

Latrobe Valley Power
Loy Yang B Power Station
Sustainability Report FY19





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A message from the Latrobe Valley Power Board and Loy Yang B Management

Welcome to Loy Yang B's 2019 sustainability report. This report summarises our business, operational, economic and social performance for the year to 30 June 2019 and looks ahead at our goals and objectives for FY20.

This year was an exciting one for Loy Yang B with many milestones achieved, the most significant being the safe and successful delivery of the biggest upgrade since the power station was built. The result was an increase to our efficiency and output, and improved plant reliability. It is a significant step towards our end of life investment.

The works included upgrading the Unit 2 turbine, and replacing the generator and turbine control system, with Unit 1 to undergo similar works in 2020. Health and safety performance during this major upgrade was outstanding, and we are proud that the high-risk work was completed with no lost time injuries (LTIs), despite record numbers of workers on site.

There were no lost time injuries this year to our employees or contractors, which was very pleasing, and we will continue to work towards a zero-harm environment and achieving our target total reportable injury frequency rate (LTIFR). Our dedication to continual improvement of safety practices and behaviours during FY19 led to us receiving certification to the new international safety management system standard ISO 45001. This was in addition to our quality and environment systems maintaining existing certification to ISO standards.

We maintained operations in accordance with our environmental licence conditions while also seeking to identify opportunities for continuous improvement. As part of this, we have embarked on a research and development program to improve our operational profile regarding emissions, efficiency and resource utilisation.

The Board and leadership team are delighted with the results of our employee engagement survey. Loy Yang B's engagement score was 82%, putting us in the top quartile of employers across Australia and New Zealand in FY19¹. We also secured working conditions for our employees for a nominal four-year period, with the Loy Yang B Enterprise Agreement successfully negotiated and ratified by the Fair Work Commission.

¹ Top quartile of organisations using the Aon Hewitt platform, based on the survey conducted in October 2018.

We continue to build our presence in the community by implementing our updated community partnership program. Under the program, we have supported 15 local groups and organisations, including three-year commitments with five major partners.

This has been our first full financial year under the ownership of Chow Tai Fook Enterprises Limited (CTFE) and we have continued to work closely with its other Australian energy subsidiary, Alinta Energy. We supply Alinta Energy with a share of our output to allow it to service its Victorian customers with a low cost, reliable supply of energy.

We support and recognise Australia's international commitments in the area of greenhouse gas emission reductions and believe the energy industry's transition to a low carbon future should take place over a timeframe which:

- allows low emission generation and energy storage technologies to mature and be deployed across the electricity grid at commercial scales;
- enables market participants to thoroughly evaluate investments in new generation assets to avoid expensive and ineffective decisions; and
- spreads out capital investment costs and baseload generation capacity withdrawals over an appropriate period so energy prices remain affordable and reliability is not reduced.

We play an important role in this transition and will continue to provide secure, reliable and affordable electricity for Victorians. Our team is proud of the work that has been done at Loy Yang B across all areas of our operations and will continue to strive for improvement.

Thank you to our employees and contractors for their work over the past year to help meet our objectives, and to the community for their continued support of our business.



Greg Lewin AM

Independent Chairman
Latrobe Valley Power



Tony Hicks

General Manager
Loy Yang B

Our FY19 achievements

Loy Yang B achieved 14 of our 15 sustainability objectives for FY19 which were included in last year's report, as outlined below:

Objective	Performance
Business structure and governance	
Safely deliver the Unit 2 upgrade	Achieved The Unit 2 upgrade occurred with no LTIs, thanks to the great efforts of our dedicated team of employees and contractors.
Increase our focus on managing quality, compliance and continuous improvement	Achieved We were certified against the ISO 45001 (occupational health and safety) standard in July 2019. During FY19 we also implemented the Safety Value Add (SVA) program to drive a proactive focus on safety improvements. A significant focus on quality occurred during the Unit 2 upgrade.
Review and optimise our asset management plan following turbine upgrades	Achieved Our asset management plan was updated through the year and we incorporated additional works in our major upgrade to maintain reliable performance of Unit 2 under its new operating conditions.
Safety and wellbeing	
Maintain our record of zero class 1 incidents ²	Achieved We are pleased with our continuing record of zero class 1 incidents to any of our employees or contractors in FY19.
Achieve a total recordable injury frequency rate (TRIFR) ³ of 12.5 or less	Not achieved Nine reportable injuries occurred during FY19, resulting in a TRIFR of 15.73. While none of these were LTIs, meaning our LTIFR remained zero, we were disappointed to fall short of this target and will work towards continued improvement.
Implement a five-year health and wellbeing strategy	Achieved Our health and safety and wellbeing strategies were developed in FY19 and commenced in July 2019, extending to June 2023.
Achieve 65% participation in our health and wellbeing activities	Achieved More of our people participated in our health and wellbeing program during the year, with a total participation rate of 69% compared to 51% in FY18.
Environment	
Continue to operate without environmental breaches, exceedances or complaints	Achieved Loy Yang B met all requirements under our EPA licence during the year. No complaints were received regarding our operations.
Provide ongoing responses to carbon policy and potential energy policy changes	Achieved Loy Yang B continues to monitor changes in carbon policy at both national and state jurisdictions. We will continue to work closely with relevant regulators.
Participate in EPA Victoria's ongoing power station licence review	Achieved The EPA's review of the three coal-fired power stations in the Latrobe Valley began in late 2017 and is ongoing at the date of this report. Loy Yang B has actively supported and participated in the review and we await its outcomes.

² Includes fatalities and permanent life altering injuries.

³ TRIFR is calculated as the number of recordable injuries relative to one million hours worked.

Objective	Performance
People	
Conduct an employee engagement survey to help us measure and improve engagement	Achieved Loy Yang B's employee engagement of 82% is in the top quartile of organisations using the Aon Hewitt platform, based on the survey conducted in October 2018.
Review succession planning to put appropriate plans in place as our longer serving employees approach retirement age	Achieved Our Engineering and Maintenance and Production departments have developed and started to implement succession plans to manage the retirement of key people over the next two to five-years. This has included some early recruitment of key roles and establishment of fixed term positions.
Recruit additional fixed term workers to resource the Unit 2 upgrade	Achieved Five additional fixed-term employees were engaged to support the Unit 2 upgrade this year and the Unit 1 upgrade scheduled for 2020. Approximately 500 contractors were involved in the Unit 2 upgrade in April and May 2019.
Obtain Fair Work Commission ratification to finalise the Loy Yang B Enterprise Agreement 2018	Achieved The Enterprise Agreement was negotiated and submitted to the Commission in August 2018, which ratified it in December 2018.
Community	
Implement a new corporate social responsibility program including seeking applications for local community grants	Achieved More than \$230,000 was allocated to 15 community projects in the Latrobe Valley and Gippsland. This included five major partnerships with the Hope Restart Centre, Interchange Gippsland, Life Education Gippsland, Traralgon Railway Reservoir Conservation Reserve, and the Latrobe Valley and District Cricket League.

We continue to work towards continuous improvement across our operations. Our objectives for FY20 are included in each section of this report.

About Our Business

Loy Yang B Power Station is a brown coal-fired power station in Victoria's Latrobe Valley, approximately 160km east of Melbourne. It consists of two electricity generating units which together provide up to 1,100MW of baseload power and supply approximately 17% of Victoria's energy needs. We have operated since 1993 and continue to be one of the lowest cost and most reliable generators in the National Electricity Market⁴ (NEM).

Loy Yang B was acquired in 2018 by Chow Tai Fook Enterprises Limited (CTFE), a Hong-Kong based family-owned company, and is operated by Latrobe Valley Power (Holdings) Pty Ltd.

We have a supply agreement with CTFE's other Australian energy subsidiary, Alinta Energy, supplying it with a share of the power station's output, providing a strategic benefit through access to a low cost reliable supply of energy.

Both Loy Yang B and Alinta Energy are subsidiaries of a CTFE group entity, Pioneer Sail Australia Pty Ltd.

Our values and goals

Loy Yang B will continue to provide a reliable supply of electricity while maintaining a focus on the welfare of our people and our community, continuous improvement opportunities and operational excellence.

Our strategic objectives

Loy Yang B's strategic objectives are to:

- Maintain safe and reliable operations
- Maximise plant performance by successfully implementing planned turbine upgrades
- Improve employee engagement and further develop leadership capabilities
- Continue to explore opportunities to improve our environmental footprint, including feedback received from the community
- Maintain our social licence to operate as we continue to engage with our key stakeholders.

Continuous improvement

Loy Yang B actively participates in industry and regulatory groups to support continuous improvement of our business and operations. We see this as an opportunity to learn from others, bring new ideas to our business, support innovation and benchmark against other organisations, while also sharing our knowledge with industry colleagues.

In July 2019, Loy Yang B was recertified to international standards ISO 9001 (quality management) and ISO 14001 (environmental management) and became accredited to the new international safety management standard ISO 45001.

⁴ The NEM is a wholesale market connecting Australia's six eastern and southern states. It excludes Western Australia and the Northern Territory.



Business Structure and Governance

Planned FY20 objectives

- Improve safety leadership, employee engagement and encourage innovation
- Improve change management and outage execution processes
- Maintain strong governance and oversight of major site agreements and services
- Improve plant performance, efficiency and flexibility.

Governance structure

Loy Yang B's holding company is Latrobe Valley Power (Holdings) Pty Ltd. The Latrobe Valley Power (Holdings) Pty Ltd Board consists of:

- Two independent non-executive directors, including an independent non-executive Chairman
- Three directors who are senior executives of Alinta Energy
- Two directors who are nominees of CTFE, who are also non-executive directors of Alinta Energy.

