



About AGL

About AGL

Drawing on over 175 years of experience, AGL operates retail and merchant energy businesses, diverse power generation assets, and an upstream gas portfolio.

AGL is one of Australia's leading integrated energy companies, and the largest ASX-listed owner, developer and operator of renewable generation assets in the country. An ASX 50 listed company with over 3.7 million customer accounts and 3,617 employees¹, our business purpose is to 'harness insights to enrich the customer's energy experience'.

Our brand promise of 'Actions, not words' sums up the way in which we do business with our stakeholders. This brand promise springs from a set of wider values that work as an ethical compass guiding our people in their behaviour and decision-making processes. These values are:

- > Safe and Sustainable
- > One Team
- > Delivery
- > Authentic
- > Vitality

New AGL strategic roadmap

In May 2015, AGL announced a new strategic roadmap to improve return on funds employed (ROFE) and deliver sustainable earnings growth. The strategic roadmap builds on AGL's strengths, recognising the challenges and opportunities in the existing business and the evolving energy industry. The strategy will increase business productivity, drive retail profit growth and position AGL for success as the energy industry transforms. It recognises that an organisational transformation will be required, including the creation of an anticipatory culture and a commitment to an orderly transition to a carbon constrained future.

This roadmap will be delivered through three key components:

1. Organise for transformation: align structure with strategy; create anticipatory culture
2. Drive productivity: improve capital allocation; improve operational efficiency
3. Unlock growth: grow retail energy's share of value; invest in business models which exploit new technologies.

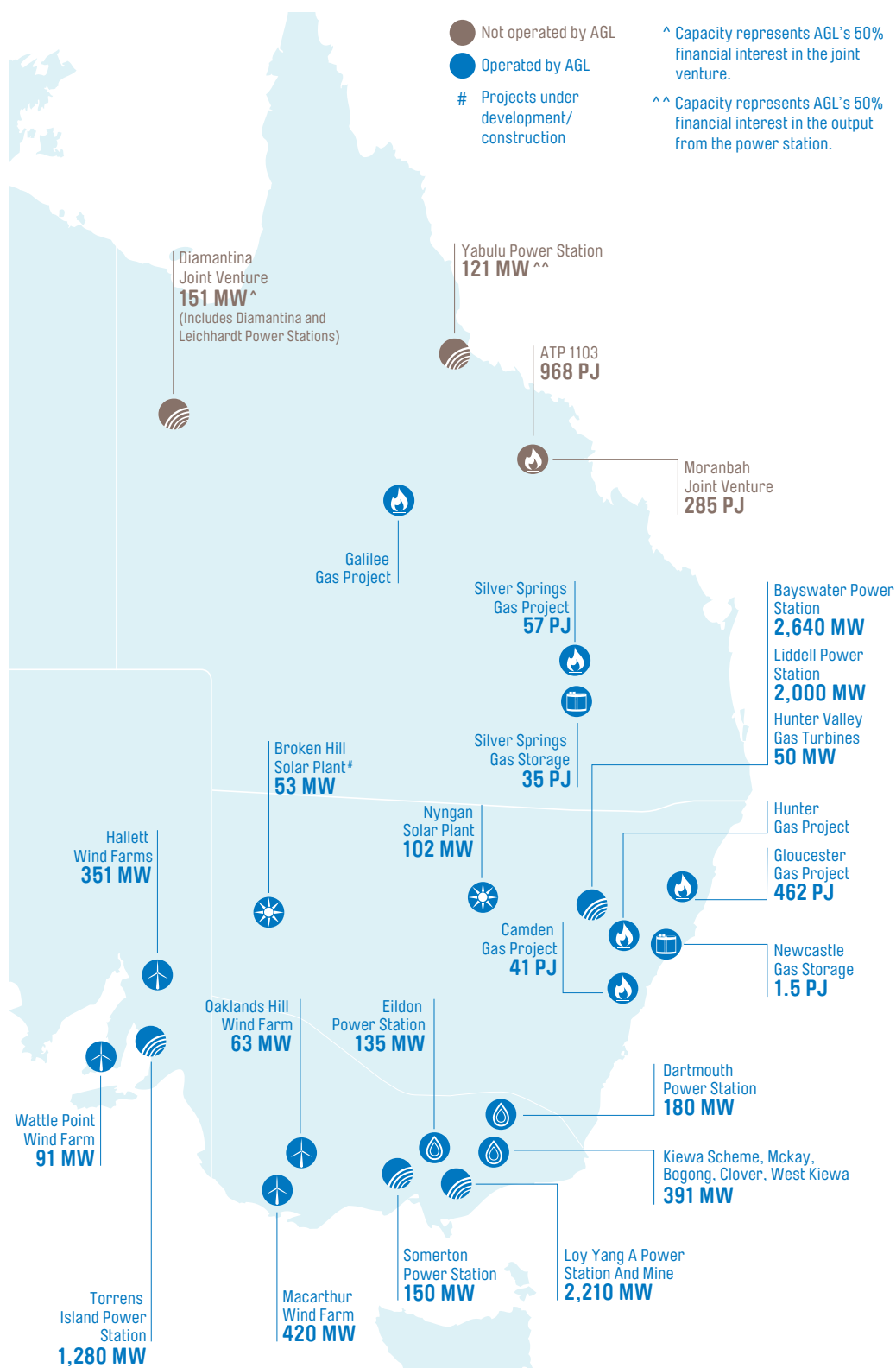
Further information is available in AGL's [FY2015 Annual Report](#).

