assurance by KPMG. For further details see the KPMG Assurance Report on pages 81-83.





# Reporting principles

## Stakeholder Inclusiveness

Our stakeholders include customers, employees, shareholders, government, business partners, suppliers, creditors, financiers, regulators, non-government organisations, the community and the general public.

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 feedback provided to our service centres, customer ombudsman concerns, customer surveys and meetings, employee engagement surveys, owners meetings, community relations, supplier meetings, market research and participation in external initiatives like industry forums, memberships and associations. These forums include Women in Energy, the Australian Energy Council (AEC), Living Future Institute of Australia and the Committee for Economic Development of Australia (CEDA). In December 2017 our MD & CEO, Jeff Dimery, was appointed as Chair of the 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

This report discusses 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 impacts.

## Materiality

Based on information provided during engagement with stakeholders, we consider that the following GRI topics are most material to our business: energy prices, energy availability and reliability, economic health, IT systems, safety, diversity and equality, training and education, employee engagement, climate change and energy emissions, legislation and policy, environmental management, waste and water, community and customer support, new products and projects and branding.

Other material areas that we report on include: indirect economic impacts, procurement practices, demand-side management, system efficiency, materials, biodiversity, supplier environmental assessment, grievance mechanisms, labour / management relations, equal remuneration for women and men, non-discrimination, freedom of association and collective bargaining, anti-corruption, preventing anti-competitive behaviour, disaster / emergency planning and response, marketing communications, customer privacy, access and provision of information.

A sustainability materiality assessment is detailed on page 8 and this report addresses the key sustainability issues from this assessment across sections on Our Business, Safety, Employment, Environment, Our Communities and Market and Customers. Specific United Nations Sustainable Development Goals and Global Reporting Initiative Standard disclosures are located in the Content Index on page 80.

Material fines and sanctions are defined as \$500,000 for sustainability reporting purposes.

## Completeness

This report contains information on our environmental and social activities and economic performance from 1 July 2017 to 30 June 2018 (FY18). References to the previous reporting period relate to the year ended 30 June 2017 (FY17), as addressed in our 2016/17 Sustainability Report.

## Operational scope

To the extent practical, the information provided in the report covers our operations in Australia and New Zealand, including joint ventures and members of the value chain over which the group exercises significant influence.

For example, the data provided in this report on energy consumption, the associated greenhouse gas emissions and emission intensities relate to all power stations that are owned and operated by Alinta Energy, as outlined on page 22, except for the Glenbrook Power Station in New Zealand. This asset is embedded in NZ Steel's Glenbrook facility and generates electricity using waste heat and offtake gases from the steel making process, making it impractical to quantify the energy consumed and emissions for this asset.

In June 2018, Alinta Energy Pty Ltd acquired 95% of Alinta Geothermal. This business is currently being integrated into our business, monitoring and reporting systems and so is not reflected in the data presented in this year's report. We intend to include it in future reporting periods once integration is complete.

In January 2018, our parent entity CTFE acquired the Loy Yang B Power Station, which is owned and operated by Latrobe Valley Power Pty (Holdings) Limited (LVP). LVP is a separate legal entity and is not part of the Alinta Energy group. For more information about the Loy Yang B Power Station, please refer to its separate 2017/18 Sustainability Report (<https://www.alintaenergy.com.au/nsw/about-us/power-generation/loy-yang-b-power-station>).

## Balance

This report includes information on both the positive and negative impacts of our 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 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 81 of this report.

## Timeliness

Our sustainability reports are based on financial years and made public within a reasonable timeframe after the relevant financial year.

## Clarity

The information in this report has been presented as simply as possible to ensure all stakeholders can understand our 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 standards have been met.