Further information on our directors is provided on pages 8-9.

The Board is ultimately responsible for Loy Yang B's governance and performance. It approves our strategy, oversees our operations and monitors our risk management and control systems, including energy trading, sustainability initiatives and performance.



The Board is assisted by two committees:

- Audit and Risk Committee – Oversees financial reporting, risk management, compliance and audit
- Asset Management Committee – Considers matters including operational performance, maintenance, and significant proposed expenditure.

The Board and its committees have charters which set out their specific responsibilities and objectives.

Sustainability is governed and monitored by the Board and managed by the Loy Yang B leadership team, supported by robust systems and programs addressing compliance, stakeholder engagement and community partnerships.

Risk management and control

Loy Yang B's Audit and Risk Committee assists the Board by ensuring a strong risk management culture is maintained. This includes overseeing the Enterprise Risk Management program and risk management procedures to support robust analysis of major business risks through careful consideration of task-based activities.

The Committee also oversees Loy Yang B's financial reporting process.

Loy Yang B operates under local management while also sharing some systems and processes with Alinta Energy.

Latrobe Valley Power Board

Independent Non-Executive Directors



Greg Lewin AM (Chairman)

- Chairman of Latrobe Valley Power (Holdings) Pty Ltd since 2018
- Chairman of the World Chemical Engineering Council (2012 – 2016)
- Awarded a Member of the Order of Australia in 2011
- Greg holds a Bachelor of Chemical Engineering and an MBA from Melbourne University.



Ken Thompson

- Currently Responsible Manager: Alcoa Energy Management Australia Pty Ltd
- Former Executive General Manager at Loy Yang A Marketing Management Company (owned by AGL)
- Previously held a range of senior roles at organisations in the Latrobe Valley
- Ken holds a Diploma of Engineering from Swinburne University and is an Australian Financial Markets Association (AFMA) Accredited Individual with a Diploma of Financial Services.

Non-Executive Directors



Patrick Tsang

- CEO and a director 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 SJM Holdings Limited (HK stock code: 0880), 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 director and 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 the University of Toronto.



Jeff Dimery

- CEO of Alinta Energy since 2011 and Managing Director since 2017
- Chair of the Australian Energy Council
- Previously held 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.



Daniel McClelland

- Executive Director, Corporate Services at Alinta Energy since 2013
- Prior to this he was Alinta Energy's Chief Risk Officer
- Previously Chief Risk Officer at Goodman Fielder
- Daniel holds a Bachelor of Commerce from the University of Wollongong and is a graduate of the Australian Institute of Company Directors.



Ken Woolley

- Executive Director, Merchant Energy at Alinta Energy since September 2017
- Prior to this he was Alinta Energy's Executive Director, Power Generation (February 2011 to September 2017)
- Previously General Manager, Power Development at AGL Energy
- Ken holds a Bachelor of Mechanical Engineering from Monash University. He has completed the Executive Learning program at the IMD School, Switzerland and is a member of the Australian Institute of Company Directors.

Changes to non-executive directors during the year

In resigning as Alinta Energy's Chief Financial Officer, Ellen Lambridis also resigned as a director of Latrobe Valley Power from 18 December 2018.

Loy Yang B leadership team

Our General Manager, Tony Hicks, is responsible for day-to-day management of Loy Yang B's business and operations and is accountable to the Latrobe Valley Power Board. The leadership team manages the strategic and operational outcomes for finance, asset performance, operations and maintenance. This includes responsibilities for environmental compliance, sustainability, community engagement and safety.



Tony Hicks

General Manager

Responsible for planning, organising, directing and controlling activities across the business and leading the senior management team. Tony also regularly reports on Loy Yang B's performance to the Board.



Sean Halloran-Lavelle

Engineering and Maintenance Manager

Responsible for all Loy Yang B plant-related engineering, maintenance, plant reliability programs and activities.



Des Dalton

Production Manager

Responsible for operational activities including chemistry, environmental and compliance programs, station security and emergency management.



Tony Staley

Finance Manager

Responsible for the finance function, including budgeting and business planning, reporting, analysis and payroll.



Doug Day

Business Support Manager

Responsible for safety, communications, human resources, IT and procurement functions.

* Appointed September 2018

Business Governance Forum

The Loy Yang B Business Governance Forum meets quarterly to:

- Review and provide strategic oversight of Loy Yang B's Business Plan
- Discuss strategic direction and performance
- Highlight emerging issues and recent successes
- Report on progress of agreed Key Performance Indicators and Business Plan Actions
- Review compliance and legal obligations
- Verify the performance of the quality, safety and environmental management systems.

The forum also contributes to our reporting to the Latrobe Valley Power Board.

Employee behaviour

Loy Yang B strives to provide a safe and productive work environment where everyone conducts themselves appropriately with respect to their behaviour, interaction with other people and use of our property.

We have a code of conduct outlining acceptable workplace behaviour, which is incorporated in our induction training modules. The code of conduct also outlines unacceptable behaviour which will not be tolerated, including bullying, harassment, violence, unsafe work practices and failing to follow reasonable instructions.

Legislation and policy

Our quality, safety and environmental management systems require us to incorporate legislative and regulatory changes into our procedures and assess emerging government policies to determine their expected impact on our business. We monitor these developments using legal and alert subscription services and through our industry networks.

Fines and sanctions

Loy Yang B did not receive any material⁵ fines or non-monetary sanctions for breaches of Australian or state laws or regulations associated with corporate governance, the environment, employment or safety during FY19.

⁵ For the sustainability report material fines and sanctions are defined as greater than \$500,000.

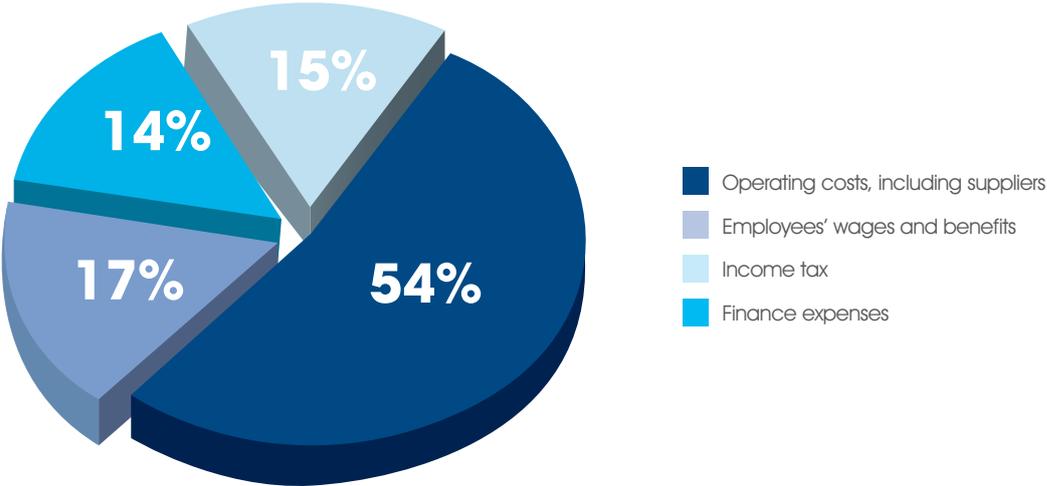
Economic Value and Operational Performance

Loy Yang B plays a key role in supplying reliable electricity to Victorians, generating up to 1,100MW of baseload power 24 hours a day, 365 days a year.

As part of the CTFE group, our capacity agreement with Alinta Energy gives it access to affordable and reliable energy. In turn, this contribution to Alinta Energy’s current energy mix, which also includes gas and renewables, puts downward pressure on its customers’ electricity prices, helping make energy more affordable.

Direct economic value

Loy Yang B’s total economic value distributed was approximately \$265 million for FY19 with the value generated by our business shared among suppliers, employees, financiers, owners and the government, as shown below. Our operating costs largely comprise the cost of sourcing coal from the adjacent AGL-owned mine, along with internal maintenance and production costs.



Indirect economic value

Our operations indirectly benefit the local and regional economy, including by boosting local employment rates, sourcing goods and services from local businesses, and supporting local not-for-profit community organisations with donations, fundraising and other assistance. This includes through our community partnership program, which is discussed on page 32.

Power generation and availability

The power station exported 7,855GWh of electricity to the grid during the FY19 year, which was down on our FY18 exported electricity of 8,258GWh mainly due to Unit 2 being offline for the major upgrade.

In FY18 we were proud to achieve the highest availability service factor of all steam generation plants in Australia at 96.72%⁶ according to the annual Australian Energy Council Generation Performance Benchmarking Report. Our FY19 availability service factor has been calculated as 91.86%. As with exported electricity, the main driver of this decrease is the Unit 2 major upgrade.

⁶ Australian Energy Council Generation performance benchmarking report 2017-18.