Location of our significant assets

AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, solar, landfill gas and biomass. We also have an upstream gas portfolio comprising coal seam gas (CSG) projects as well as gas storage facilities. Visit our website for more information on how we source energy.

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Notes to the map

- > The assets listed and displayed on the map comprise upstream gas projects and power generation assets 50 MW and above as at 30 June 2015. Operated as well as partly owned or non-operated assets are included.
- > All gas reserves shown are AGL's net equity interest in 2P reserves. 2P, or proved plus probable, reserves are those quantities of gas that are estimated with equal certainty to be greater than or less than actual commercially recoverable quantities.
- > Under a 50-year project agreement that commenced in 2000, AGL has no effective exploration rights (or ongoing cost obligations) within exploration tenement ATP 1103 as these were assigned to Arrow Energy Limited. However, AGL is entitled to participate up to a 50% interest in any commercial development by contributing its share of past costs.

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Projects under development and construction

AGL has a range of projects in different stages of development to deliver strategic depth and flexibility to its electricity generation, gas production and storage portfolios.

As at 30 June 2015, the following projects were under construction and/or commissioning:

- > 53 MW solar plant at Broken Hill in New South Wales.

During FY2015, the following projects commenced commercial operation:

- > 102 MW solar plant at Nyngan in New South Wales (achieved practical completion in June 2015).
- > 1.5 PJ Newcastle Gas Storage Facility at Tomago in New South Wales (officially opened on 12 June 2015).

In addition, Diamantina Power Station, in which AGL has 50% interest (but does not operate), officially opened on 3 December 2014.

For more information about these projects, visit the [Nyngan Solar Plant](#), [Broken Hill Solar Plant](#) and [Newcastle Gas Storage Facility](#) pages on our website.

Investments and divestments

Material acquisitions and divestments made during FY2015 comprised:

- > On 2 September 2014, AGL acquired the assets of Macquarie Generation from the New South Wales Government, principally comprising the Bayswater (2,640 MW) and Liddell (2,000 MW) coal-fired power stations and the Hunter Valley Gas Turbines (50 MW).
- > Energy Connections NSW, a gas and electricity connections business, based in Bathurst and Sydney, New South Wales.
- > Connectnow, a moving home connections service for customers, based in Melbourne, Victoria.

Although not owned or operated by AGL, until 31 December 2014 AGL had control of the dispatch rights for the Oakey Power Station in Queensland. This arrangement has now ceased.

On 13 October 2014 AGL's Hydrocarbon Extractions plant in Kurnell was shut down following the closure of the adjacent Caltex refinery.