## Glossary

ACCC	Australian Competition and Consumer Commission
AEC	Australian Energy Council
ACCU	Australian carbon credit unit
C&I	Commercial and industrial
CAGR	Combined annual growth rate
CCGT	Combined cycle gas turbine
CER	Clean Energy Regulator
CTFE	Chow Tai Fook Enterprises Limited
EBA	Enterprise bargaining agreement
EBITDA	Earnings before interest, tax, depreciation and amortisation
ERF	Emissions Reduction Fund
ERM	Enterprise risk framework
FTE	Full time equivalent
GRI	Global Reporting Initiative
MHF	Multiple hearth furnace
LGC	Large-scale generation certificate
LTIFR	Lost time injury frequency rate
NEG	National Energy Guarantee
NEM	National Electricity Market
NERC	North American Electric Reliability Corporation
NGER	National Greenhouse and Energy Reporting
NPS	Net promoter score
NWIS	North West Interconnected System (Western Australia)
OCGT	Open cycle gas turbine
PPA	Power purchase agreement
RET	Renewable energy target
SWIS	South West Interconnected System (Western Australia)
TRIFR	Total recordable injury frequency rate
UNSDG	United Nations Sustainable Development Goals

# GRI and UNSDG content index

This report has been prepared under GRI 101: Foundation 2017, GRI102: General Disclosures 2017, GRI103: Management Approach 2017, GRI200: Economic, GRI300: Environmental, GRI400: Social and G4 Sector Disclosures Electric Utilities 2013.

The specific GRI and associated UNSDG disclosures and where they are addressed in this report are shown in the table below:

Material General Standard Disclosures (GSD)			Material Specific Standard Disclosures (SSD)				
GRI Sids	Page	UNSDG	Aspect	SSD Code	Page	UNSDG	
102-14	2	n/a	Economic Performance	201-1	11, 30	2	
102-1	20	n/a		201-2	8-14, 40	13	
102-2	18	n/a	Market Presence	202-2	55	8	
102-3	20	n/a	Indirect Economic Impacts	203-2	11, 30	1	
102-4	22-23	n/a	Materials	301-1	43	12	
102-5	20	n/a	Availability and Reliability	EU10	10, 19, 23	n/a	
102-6	18-19	n/a	System Efficiency	EU11	7	n/a	
102-7	16-18	n/a	Energy	302-1	43	12	
102-8	55	8		302-3	7	12	
102-41	59	8	Water	303-1	50	6	
102-9	18, 42, 49	n/a	Biodiversity	304-1	22-23	14	
102-10	18, 42, 49	n/a		304-2	49	14	
102-11	78	n/a	Emissions	305-1	7, 43	12	
102-12	78	n/a		305-4	7	13	
102-13	78	n/a	Effluents and Waste	306-1	50	12	
102-45	22-23	n/a		306-2	50	12	
102-46	8-14, 78-79	n/a	Compliance	307-1	49	n/a	
102-47	8-14, 78-79	n/a	Supplier Environmental Assessment	308-2	18, 42, 49	16	
103-1	8-14, 78-79	n/a	Environmental Grievance Mechanisms	103-2	38-51	n/a	
103-1	8-14, 78-79	n/a	Employment	401-1	55	n/a	
102-48	8-14, 78-79	n/a		EU18	36	n/a	
102-49	8-14, 78-79	n/a	Labour/Management Relations	402-1	59	5	
102-40	8-14, 78-79	n/a	Occupational Health and Safety	403-1	36	n/a	
102-42	8-14, 78-79	n/a		403-2	34	8	
102-43	8-14, 78-79	n/a	Training and Education	404-2	57-59	8	
102-44	8-14, 78-79	n/a		404-3	57-59	3	
102-50	78-79	n/a	Diversity and Equal Opportunity	405-1	55	8	
102-51	78-79	n/a	Equal Remuneration for Women and Men	405-2	57	5	
102-52	78-79	n/a	Labour Practices' Grievance Mechanisms	103-2	52-59	5	
102-53	Back cover	n/a	Non-discrimination	406-1	13	5	
102-54	76	n/a	Freedom of Association and Collective Bargaining	407-1	59	8	
102-56	81-83	n/a		413-2	62	1	
102-18	26-29	n/a	Local Communities	EU22	59	n/a	
			Anti-corruption	205-2	29	16	
				205-3	29	16	
			Anti-competitive Behaviour	206-1	11, 26, 73	16	
			Compliance	419-1	62	16	
			Grievance Mechanisms for Impacts on Society	103-2	8-14	1	
			Marketing Communications	417-3	11, 26, 73	n/a	
			Customer Privacy	418-1	11, 26, 73	16	
			Compliance	419-1	62	16	
			Access	EU30	10, 19, 23	1	