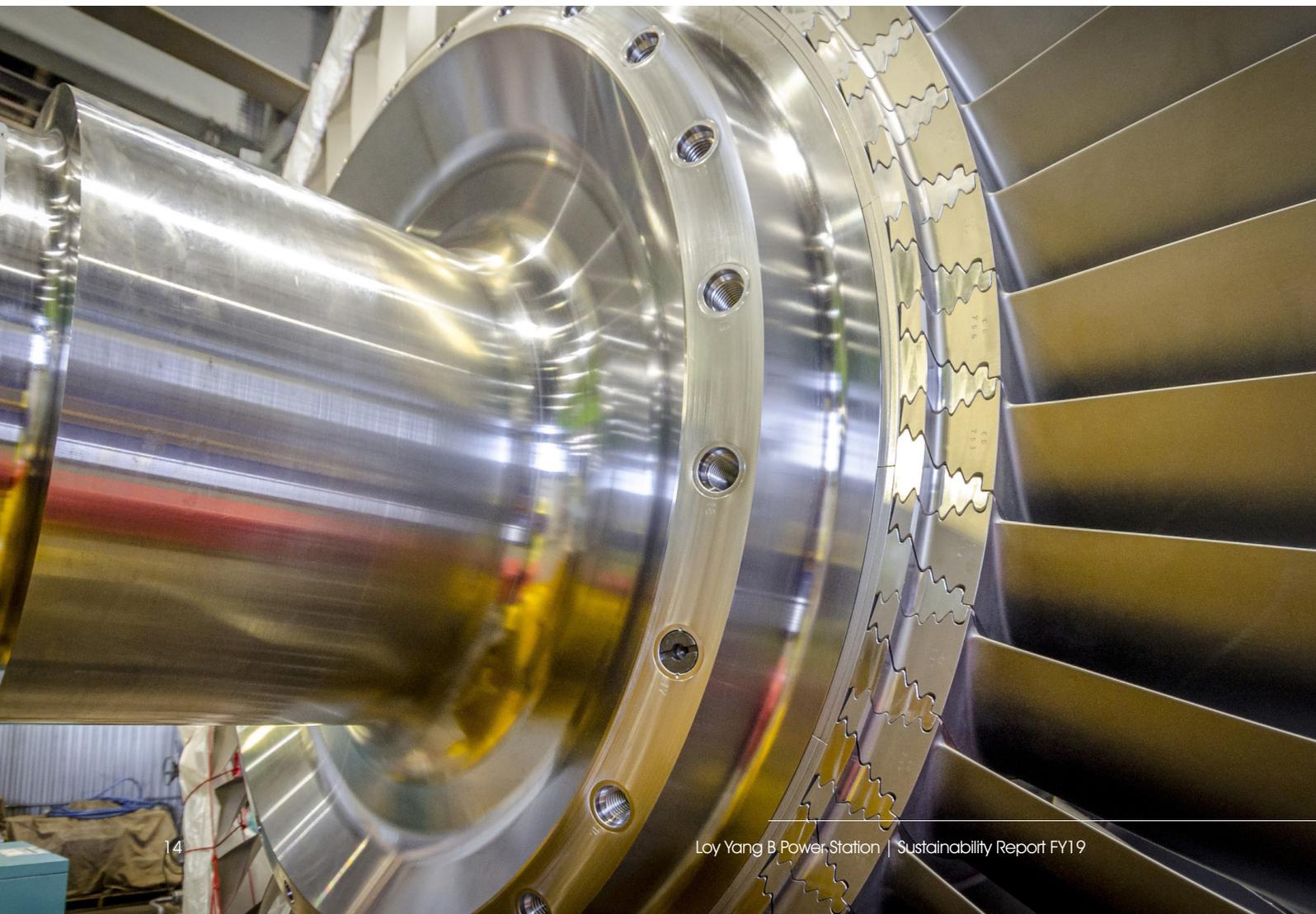
Unit 2 major upgrade project

Loy Yang B successfully completed a major upgrade of our Unit 2 turbine and generator during a planned outage in April and May 2019. This has increased the unit's capacity and therefore helped secure the baseload supply of electricity for Victorians into the future. The project was the biggest ever undertaken since the construction of Loy Yang B. Unit 1 is scheduled to be similarly upgraded in 2020 to further increase our capacity and reliability.

Most importantly, the upgrade was completed with no LTIs. We are very proud of this achievement, especially given that the workforce swelled to a record 640 people, compared to our usual workforce of 150.

The outage occurred over 52 days at a cost of approximately \$80 million, of which around \$50 million was spent on local labour and materials, with the remaining \$30 million going towards specialist equipment.

Pictured – New turbine rotor installed during the Unit 2 upgrade



Every person on site during the upgrade worked towards a shared goal of zero harm. Our safety performance also benefited communities in our region. For every day without an injury or significant incident, we contributed money into a pool which was donated to local charities and not-for-profit organisations. Our employees and contractors voted for three charities to receive the donations: Lifeline Gippsland, Gippsland Disability Advocacy and Latrobe Valley Men’s Sheds.

Lifeline Gippsland’s share of the funding allowed its volunteer counsellors to support an additional 120 people through its 24-hour crisis-prevention phone service. High demand and lack of resources means calls can unfortunately go unanswered⁷, but according to Lifeline Gippsland Business Operations Manager Alex Todorovski, the funding from Loy Yang B “means a great deal in regard to the services provided via the crisis telephone support line 13 11 14.” Gippsland Disability Advocacy used its funds to assist people with a disability to get into the workforce, while the Men’s Sheds used their funding for projects which allow its members to get together to make friends, build a network of emotional support and develop a sense of belonging.

7 <https://www.lifeline.org.au/static/uploads/files/11a3332-annualreport-cover-fa-screen-wfxmacawswo.pdf>

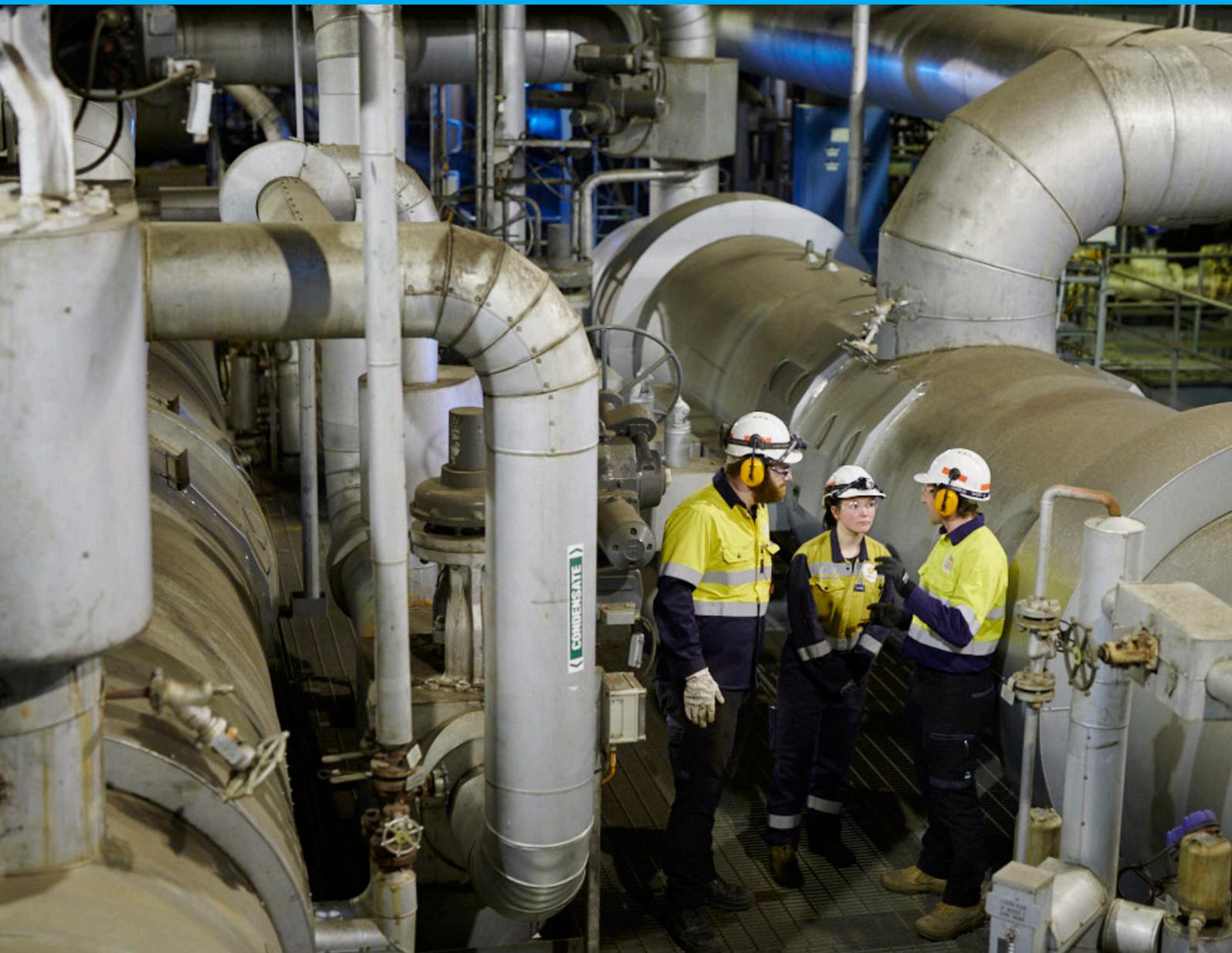
Pictured – The recipients of donations from Loy Yang B’s health and safety incentive with Loy Yang B and major contractor representatives



Our Health and Safety

Loy Yang B is proud of our ongoing commitment to safety. The safety of our employees, contract workers and visitors will always be our highest priority and comes first throughout our operations and business decisions.

**Our safety vision:
Everyone, every day, every
job - zero harm.**



Planned FY20 objectives

- Achieve a total recordable injury frequency rate (TRIFR) \leq 12.5
- Maintain our record of zero Class 1 incidents
- Improve our safety leadership culture and outcomes
- Continue to learn and improve from the Unit 2 major upgrade to ensure continuous improvement and best practice safety outcomes ahead of the Unit 1 works
- Embed our Safety and Wellbeing Strategy and increase the participation rate in health and wellbeing activities.

Safety performance

There were zero lost time injuries (LTIs) across our operations during FY19, consistent with the previous year. During the same period, nine reportable injuries occurred, resulting in a TRIFR of 15.73.