In July 2015, AGL announced its intention to divest the Hunter Gas Project (PELs 4 and 267), PEL 2 and AGL's Queensland gas assets, namely Galilee, Cooper Oil and Moranbah. Hunter properties and the viticulture and agriculture businesses will also be divested. Refer to the [Gas supply](#) section for further information.

1. Based on headcount.



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At AGL, sustainability means thinking about the responsibilities we have to all our stakeholders – our employees, our customers, our investors, and the community and environment in which we all work and live.

Our future success and reputational standing is shaped and measured by more than just our economic performance. It is also influenced by the social and environmental consequences of our decisions and actions for all our stakeholders.

As a retailer of electricity and gas, AGL is the provider of an essential service to over 3.7 million residential and business customers across Australia. Our customers want competitively priced, reliable, and innovative energy solutions, delivered with minimal environmental impact.

AGL's [sustainability framework](#) helps us to manage these complex and often competing priorities. It provides a set of parameters by which AGL can measure and report on how it is addressing the interests and concerns of key stakeholders on fundamental areas of AGL's business.

Awards and ratings

AGL's sustainability policies, performance and/or disclosure have been recognised through:

- > Dow Jones Sustainability World Index (DJSI World), Member 2014-2015
- > Dow Jones Sustainability Asia/Pacific Index, Member 2014-2015
- > Dow Jones Sustainability Australia Index, Member 2014-2015
- > Robeco-SAM, Bronze Class 2015
- > ASX200 Carbon Disclosure Leadership Index (CDLI), 2014
- > FTSE4Good Index, Member 2015
- > Employer of Choice for Gender Equality, November 2014¹
- > Australasian Reporting Awards – Special Award for Sustainability Reporting (for FY2014 Sustainability Report)
- > Australasian Reporting Awards – Australasian-Hong Kong Sustainability Reporting Award (for FY2014 Sustainability Report)

AGL was informed in September 2015 that we were not retained as a member of the Dow Jones Sustainability World Index for 2015-2016, however we did retain our membership of the Dow Jones Sustainability Asia/Pacific Index 2015-2016, and the Dow Jones Sustainability Australia Index 2015-2016.

1. This supersedes the previous Employer of Choice for Women citation which AGL had held since 2012.

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AGL publishes an annual sustainability report to provide a transparent account of our performance in relation to the social, environmental and economic challenges facing AGL and the energy industry.

Key elements of our report comprise:

- > Our [material issues](#), presented in a matrix form showing their relative importance as judged by internal and external stakeholders.
- > Our [sustainability framework](#), through which targets and commitments to drive performance, behaviours and transparency on each of our top 12 material issues are established, tracked and measured.
- > An outline of [how we operate](#), encapsulating our approach to stakeholder engagement as well as coverage of the material issues of corporate governance, ethical conduct, legislative compliance and public policy.
- > Performance information for each of our other material issues, divided into the five subject areas of [customers](#), [community](#), [people](#), [environment](#) and [economic performance](#).
- > A centralised [data centre](#), where comprehensive performance data is available to view and download.

We want this report to be the starting point for many conversations about our performance, policies, and strategic direction. In this regard, we have provided options for engaging with us via social media throughout this report. You'll also find our [AGL Blog](#) feed, providing up-to-date news and further opportunities to interact with us.

Global Reporting Initiative (GRI)

This report has been prepared in accordance with the Global Reporting Initiative's (GRI) 'G4' Sustainability Reporting Guidelines (G4), as well as the G4 Sector Disclosures for both the Electric Utilities and Oil and Gas sectors.

The G4 provides guidance for organisations to use as the basis for disclosure about their sustainability performance, providing a universally applicable, generally acceptable and comparable framework that helps stakeholders understand reported information. Further information about the GRI G4 guidelines is available at the [GRI website](#).

The report includes a full [GRI index](#).