## Note:

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



## Independent Limited Assurance Report to the Directors of Alinta Energy Pty Ltd

### 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 Energy Pty Ltd in accordance with measurement methodologies as described below for the period 1 July 2017 to 30 June 2018.

### Information Subject to Assurance

Selected Sustainability Information subject to assurance as presented in the *Alinta Energy Sustainability Report 2017/18* is identified below:

<b>Selected Sustainability Information</b>	<b>Page Reference</b>
Total recordable injury frequency rate (TRIFR) and Lost time injury frequency rate	P. 6 and P. 34
Group underlying EBITDA	P. 6 and P. 31
Fuel energy used for Australian power generation (GJ)	P. 6 and P. 43
Fuel energy intensity for Australian Power Generation (GJ/MWh)	P. 7
Scope 1 greenhouse gas emissions from Australian power generation (t CO <sub>2</sub> -e)	P. 7 and P. 43
Emissions intensity of Australian power generation (t CO <sub>2</sub> -e/MWh)	P. 7
Alinta Energy Pty Ltd's Emission Intensities compared to State Emission Intensities (t CO <sub>2</sub> -e/MWh)	P. 7
Number of material fines or non-monetary sanctions for non-compliance with the Privacy Act	P. 11 and P. 71
Number of material fines or non-monetary sanctions for non-compliance with laws and regulations	P. 11
Number of confirmed breaches or incidents of discrimination	P. 13
East and West Coast retail business customer satisfaction and net promoter scores	P. 14 and P. 68
Availability of operational power stations	P. 23
Number of material fines or non-monetary sanctions for non-compliance with Australian Consumer Law	P. 26
Direct economic value distributed	P. 30
Number of environmental incidents causing material environmental harm	P. 40
Progress towards renewable energy target	P. 40
Number of material fines or non-monetary sanctions for non-compliance with environmental laws and regulations	P. 49



Quantity of fly ash sold and Quantity of solid waste to landfill	P. 50
Water by source, usage and discharge category (ML)	P. 50
Employee and governance bodies' information and composition statistics	P. 55
Value of community contribution via corporate sponsorships, community development programs and charitable donations	P. 63
Combined East and West coast average retail business complaints made to the ombudsman per 1,000 customers per month	P. 70

### Criteria Used as the Basis of Reporting

GRI Standards guidelines and management's calculation methodologies (*"the criteria"*) as described in the *Alinta Energy Sustainability Report 2017/18*.

### Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard 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 Energy Pty Ltd 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 2018 Sustainability Report in its entirety to ensure it is consistent with our overall knowledge of the business.



## 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 Energy Pty Ltd 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 Energy Pty Ltd, or for any other purpose than that for which it was prepared.

### Management's responsibility

Management are responsible for:

- determining that the criteria is appropriate to meet their needs;
- preparing and presenting the Selected Sustainability Information in accordance with the criteria;
- establishing internal controls that enable the preparation and presentation of the Selected Sustainability Information that is free from material misstatement, whether due to fraud or error; and
- maintaining the integrity of the website on which the 2018 Sustainability Report is to be published.

### Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 30 June 2018, and to issue an assurance report that includes our conclusion.

### Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

Sydney

15 January 2019

# Report feedback

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

Group Sustainability Manager  
Alinta Energy  
Level 13, Grosvenor Place, 225 George Street  
Sydney NSW 2000

Phone +61 2 9372 2600  
Email [sustainability@alintaenergy.com.au](mailto:sustainability@alintaenergy.com.au)  
Web [alintaenergy.com.au](http://alintaenergy.com.au)

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