Performance criteria	FY19	FY18
Total Work Hours	572,088 ⁸	385,418
Total LTIs	0	0
LTIFR	0.00	0.00
Total TRIs	9	3
TRIFR	15.73	7.78

While we were disappointed to fall short of our target TRIFR of 12.5 or less, we are pleased with our overall safety performance considering the increase in exposure hours compared to the previous year and the complex, high-risk activities involved in the Unit 2 major upgrade which was accompanied by a significant increase in our temporary workforce. We are conscious that we must keep learning, improving our safety practices and culture, and striving to eliminate hazards where practicable as a priority.

Loy Yang B has a strong reporting culture including immediate reporting of safety hazards and near misses. These are discussed at our monthly Occupational Health, Safety, Environment and Wellbeing Committee meetings to ensure that corrective actions are taken to address identified hazards on a timely basis.

Safety Value Adds

We are always looking to implement measures to make our workplace safer. In FY19, we introduced a new incident reporting system which incorporates Safety Value Adds, where employees can record actions which have made our workplace safer. During the year, 32 initiatives were recorded.

⁸ Total work hours include 369,888 hours of normal operation and maintenance activities, plus 202,000 hours directly related to the Unit 2 major upgrade in April/May 2019.

Contractor safety

Loy Yang B engages contractors to provide services and labour that supplement our own workforce during normal operations, as well as engaging a significant number of contract workers during peak periods such as major upgrades.

Safety during the major works to upgrade the Unit 2 turbine was our highest priority. Up to 500 additional contract employees were on site at any one time and a total of 202,000 hours were worked over 52 days – that’s close to the number of hours our employees would usually work over the course of a year.

The safety performance achieved during this high-risk work period was a credit to all working on site, with our employees working closely with contractor supervisors and contract staff. This cooperation helped ensure robust control of health and safety risks and consistency across our operations and was a key contributor to the positive result.

Governance

The Loy Yang B Occupational Health, Safety, Environment and Wellbeing Committee is a key part of our safety management framework. It promotes a cooperative safety culture and provides a forum for joint consultation across our workforce.

The Committee and other internal groups assist in monitoring and advising on health and safety matters and initiatives. Our risk management processes aim to keep risk as low as reasonably practicable and ensure all employees and contractors understand their obligations for safe work practices.

Safety management system

As part of our safety vision of zero harm, we recognise the importance of developing and maintaining safe work practices and environmental conditions that provide a healthy workplace.

For FY19, our occupational health and safety management system was certified to both AS/NZS 4801 and ISO 18001 standards. Loy Yang B also has an operational excellence framework in place. In July 2019, we achieved certification to the new international safety management system standard ISO 45001.

These standards require us to maintain a major hazard risk register which documents the hazards relating to aspects of our power station’s operations. Each aspect is regularly reviewed by subject matter experts and further improvements and actions are identified and implemented to ensure that residual risk is maintained to the ‘as low as reasonably practicable’ risk principle. This supports Loy Yang B’s continuous improvement approach to safety.

Loy Yang B’s robust safety management system includes written manuals, policies, procedures, work instructions and job plans which help mitigate situations or behaviour that could result in injury or harm. Compliance with these directions is an essential part of our operations.

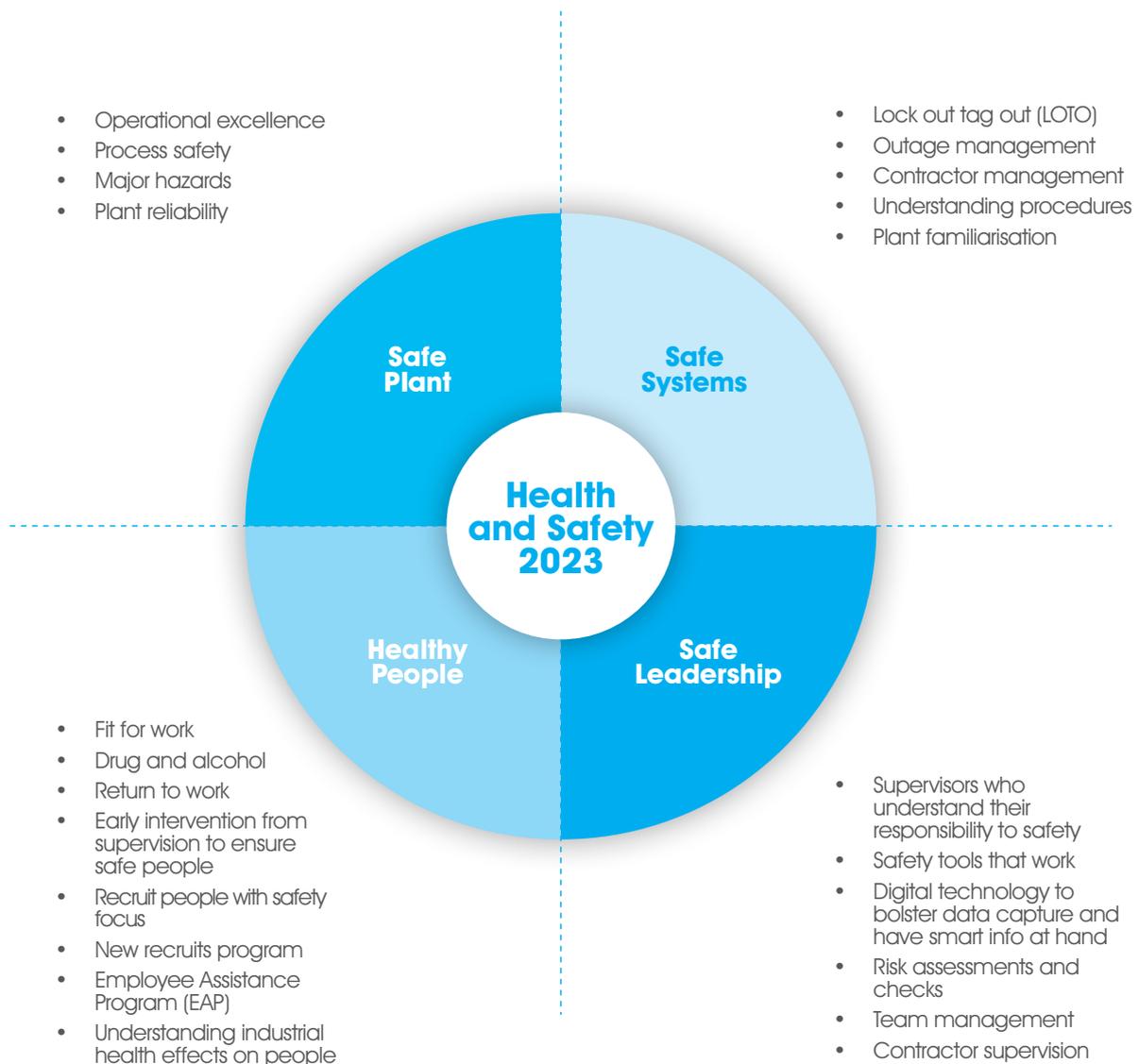
Safety and wellbeing strategy

We recently combined our separate health and safety and wellbeing strategies to provide a better integrated approach, focusing on reducing musculoskeletal injuries, chronic disease and mental health issues.

Our safety vision is inherent in everything we do at Loy Yang B. We strive to focus on the continuous pursuit of zero harm across all aspects of our organisation – people, systems, workplace, culture and leadership. We do this by providing strong committed leadership, robust systems and processes, and supporting healthy employees with healthy minds. Our wellbeing vision is to foster a culture that empowers our people to live well and work well.

Loy Yang B will continue to provide the necessary training to ensure every employee enjoys a safe and healthy working environment.

Safety and wellbeing strategy



Safe plant

We work to reduce the risk to people and the impact of occupational injury, illness and disease, and maintain a skilled and appropriately resourced workforce to safely manage our power station.

Safe systems

We measure and develop our safety management system to ensure it is robust, encompasses all aspects of our operations, and reflects current best practice.

Safe leadership

We all have a personal responsibility for our own safety and a shared safety responsibility for others. Our policies and procedures have the flexibility to recognise people's experience and knowledge of health and safety. Everyone working on our site has the authority to immediately stop a work activity if an at-risk behaviour is observed.

Healthy people

As well as being physically and mentally healthy, we believe a healthy working environment and having healthy policies and leadership are key contributors to overall wellness, and we strive to provide that for our workforce.

Health and wellbeing model

At Loy Yang B, we are committed to our people's health and overall wellbeing. We want our workplace to enable employees to thrive at work and live their best life outside of work.

Wellbeing was recently incorporated into our overall safety and wellbeing strategy through the 'Healthy People' element. Our integrated approach to wellbeing, acknowledges that wellbeing is influenced by many factors.

Pictured – Loy Yang B employees participate in a Pilates session as part of our health and wellbeing program



Health and wellbeing activities

A program of events is implemented across the year to meet our employees' health and wellbeing needs. This incorporates activities tailored to each of our four priorities. This year has seen a greater number of people attending our activities, increasing from 51% in FY18 to 69% and exceeding our FY19 target of 65% participation.

Employees who are already actively engaged in health-related activities are often those who partake most fully in the program, however there has recently been a shift to a more diverse range of employees. Popular activities included sessions with a local exercise physiologist, education sessions such as sleep education, and drug and alcohol awareness, guest speakers and Pilates.

The program has been successful in raising greater awareness among our people of health issues they should be concerned about and encouraging them to seek further help when required. This was reflected in offering skin checks, which resulted in several employees being referred for further testing and catching potential skin cancers early.

While still in its infancy, there has been a great deal of positivity around the health and wellbeing program. The restructured program has been in place for almost two years and is continuing to grow.