To keep our report focused on the important issues for our stakeholders, and in recognition of the fact that AGL has embedded sustainability reporting within the organisation over a number of years as a mature reporter, we have chosen to apply the guidelines at a 'core' level. While this means that we report on less GRI indicators than required for 'comprehensive' reporting, we continue to report on a large range of non-GRI metrics, as well as metrics that are based on, but not in full accordance with, other GRI indicators that are not required for 'core' reporting. We believe this level of reporting provides the best balance between enabling comparison of our performance to others in our sector, and reporting on AGL-specific indicators that are more meaningful measures for our stakeholders and our business. We have not obtained external assurance over non-core GRI indicators or AGL-specific indicators (other than those included in the sustainability framework, and a selection of Greenhouse and Energy indicators which have been identified in the Assurance Statement).

We engaged Deloitte Touche Tohmastu ([Deloitte](#)) to provide assurance over our self-declaration that the report was prepared in accordance with the GRI G4 guidelines at a core level. Details are provided in the [assurance statement](#).

Materiality and GRI aspects

For the purposes of applying the GRI G4 guidelines, the material issues identified by AGL have been mapped back to the 'aspects' identified in the guidelines. The following table outlines these aspects, as well as whether the primary boundary for each aspect falls within and/or outside the organisation. All aspects have the potential to affect stakeholders outside the organisation secondarily.

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Materiality and GRI aspects

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Material issue	Covered by general standard disclosures	Covered by specific standard disclosures		Aspect boundary
	GRI category	GRI category / sub category	GRI aspect	
Legislative compliance	–	Environmental	Compliance	Within the organisation. Outside the organisation – the local environment adjacent to our operational and development projects, and potentially the broader environment.
		Society	Compliance	Within the organisation. Outside the organisation – all stakeholders with whom we deal, regardless of their location.
		Product responsibility	Compliance	Within the organisation. Outside the organisation – all AGL's customers, across the states where we operate.
Ethical conduct	Ethics and Integrity	–	–	Within the organisation. Outside the organisation – all stakeholders with whom we deal, regardless of their location.
Customer satisfaction	–	Product responsibility	Product and service labelling	Within the organisation. Outside the organisation – AGL's customers across the states where we operate.
Employee engagement	–	–	–	Within the organisation.
Corporate governance	Governance	–	–	Within the organisation.
Energy policy uncertainty and climate change.	–	Environmental	Emissions	Within the organisation. Outside the organisation – customers, communities and the environment in Australia (and globally with respect to climate change).
Health and safety	–	Labour practices and decent work	Occupational health and safety	Within the organisation.
Employee talent	–	Labour practices and decent work	Employment	Within the organisation.
Public policy	–	Society	Public policy	Within the organisation. Outside the organisation – customers, communities and the environment in Australia (and globally with respect to climate change policies).
Community	–	Society	Local communities	Outside the organisation – local communities adjacent to AGL's operating (and developing) upstream gas and electricity generation facilities, and the community.
Profitability	–	Economic	Economic performance	Within the organisation.
Water management	–	Environmental	Effluents and wastes	Outside the organisation – water users (including agriculture) and the environment (water catchments and hydrogeological systems relating to AGL's operational sites).

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Boundary and scope

This report covers the performance of the AGL group of companies (AGL Energy Limited and its wholly owned Australian subsidiaries) (AGL) and the activities and facilities in Australia over which AGL had operational control for all, or part, of the financial year ended 30 June 2015 (FY2015). All data in this report relates to FY2015 unless otherwise stated.

Where information regarding AGL's partially owned and non-operated investments is material, available and relevant, it is included and clearly referenced. This report excludes the performance of franchise AGL Smarter Living stores and tradespeople. The performance of joint ventures which are not operated by AGL is also excluded.

Data for AGL Macquarie assets is included from the date at which AGL acquired the facilities¹, unless otherwise noted. Where FY2015 data excludes the performance of AGL Macquarie, this is explicitly stated.

AGL has published sustainability reports since FY2004 and historical reports are available on the AGL [website](#). AGL's previous Sustainability Report was released on 12 December 2014, covering the 2014 financial year (FY2014).