Our Environmental Performance

Loy Yang B is committed to delivering affordable energy to communities while minimising our environmental impact. We outline our approach to this in our Environmental Policy⁹, which is achieved through our environmental management system and by implementing our annual environmental improvement plan.

Our consistently strong environmental performance has been achieved by our skilled and dedicated workforce completing their day-to-day activities in accordance with our licence conditions.

We believe that Loy Yang B's environmental performance is a strength of our business and will continue to identify opportunities to further minimise our impact on the environment, including through our new research and development program.

⁹ This policy is available from <https://www.alintaenergy.com.au/vic/about-alinta-energy/power-generation/loy-yang-b/>

Planned FY20 objectives

- Complete the Victorian Environment Protection Authority's (EPA) licence review and assess any changes in conditions or licence limit values to ongoing compliance
- Review draft subordinate legislation associated with the Environment Protection Amendment Act 2018 (EPA Act), such as regulations, environment reference standards, codes of practice, guidance materials and participate in industry consultation
- Prepare for the commencement of the EPA Act¹⁰, including completing a compliance audit of our environmental management system and framework to assess compliance with new requirements
- Investigate the impact on our operations associated with potential variations to the National Environment Protection Measure on ambient air quality
- Deliver a research and development program to improve our operational profile.

These objectives will be published in our annual Environmental Improvement Plan (EIP), which is integrated with our broader business planning processes to identify and implement further improvements as part of our overall operations.

Environmental management system

Our environmental management system provides the framework for how we protect the environment in balance with the power station's operations, and aims to:

1. Support compliance with and meet the requirements of our EPA accredited licence;
2. Deliver a long term, sustainable and reliable electricity supply in an environmentally responsible way;
3. Meet expectations of our community, regulators, insurers, owners and financiers, including providing relevant environmental information; and
4. Identify and implement continuous improvements to our environmental management that:
 - Enhance our environmental performance
 - Help us meet all compliance obligations
 - Deliver our environmental objectives
 - Protect the environment.

¹⁰ Due to occur on 1 July 2020.

The system includes manuals, procedures and work instructions that document how we operate. This includes key process controls, monitoring and management, emergency preparedness and compliance with our EPA licence. Regulator reporting programs include the National Pollutant Inventory (NPI), the National Greenhouse and Energy Reporting (NGER)¹¹ program and the EPA Annual Performance Statements reporting against our EPA licence. Information for these programs is publicly available, including our Annual Performance Statement and can be located on the EPA's website¹² by searching 'LYB Operations & Maintenance Pty Ltd'.

To achieve our environmental objectives, we maintain an on-site environmental aspects register with details of how our operations interact with the surrounding environment and any potential impacts. This includes emissions to the airshed, water discharges and disposal of ash wastes to the adjacent AGL owned and operated settling and ash ponds.

Key elements of our Environmental Management System are routinely audited through our internal audit program. Other third-party audits, including by the relevant regulators, occur regularly for programs such as sustainability, NGER, NPI and our Annual Performance Statement reporting.

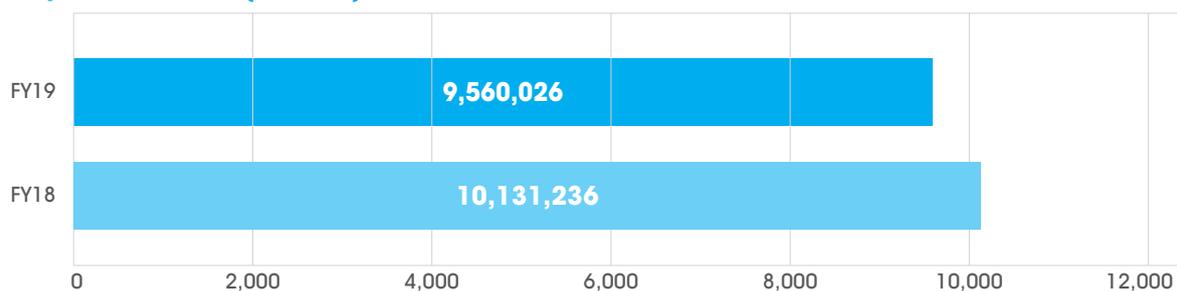
Energy and emissions

National Greenhouse and Energy Reporting (NGER)

We report annually as part of the National Greenhouse and Energy Reporting Act 2007 (NGER Act). This is a foundation piece of legislation that requires Australian facilities, including Loy Yang B, which exceed reporting thresholds, to report their emissions and the energy they produce and consume to the Clean Energy Regulator, enabling the Australian Government to monitor emissions at a facility level.

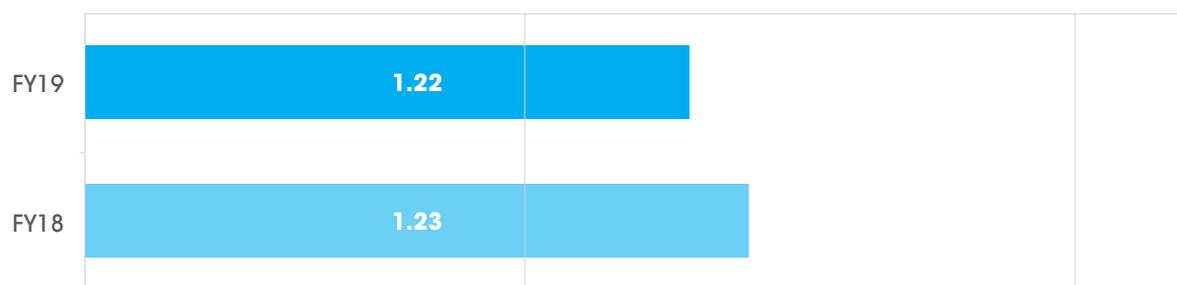
Loy Yang B and our predecessor companies have completed this reporting since its inception. Our reports are subject to a voluntary external audit.

Scope 1 emissions (t CO₂-e)

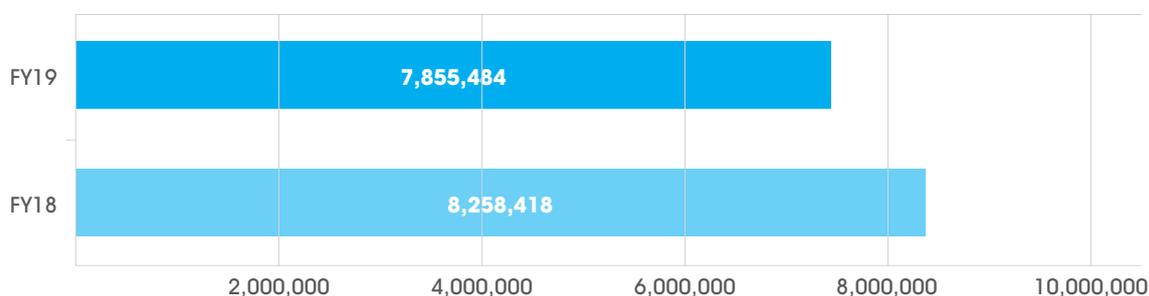


¹¹ Loy Yang B's facility-level information is reported by Pioneer Sail Holdings Pty Limited which has operational control over Loy Yang B for NGER purposes.
¹² www.epa.vic.gov.au/our-work/licences-and-approvals

Emissions intensity of Loy Yang B (t CO₂-e/MWh sent out)



Sent Out Power Generation (MWh)



Air emissions

Loy Yang B met all requirements under our EPA licence regarding emissions discharge to the airshed during FY19. This is reflected in our Annual Performance Statement submitted to the EPA in September 2019, with 100% compliance achieved.

We measure emissions through a combination of continuous measurement and periodic stack testing techniques. Calibration of continuous measurement equipment and periodic testing is undertaken by accredited third parties.

Air emissions (tonnes)	FY19	FY18 ^a
Sulphur dioxide ^a	21,093	28,382
Particulates (includes PM ₁₀ and PM _{2.5}) ^b	852	1,112
Oxides of nitrogen (as NO ₂) ^c	10,438	14,737

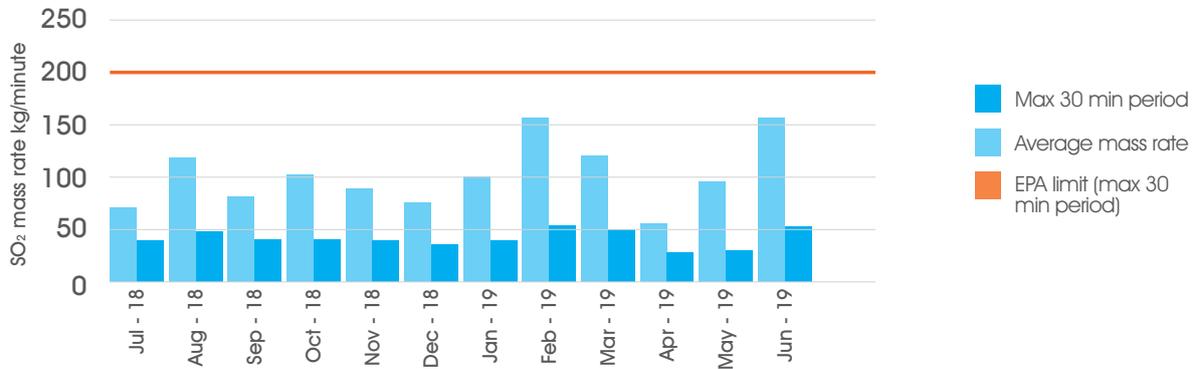
^a Direct continuous measurement.