Assurance

Deloitte Touche Tohmatsu ([Deloitte](#)) was engaged to undertake limited assurance of the 2015 sustainability performance data in this report in accordance with the Australian Standard on assurance engagements ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ASAE 3000).

The assurance comprised:

- > Assurance over the application of AA1000 principles in managing and reporting sustainability performance.
- > Assurance over selected sustainability indicators, namely the performance against the [FY2015 sustainability targets](#) contained both within this report and within the [2015 Annual Report](#), as well as selected greenhouse gas emission data and data relating to our material issues.
- > Assurance over AGL's self-declaration that the report has been prepared in accordance with the GRI G4 guidelines to a 'core' level.

Full details of the assurance process and outcome are included in the [assurance statement](#). Elements of the report that have been subject to assurance are also identified in the [GRI index](#).

Consultation about this report

AGL incorporates the AA1000 principles of inclusivity, materiality and responsiveness into stakeholder consultation processes, and engages with different stakeholder groups on a regular basis, as outlined in the [stakeholder engagement](#) section of this report.

Regular interaction with stakeholders, whether through formal or informal channels, as well as the specific consultation undertaken through the materiality review ensures that the focus and content of our annual sustainability reports remain relevant to AGL's overall business strategy and the needs of our stakeholders.

1. 2 September 2014.

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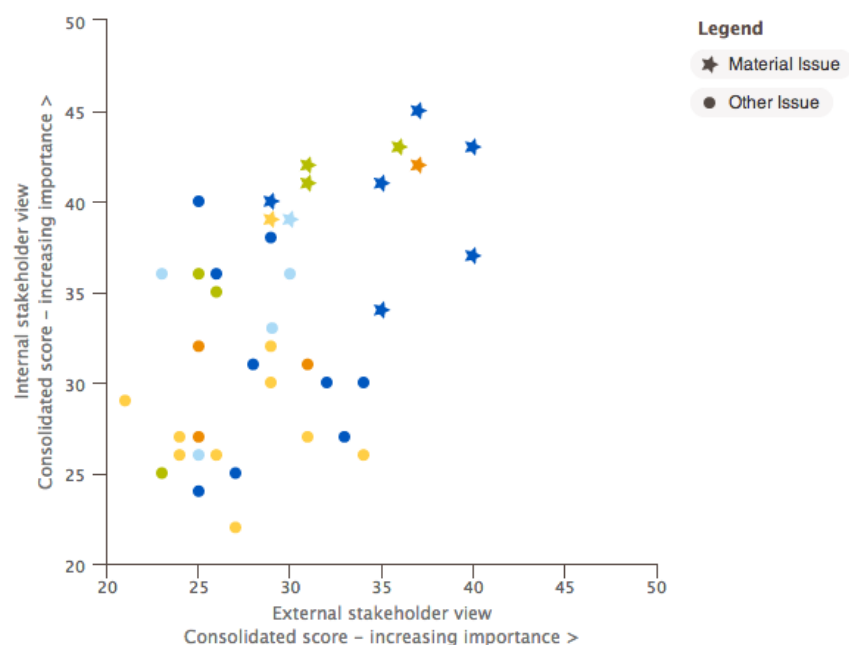
AGL recognises that there is a need to balance the desire for increased transparency with the imperative to provide more focused and accessible disclosures on the issues that are most important to stakeholders.

During FY2014, we undertook an independent review to gauge what issues matter the most to our stakeholders. The output of the review was a materiality matrix, and a list of the top 12 material issues were used to shape AGL's sustainability reporting framework and the strategic sustainability targets that were set for FY2015.

To maintain consistency, comparability, and an internal focus on our sustainability priorities, the material issues identified during FY2014 have been retained this FY2015 report. However, based upon informal stakeholder feedback in relation to the acquisition of the Bayswater and Liddell coal fired power stations in September 2014, AGL has explicitly added climate change to the list of material issues for FY2015.

It is our intention to revisit the materiality review during FY2016 to confirm AGL's sustainability priorities in line with its new strategic roadmap and new business structure, and to ensure that the report continues to recognise the views of our stakeholders.

Materiality matrix



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Review process

The process for undertaking the review is shown below.

1. Identification of sustainability challenges and stakeholders (FY2014)

- Review of risk registers, peer sustainability reports, sector issues, and stakeholder concerns to identify sustainability challenges.
- 40 sustainability challenges were identified.
- A range of stakeholders were selected to rank the challenges to provide balance and coverage between issues and themes.

2. Ranking of challenges by internal and external stakeholders (FY2014)

Independently-facilitated review

- Nine external and ten internal stakeholders completed a detailed survey ranking 40 sustainability challenges and participated in one-on-one interviews.
- Issues were ranked from 1 to 5 with 5 being extremely important.

3. Top 12 material issues (FY2014)

- Internal rankings and external rankings added together to determine the overall order of priority: the top 12 material issues.
- Convergence of internal and external views as well as 'grouping' of issues by score considered when determining number of issues to class as 'material'.

4. Validation and socialisation (FY2014)

- External stakeholders were invited to attend a workshop to explore the findings.
- Results were presented to the Safety, Sustainability & Corporate Responsibility Committee, the Executive Team, and other key teams within the business.

5. Confirmation of material issues for FY2015

- Following the acquisition of the Bayswater and Liddell coal-fired power stations in September 2014, and AGL subsequently becoming Australia's largest scope 1 greenhouse gas emitting business, climate change was added to the list of material issues as 'Energy policy uncertainty and climate change'.

Stakeholders who participated in the review

- Ten internal stakeholders selected from the Senior Leadership Group to cover the breadth of our operations;
- Members of AGL's Climate Change and Customer Councils (environmental and social NGOs);
- Community representatives from the Community Consultative Committees established for AGL's Camden Gas Project and Macarthur Wind Farm; and
- Representatives from the media, the investment community, and regulators.

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AGL established targets and commitments to drive performance, behaviours and transparency around each of our top 12 material issues for FY2015. Click on the sections below to view our performance against each target and to see the new targets that have been set to guide our performance in FY2016.

Customer satisfaction

Provide a superior experience that meets the needs of our customers.

FY2015 target

Annual mean customer satisfaction score:

> major competitors¹

FY2015 performance

Annual mean customer satisfaction score:

7.01, higher than that of our major competitors²

FY2016 target

Annual mean customer satisfaction score:

> major competitors

Employee engagement

Maintain an engaged workforce in order to optimise business results.

FY2015 target

Employee engagement score:

≥ 75%

FY2015 performance

Employee engagement score:

76%

FY2016 target

Employee engagement score:

≥ 75%

Health and safety

Provide a safe and healthy workplace and eliminate work-related injuries and illnesses.

FY2015 target

Total injury frequency rate³:

≤ 2.8

FY2015 performance

Total injury frequency rate:

2.5

FY2016 target

Total injury frequency rate:

≤ 2.8

Profitability

Drive value and earnings growth.

FY2015 target

Total Shareholder Return:

outcomes consistent with AGL's long-term incentive plan (LTIP) performance hurdles⁴

FY2015 performance

14.8%.
This result is consistent with AGL's long-term incentive plan (LTIP) performance hurdles.

FY2016 target

Absolute Total Shareholder Return⁵:

≥ 9%

Legislative compliance

Comply with legislative requirements across the organisation.

FY2015 aspiration

AGL's aspiration is to comply with legislative requirements across the organisation.

FY2015 performance

AGL has compliance management systems in place to meet legislative requirements and enable instances of non-compliance to be identified and appropriately addressed.

The [legislative compliance](#) section lists incidents that have led to AGL paying court or regulatory-imposed fines or civil penalties; or situations that have led to AGL being subject to non-monetary, court-imposed sanctions arising from the failure to comply with a regulatory or legal obligation during FY2015⁶.

FY2016 target

Number of adverse court findings in relation to Australian Consumer Law⁷:

0

Number of fines or penalties in relation to environmental licences⁸:

0

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Ethical conduct

Act ethically in all activities in accordance with the AGL Code of Conduct.