^b Direct continuous measurement. PM₁₀ refers to particulate matter which is 10 micrometres or less in diameter (coarse particles), while PM_{2.5} refers to particulate matter 2.5 micrometres or less in diameter (fine particles). Both can include solid particles and liquid droplets.

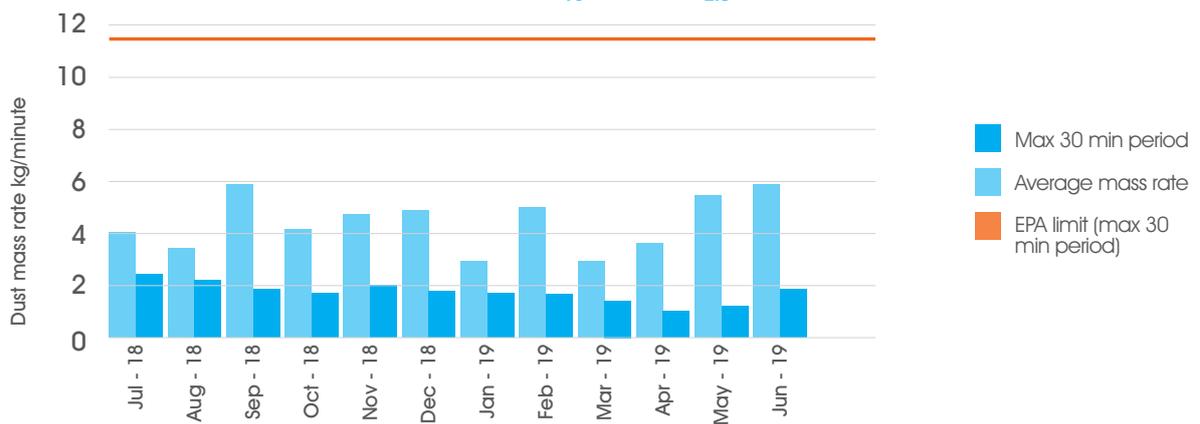
^c Reported NOx values for FY19 have decreased as compared to FY18 due to a change in reporting technique. A new higher order method has been implemented in FY19, Continuous Emissions Monitoring (CEMS) and this has replaced an estimation factor technique under the National Pollution Inventory (NPI) framework which was applied in FY18.

The charts below demonstrate our compliance throughout the year with our EPA licence conditions for sulphur dioxide, particulates (dust) and oxides of nitrogen using continuous emissions monitoring equipment.

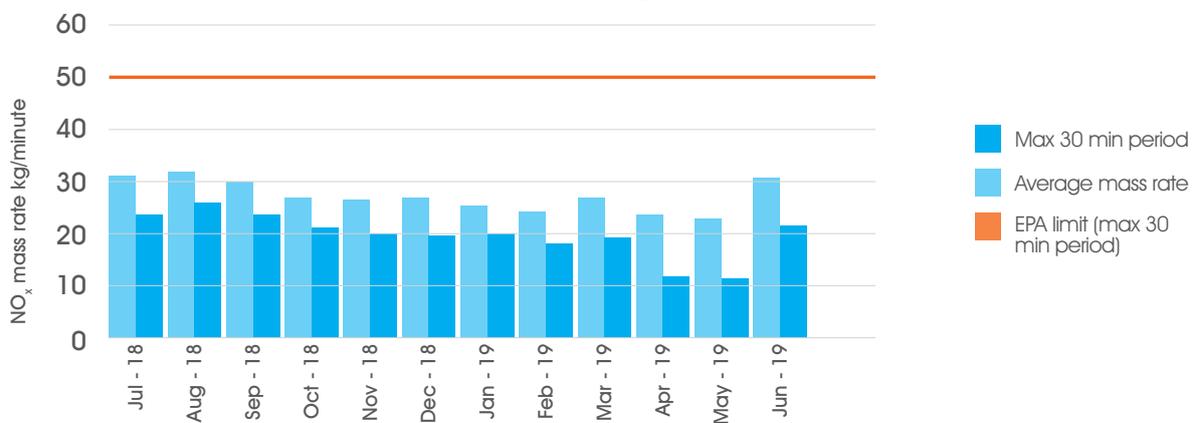
Sulphur Dioxide



Particulates (including PM₁₀ and PM_{2.5})



Oxides of nitrogen (as NO_x)



Water management

We acknowledge that our power station uses significant levels of water and have robust systems in place to ensure we use this scarce resource as efficiently as practical and minimise the environmental impacts of managing waste water.

Water by source (ML)	FY19	FY18
Self-sourced surface water (other than ocean water) ^a	16,018	16,650
Recycled water from site ^b	664	658
Potable water from water suppliers ^c	204	165

Water by use (ML)	FY19	FY18
Cooling	16,682	17,308
Industrial processing (other than cooling)	179	138
Other	25	27

Water by discharge ^d (ML)	FY19	FY18
Off-site treatment facility	2,157	2,377
Other	-	5

a Low quality water sourced from Blue Rock storage under bulk water entitlement held by Southern Rural Water and delivered to site by AGL Loy Yang. Direct measurement provided by AGL Loy Yang.

b Site drainage recovery re-used for cooling water (untreated). Contains rainfall site harvest/capture. Direct measurement.

c High quality water sourced from Moondarra Reservoir provided by Gippsland Water in a raw state and made potable by AGL Loy Yang. Also includes demineralised water feedstock. Direct measurement provided by AGL Loy Yang.

d The difference between water sourced and water discharged is assumed to be from the evaporation of water from the cooling towers, which is not measured and therefore not reported.

Solid waste

We are dedicated to reducing our waste to landfill and maximising resource recovery. Our waste management and disposal control instruction supports environmental compliance and responsibly manages waste disposal activities to minimise their environmental impact while meeting all relevant environmental legislation.

Waste type (tonnes)	FY19	FY18
Total ash ^a transferred to AGL Loy Yang ash settling pond	120,777	117,642
Steel sent for recycling	389	259
Total domestic ^b waste to landfill	64	106
Total domestic recycled (diverted from landfill)	27	44
Total waste	121,257	118,051

a Ash residue produced during the coal combustion process.

b Internally classified to be general waste excluding recyclables (including paper, cardboard, co-mingled recyclables) which is not classified as environmentally hazardous.

EPA Victoria licence review and community consultation

In late 2017, as part of its periodic licence review program, EPA Victoria commenced a review of the three brown coal-fired power stations (Loy Yang A, Loy Yang B and Yallourn) in the Latrobe Valley. We have actively participated in, and fully supported this process from its outset.

As 30 June 2019, the EPA licence review was ongoing.

Research and development program

We began planning a research and development program in late 2018, which aims to identify innovative opportunities for improving Loy Yang B's operational profile by:

- Reducing greenhouse gas emissions
- Improving efficiency and optimising processes
- Reducing emissions to air, waste and/or water
- Improving resource use, such as coal and water or utilising ash material or waste heat.

Potential projects must demonstrate technical and ultimately commercial viability, and integrate with and complement our existing design and operating arrangements.

We have always adopted a continuous improvement approach to our operations, implementing several significant projects during our operating lifetime to date.

We have engaged an industry and technical advisory partner to assist us with the research and development program, including to help prepare an expression of interest document to issue to third party project proponents, conduct engineering evaluation, shortlist submissions proposals, and provide ongoing technical and engineering support through any feasibility, pilot or field demonstration phase.

The program guidelines are currently being developed and, subject to Board approval. We expect to release the expression of interest in the last quarter of 2019.



Our People

Loy Yang B endeavours to provide a positive workplace where our employees feel valued and acknowledged for their contribution and are encouraged to take initiative, seek development opportunities and build strong relationships.

Planned FY20 objectives

- Improve employee engagement by interpreting data from the survey conducted in late 2018 and work with employees to develop action plans to improve their overall work experience
- Enhance our recruitment process by implementing the recommendations from our recent independent review
- Develop a long-term people strategy which considers likely changes in the electricity market and prepares us to navigate them successfully.

Employment

Loy Yang B has a minimum fixed workforce, as defined within our Enterprise Agreement. Our employee numbers vary from time to time depending on vacancies and business requirements.

At 30 June 2019, Loy Yang B employed 162 people. We pay fees to the two independent non-executive directors of Latrobe Valley Power while the remaining board members do not receive separate remuneration as they undertake their roles in their capacity as executives of CTFE or Alinta Energy.

An additional 500 contractors were engaged during the major upgrade of Unit 2 in April and May 2019.

The following tables summarise our employment information and composition statistics as at 30 June 2019:

Employment and governance bodies' employment information summary	Employee numbers		Full time / Part time		Employment type		
	Total	FTE ^b	Full time	Part time	Salaried ^c	Casual	EBA ^d
All employees ^a	162	159.4	95%	5%	6%	-	94%
Directors ^e	7	N/A	-	100%	100%	-	-
Leadership team	5	5.0	100%	-	100%	-	-
Supervisor and leaders	17	17.0	100%	-	18%	-	82%
New employees	14	13.5	93%	7%	21%	-	79%
Departing employees	8	7.5	87%	13%	-	-	100%
Average tenure of departing employees (in years)	20.28						

Employment and governance bodies' composition statistics	Gender		Location		Age		
	Women	Men	Regional ^f	City	Under 30	30 to 50	Over 50
All employees ^a	14%	86%	99%	1%	4%	48%	48%
Directors ^e	-	100%	14%	86%	-	43%	57%
Leadership team positions	-	100%	100%	-	-	20%	80%
Supervisor and leaders	12%	88%	100%	-	-	24%	76%
New employees	21%	79%	100%	-	29%	64%	7%
Departing employees	25%	75%	100%	-	--	-	100%
Average tenure of departing employees (years)	20.28						

a All employees includes all people paid through the Loy Yang B payroll. This includes our independent non-executive directors but excludes the remaining five non-executive directors who do not receive fees for serving on the Latrobe Valley Power Board.

b FTE refers to full time equivalents.

c Salaried employees are permanent employees on a fixed salary that is reviewed annually.

d EA refers to Enterprise Agreement.

e Directors are a combination of two independent non-executive directors and five non-executive directors who are representatives of Alinta Energy or CTFE.

f Regional locations are considered to be more than 80km from the nearest capital city.