FY2015 aspiration

AGL's aspiration is to act ethically in its activities, in accordance with the AGL Code of Conduct.

FY2015 performance

AGL has a framework in place to ensure that ethical standards of behaviour are employed in all of our business dealings; and that there are appropriate avenues through which behaviours that fall short of the standards required by AGL's Code of Conduct can be reported and investigated⁹.

FY2016 target

Reduction in the rate¹⁰ of substantiated issues relating to unacceptable behaviour in the workplace:

≥ 33%

Corporate governance

Adopt best practice corporate governance principles.

FY2015 aspiration

AGL's aspiration is to adopt best practice corporate governance principles.

FY2015 performance

AGL's [FY2015 Corporate Governance Statement](#) discloses the extent to which AGL has adopted and met the Australian Securities Exchange (ASX) Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition'¹¹.

FY2016 target

Governance score achieved in the DJSI Corporate Sustainability Assessment¹²:

≥ previous year score

Talent attraction and retention

Attract and retain the right people to meet strategic objectives.

FY2015 aspiration

AGL will continue to develop an industry leading Employee Value Proposition.

FY2015 performance

AGL has comprehensive talent management, diversity, reward and recognition and employee engagement programs in place and holds the WGEA Employer of Choice for Gender Equality citation for 2014 and a leading employee engagement score¹³.

FY2016 target

Key talent retention:

≥ 80%

Energy policy uncertainty and climate change

Pursue sensible industry outcomes that deliver an orderly transition to a carbon constrained future.

FY2015 commitment

AGL will continue to produce the AGL Applied Economic and Policy Research Working Paper Series.

FY2015 performance

During FY2015, AGL released seven papers, providing critical analysis of energy market trends and policy settings, bringing the total number of papers released to 38 over the past six years.

FY2016 target

Compliance with the AGL Greenhouse Gas Policy:

100%

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Public policy

Engage transparently with governments to facilitate the development of sensible public policy.

FY2015 commitment	FY2015 performance	FY2016 target
AGL will continue to regularly and transparently engage with its key stakeholders on significant issues of public policy.	AGL continues to maintain proactive dialogue and consultations with governments, industry, and stakeholder groups to influence sensible public policy outcomes. Copies of most material AGL submissions are made publicly available on the AGL Blog . All political donations are disclosed on an ongoing basis (quarterly) via our website in accordance with the AGL Political Donations Policy.	AGL will undertake a stakeholder engagement survey during FY2016 and publish the results.

Community engagement

Work side by side with the community to develop mutually beneficial energy projects.

FY2015 commitment	FY2015 performance	FY2016 target
AGL will continue to measure investment in local businesses, including an analysis of job creation and financial contributions to the local community.	AGL has measured the economic contribution of its significant upstream gas projects throughout FY2015, including tracking levels of community investment, the total and percentage spend on local suppliers, and the contributions of projects to local employment ¹⁴ .	AGL will host at least four community events at each operational/development site to allow for community views to be raised and discussed in public.

Water management

Manage water resources sustainably.

FY2015 commitment	FY2015 performance	FY2016 target
AGL will continue to make publicly available material data relating to water at AGL sites.	AGL makes material water data available through the AGL Water Portal as well as the AGL website and the FY2015 Sustainability Report ¹⁵ . We acknowledge that the community had some concerns about the timeliness of water-related disclosures during FY2015, as outlined in the community engagement section.	AGL will continue to make publicly available AGL site water data which is material to the community.