Major upgrade resourcing

Management determined that five additional fixed-term roles were required to facilitate the delivery of the upgrades on both units. These roles were filled by new fixed term employees, whose contracts will end at the completion of the major upgrade of Unit 1 in 2020.

Enterprise Agreement

Loy Yang B's 2018 Enterprise Agreement was successfully negotiated and submitted to the Fair Work Commission for approval in August 2018. It was ratified by the Fair Work Commission in December 2018, and has a nominal expiry date of 1 September 2022¹³.

Apprenticeships and school-based apprentices

Loy Yang B hosts electrical, boilermaking and fitting apprentices and school-based apprentices under a group training arrangement with Programmed Skilled Workforce.

For the duration of their four-year apprenticeship, apprentices work with teams of experienced, passionate people eager to share their knowledge and develop our future workforce. Apprentices receive a nationally recognised trade qualification and learning opportunities that develop highly valued skills which are transferrable to other roles and industries. Loy Yang B currently hosts four apprentices, with plans to increase this number to six in 2020.

In addition to the apprenticeship program, Loy Yang B hosts four School-Based Apprentices (SBATs) each year. The SBAT program offers secondary school students in years 11 and 12 the opportunity to begin their career by working one day a week at Loy Yang B gaining valuable on-the-job experience. The students also attend TAFE one day per week to complete a Certificate II in Engineering or Electro-technology. This program gives students a greater understanding of these trades and our industry, providing a potential pathway to an apprenticeship. The program will be renamed Structured Workplace Learning and revised in 2020 to offer more opportunities with its overall intent remaining the same.

Engagement survey

We conducted an employee engagement survey in October 2018 using third party provider, Aon Hewitt. Loy Yang B achieved an engagement level of 82%, an exceptional score which places us in the top quartile of employers in Australia and New Zealand. There was a strong response rate across our workforce, with 75% of employees participating in the survey.

While we are proud of our overall result, we are always looking to improve and are in the process of developing an action plan to address some of the key areas for improvement, which will be implemented in FY20.

¹³ The Enterprise Agreement is due to expire on this date. If a new agreement has not yet been negotiated by this time the old agreement will continue to run until such a time that a new one is approved.

Pictured – Apprentices at Loy Yang B learning from their mentor



Our Community

Loy Yang B has been a part of the Latrobe Valley community for more than 25 years. We are committed to supporting the community where we live and work, maintaining strong connections, and making a positive difference for organisations that contribute to our society and environment.

Planned FY20 objective

- Continue to grow our community partnership program, building on existing relationships with the local community and seeking opportunities for new relationships.

Community partnership program

Our community partnership program doesn't only provide funding for worthwhile activities and events – we seek to form lasting relationships with the groups and organisations which run them and get involved in these activities wherever possible. It also helps fulfil our social responsibility to the local community.

This year, we allocated more than \$230,000 to 15 projects in the Latrobe Valley and Gippsland, including five major partners to which we have made a three-year commitment.

Pictured – Loy Yang B management and Latrobe Valley Power Board Chairman Greg Lewin with representatives from our five major partner groups at a program launch in February 2019



Hope Restart Centre

Loy Yang B is a foundation partner in the construction of the Hope Restart Centre¹⁴, the first residential rehabilitation centre for alcohol and other drugs in Gippsland, which is due to commence operation in December 2019. When fully operational, the centre will house 112 residential rehabilitation clients to treat alcohol and drug addiction and provide assistance for local families impacted by addiction.

Loy Yang B is initially supporting the construction of the centre, including a 66KW solar energy package, and has committed support for a further two years which is equivalent to three additional beds annually for Latrobe Valley residents. Our total financial support for this project over three years is \$490,000.



Pictured – General Manager Tony Hicks turns the first sod on the Hope Restart Centre with Nationals MP for Gippsland Darren Chester and Hope Restart Centre Board of Management Chair Peter Down

Interchange Gippsland

We have sponsored the Interchange Gippsland¹⁵ Family Camp for more than 20 years, and this year was no exception, with Loy Yang B's funding enabling 61 people to attend the weekend camp, which offers respite for people with a disability, and their families, who are often full-time carers.

Interchange Gippsland CEO Debbie Knight said the camp enables families caring for a child with a disability to come together and have fun in a safe and supported environment. "For many families this is the only opportunity for a holiday", Debbie said. "It also provides families with additional networks and the opportunity to form lifelong friendships with other families."



Pictured – Loy Yang B Business Support Manager Doug Day and General Manager Tony Hicks with participants at the Interchange Family Camp

¹⁴ More information about the Hope Restart Centre can be found on its website: www.hopecentre.asn.au.
¹⁵ More information about Interchange Gippsland can be found on its website: www.icg.asn.au

Life Education Gippsland

The mission of Life Education¹⁶ is to empower children and young people to make safer and healthier choices through education and Loy Yang B helped to do this by funding the Life Education program for hundreds of Latrobe Valley primary school students who would have otherwise missed out.

Through a partnership with Life Education Gippsland, we supported the Life Education van and its well-known mascot Healthy Harold the giraffe, to visit 410 students at Morwell Central Primary School, who learnt about vital topics including drug and alcohol awareness, cyber safety and making good friendships, which were then followed up in the classroom.

“This is a wonderful opportunity for our children to access the knowledge from a different source which helps support the curriculum”, Morwell Central Primary School principal Justine Smyth said of the program.

Morwell Central Primary School is just one of the schools we have supported during our relationship with Life Education over a 20-year period.

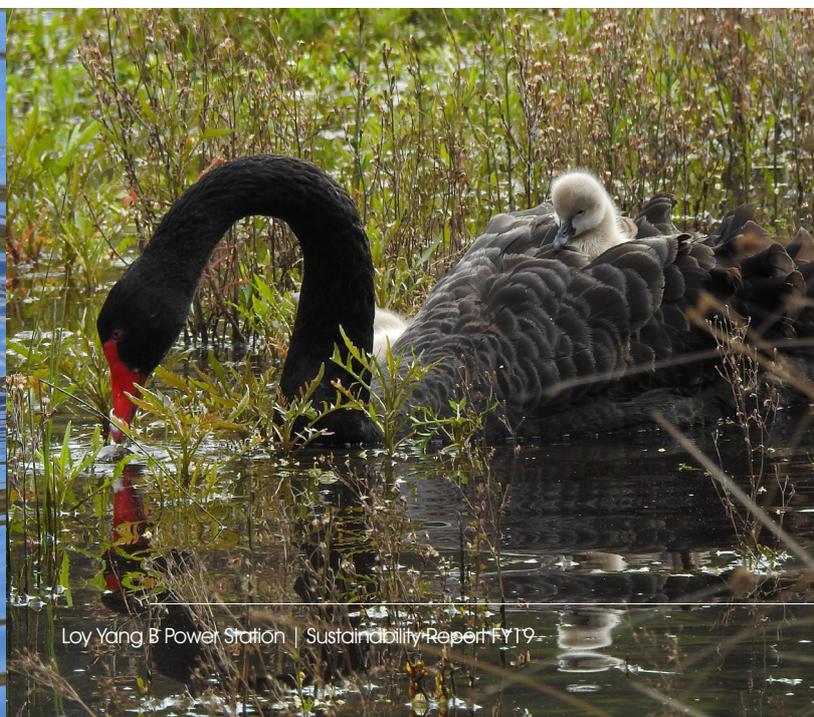
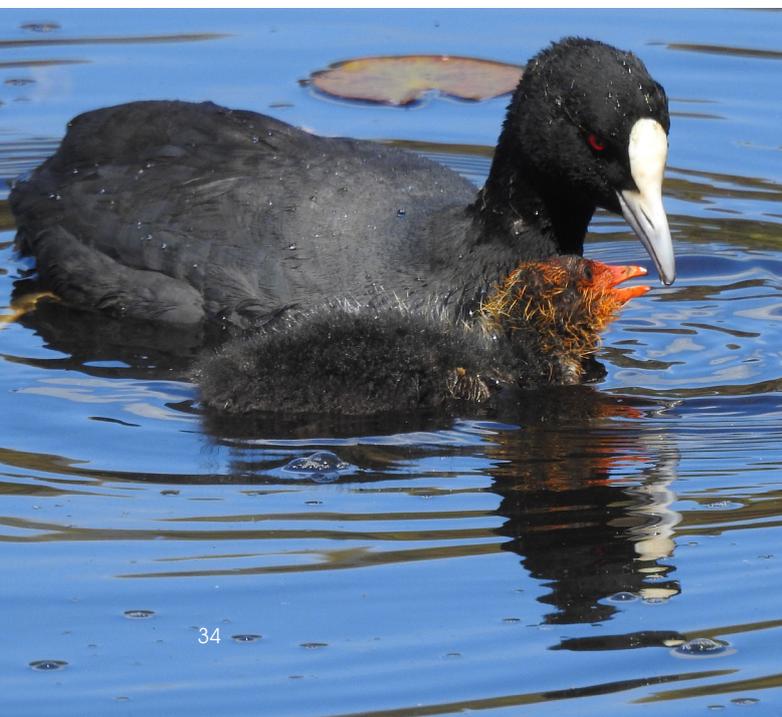
Traralgon Railway Reservoir Conservation Reserve

Loy Yang B has been a supporter of the Traralgon Railway Reservoir Conservation Reserve for more than two decades. The reserve of almost 30 hectares is managed by a dedicated group of volunteers who maintain the wetlands area to support its varied plant and animal life. It is a popular place for locals and tourists and attracts up to 1,800 visitors each week.

The projects which have benefited from our funding include revitalisation of pathways throughout the reserve, repairing fencing, and buying and installing 40 nesting boxes for the wide variety of bird life.

¹⁶ More information about Life Education can be found on its website: www.lifeeducation.org.au/about-us

Pictured – Wildlife at the Traralgon Railway Reservoir Conservation Reserve



Latrobe Valley and District Cricket League

Our partnership with the new Latrobe Valley and District Cricket League eliminated league fees for junior and women’s teams, allowing all women and children to play the sport for free. Last season, the league had 42 men’s teams, 34 junior teams and two women’s teams registered, with 32 women and more than 430 juniors playing in the competition.

Gippsland Motorcyclist Toy Run

In addition to forming our new partnerships, we also continued to support some organisations with which we have had a long association. One of these is the Gippsland Motorcyclists Toy Run, which collects presents and food for those doing it tough to make sure they have something to smile about on Christmas Day. Donations by employees and contractors were matched dollar for dollar by Loy Yang B to contribute more than \$7,200 worth of toys to the cause. According to toy run organiser Alf Vella, this contribution “broke the all-time record for an annual donation towards the toy run.”

“You can all hold your heads up with pride knowing that a lot of local kids had a great Christmas because of what you’ve done”, Alf said.

Latrobe Health Assembly

The Latrobe Health Assembly has been established to facilitate a new way of working to enable the community, local and state-wide agencies and government to work together to improve health and wellbeing in the Latrobe Valley. Our membership of the Assembly provides us with opportunities to further contribute to positive outcomes within our community, which is very important to us.

Pictured – Loy Yang B employee representatives hand over two ute loads of toys to Gippsland Motorcyclist Toy Run organiser Alf Vella



About this Report

Background

This is Loy Yang B Power Station's second annual sustainability report and provides information on our activities during the reporting period from 1 July 2018 to 30 June 2019 (FY19) in areas including environmental performance, social activities, operational activities and safety performance. This report is structured around the Global Reporting Initiative (GRI) Standards: Core option, however it does not claim to be prepared in strict accordance with the GRI Standards Core option.

Scope

Loy Yang B Power Station was acquired by Hong Kong-based Chow Tai Fook Enterprises Limited (CTFE) on 15 January 2018. From that time, our business was transferred to a new holding company, Latrobe Valley Power (Holdings) Pty Ltd. We have continued to operate under the Loy Yang B name.

This report relates to the Loy Yang B Power Station's operations. Where significant events or economic data occurred before CTFE's acquisition on 15 January 2018, this may not be reflected in the comparative figures shown in this report, as noted in individual sections. Loy Yang B's operations are also referred to in the sustainability report of CTFE's other Australian-owned energy company, Alinta Energy. Visit <https://www.alintaenergy.com.au/nsw/about-us/sustainability-report> for further information.

Inclusivity

Key issues are based on local knowledge and experience that reflected likely community and stakeholder areas of interest. In future reports, we plan to expand our engagements to help make our materiality assessment and sustainability reporting processes more comprehensive.

Material issues

This report outlines Loy Yang B Power Station's performance against various material aspects, informed by the GRI.

Our most material topics were identified and determined by internal Latrobe Valley Power and Alinta Energy stakeholders, and through informal engagement forums and existing communication channels which collected feedback and observations during the reporting year. We also reflected on the increased importance of regulatory frameworks and community support to gauge the issues that matter most to our stakeholders and topics that are central to continuing to operate as a sustainable business.

Measurement

The measurement framework adopted by management has been informed by the GRI.

Report quality principles

To provide greater transparency of our sustainability performance, we aligned this report's content to the GRI reporting quality principles:

Comparability

The format of this 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 Deloitte, as shown in the Independent Limited Assurance Report provided on page 39 of this report.

Timeliness

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

Clarity

The information in this report is presented as simply as possible to assist all stakeholders understand our approach to managing sustainability issues.

Reliability

This report's design and content are based on the outline of the GRI standards guidelines.

Glossary

Class 1 incidents	Class 1 incidents include fatalities and permanent life altering injuries
CTFE	Chow Tai Fook Enterprises Limited
EA	Enterprise Agreement
EMS	Environmental management system
EPA	Environment Protection Authority Victoria
FTE	Full time equivalent
GRI	Global Reporting Initiative
ISO	International Organization for Standardization
LTI	Lost time injury
LTIFR	Loss time injury frequency rate
LVP	Latrobe Valley Power (Holdings) Pty Ltd
NEM	National Electricity Market
NGER	National Greenhouse and Energy Reporting
NPI	National Pollutant Inventory
SBAT	School-based apprenticeship
Scope 1 greenhouse gas emissions	Emissions released to the atmosphere as a direct result of an activity, or series of activities at an operational level. Also referred to as direct emissions
SVA	Safety Value Add
TRIFR	Total recordable injury frequency rate

Independent Assurance Practitioner's Limited Assurance Report on the 2019 Sustainability Report to the Directors of Latrobe Valley Power (Holdings) Pty Limited

We have undertaken a limited assurance engagement relating to the selected Sustainability Performance Indicators detailed below (the 'Subject Matter') presented in Latrobe Valley Power (Holdings) Pty Limited's ('Latrobe Valley Power') Sustainability Report for the year ended 30 June 2019 ('2019 Sustainability Report'), in order to state whether anything has come to our attention that would cause us to believe that the Subject Matter has not been reported, in all material respects, in accordance with Latrobe Valley Power's 2019 Sustainability Metrics Definitions and related internal policies and procedures ('Reporting Criteria').

Subject Matter

The Subject Matter for our limited assurance engagement for the year ended 30 June 2019 is as follows:

Sustainability Performance Indicators	Page Reference
Material fines or non-monetary sanctions for non-compliance with Australian and state laws and/or regulations associated with corporate governance, environmental, employment and/or safety	P.11
Direct economic value (\$M) and split of operating costs (%)	P.12
Availability of the operational power station	P.13
Total recordable injury frequency rate ('TRIFR') and Lost time injury frequency rate ('LTIFR')	P.3, 17
Scope 1 greenhouse gas emissions from Australian power generation (tCO ₂ -e)	P.24
Air emissions (t)	P.25
Emissions intensity (tCO ₂ -e / MWh)	P.25
Sent out power generation (MWh)	P.25
Water by source, usage and discharge category (ML)	P.27
Quantity of solid waste generated (t)	P.27
Employee and governance bodies' employment information and composition statistics	P.30
Value of community contribution via corporate sponsorships, community development programs and charitable donations	P.32

Responsibilities of management

Management of Latrobe Valley Power is responsible for:

- Ensuring that the Subject Matter is properly prepared and presented in accordance with the Reporting Criteria
- Confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information
- Designing, establishing and maintaining internal controls to ensure that the Subject Matter is properly prepared and presented in accordance with the Reporting Criteria.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

Assurance Practitioner's Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the Australian Auditing and Assurance Standards Board in order to express a conclusion whether, based on the procedures performed and the evidence obtained, anything has come to our attention that causes us to believe that the Subject Matter has not been reported, in all material respects, in accordance with the Reporting Criteria. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter is free from material misstatement.

A limited assurance engagement in accordance with ASAE 3000 involves identifying areas where a material misstatement of the Subject Matter information is likely to arise, addressing the areas identified and considering the process used to prepare the Subject Matter. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and consisted primarily of:

- Interviewing respective Sustainability Performance Indicator data owners to understand and assess the approach for collating, calculating and reporting respective Sustainability Performance Indicators across the 2019 reporting period, including conducting a site visit to Loy Yang B
- Undertaking a sample of detailed walkthroughs of key systems and processes used / relied upon to compile the Sustainability Performance Indicators for the 2019 reporting period
- Assessing the supporting process documentation developed to support the collation, calculation and reporting process in accordance with Latrobe Valley Power's policies and procedures
- Completing analytical reviews over material data streams to identify any material anomalies / gaps for selected Sustainability Performance Indicators and investigate further where required
- Agreeing overall data sets for selected Sustainability Performance Indicators to the final Latrobe Valley Power data contained in the 2019 Sustainability Report.

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 we performed a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance about whether the Subject Matter has been reported, in all material respects, in accordance with the Reporting Criteria.

Inherent Limitations

There are inherent limitations in performing an assurance engagement - for example, assurance engagements are based on selective testing of the information being examined - and it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the year that is the subject of the engagement and the procedures performed on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

The procedures performed in a limited assurance engagement vary in nature from, and are narrower in scope than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than that in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the agreed selection of Performance Indicators disclosed in the 2019 Latrobe Valley Power Sustainability Report have been reported, in all material respects, in accordance with its related internal sustainability policies and procedures.

Limitations of Use

This report has been prepared for use by Directors of Latrobe Valley Power (Holdings) Pty Limited for the purpose of assisting the directors to report their Sustainability Performance Indicators in their 2019 Latrobe Valley Power Sustainability Report.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors of Latrobe Valley Power (Holdings) Pty Limited, or for any purpose other than that for which it was prepared.

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the agreed selection of Performance Indicators disclosed in the 2019 Latrobe Valley Power Sustainability Report have not been reported, in all material respects, in accordance with its related internal sustainability policies and procedures.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Paul Dobson
Partner
Sydney
7 November 2019

Report feedback

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

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Web loyyangb.com.au/

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