1. Calculated by comparing the average of four quarterly scores to those of both Origin Energy and EnergyAustralia.
2. AGL's average of four quarterly surveys prepared by an independent third party provider was 7.01. AGL's score at the end of Q4FY2015 was 7.11.
3. Total injury frequency rate (TIFR) – for injuries that arise from a single event/shift. TIFR involves the number of lost time and medical treatment injuries classified as TIFR-related in a 12 month period, per million hours worked in that period. FY2015 target does not apply to AGL Macquarie.
4. Per AGL's 2014 Annual Report, benefits commence accruing to executives under the LTIP if total shareholder return exceeds 4 percent. However, a TSR of 9 percent is required to be achieved if executives are to receive in their notional bank accounts 100 percent of their entitlement to share performance rights. Full details of the operation of the LTIP are set out in the Remuneration Report commencing on page 53 of the Annual Report.
5. In the Remuneration Report, changes to the long-term incentive plan (LTIP) for AGL Executives have been foreshadowed. While the absolute TSR target may cease to be a performance measure under the next LTIP, it will continue to be a target in relation to the transition from the current LTIP to the new LTIP.
6. Instances reported in accordance with Global Reporting Initiative (GRI) indicators G4-EN29, G4-SO8 and G4-PR9.
7. Based on the number of court findings in relation to issues that occurred during FY2016.
8. Based on the number of fines or penalties received in relation to incidents that occurred during FY2016.

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9. AGL's Code of Conduct identifies the appropriate avenues for reporting inappropriate behaviour. AGL's Workplace Issues Resolution Guidelines outline the process for investigating inappropriate behaviour. Complaints are reported and logged centrally and allocated to the appropriate responsible person to investigate. A record of disciplinary actions and outcomes is provided quarterly to the People and Culture Leadership Team and annually to the Ethics Panel.
10. Rate is defined as the number of substantiated issues relating to unacceptable behaviour in the workplace per number of FTE employees.
11. ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' are considered to outline best practice corporate governance in Australia.
12. Score achieved in RobecoSAM corporate sustainability assessment for the Corporate Governance section. FY2016 score is released in September 2016, and will be compared to the score received in September 2015.
13. The Employee Value Proposition defines AGL as an employer in the marketplace and is what sets us apart from our competitors. It encompasses the entire employment experience including our vision and values, career opportunities, culture, benefits and rewards. AGL's recent diversity initiatives, talent management program and engagement initiatives are listed in the People section of this report.
14. Across AGL's upstream gas projects in the Camden, Gloucester and Hunter regions of New South Wales, during FY2015 AGL has spent over \$7,630,700 on local suppliers, (representing 30%, 10% and 61% respectively of the supplier spend for each individual project during FY2015), invested over \$101,500 in local community projects, and had local employment rates of 71%, 36% and 100% (respectively) with a combined salary spend on local employees of over \$5,366,156.
15. Refer to the AGL [Water Portal](#), and the AGL [website](#).

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✓ COMPLETED

Energy Policy Uncertainty and Climate Change

Pursue sensible industry outcomes that deliver an orderly transition to a carbon constrained future.

FY2015 COMMITMENT

AGL will continue to produce the AGL Applied Economic and Policy Research Working Paper Series.

FY2015 PERFORMANCE ✓

During FY2015, AGL released seven papers, providing critical analysis of energy market trends and policy settings, bringing the total number of papers released to 38 over the past six years.

FY2016 TARGET

Compliance with the AGL Greenhouse Gas Policy: 100%

AGL's stakeholders are concerned with the current state of energy policy uncertainty, particularly in the area of climate change policy. AGL has echoed this sentiment in a broad range of public consultations and submission processes, and continues to contribute to the policy reform agenda through the AGL Applied Economic and Policy Research Working Paper Series.

Long-term and integrated energy policies are required if energy markets are to continue to deliver reliable and affordable energy supplies, while contributing to Australia's climate change objectives and facilitating innovation in products and services for energy consumers. AGL continues to engage with all our relevant stakeholders and advocate for constructive public policy at a time of significant energy market transformation.

For any area of policy reform to be effective, it must be designed with a sufficiently long-term outlook to remain relevant as industry and economic conditions change. In the past, market design and energy policy have focused on providing reliable supplies of energy at the lowest cost. Increasingly, communities expect policy makers to deliver energy security, affordability and environmental sustainability. Coordinated and integrated policies are required to jointly pursue these objectives and the energy sector requires clear and stable policy direction to support investments that typically operate for several decades. At the same time, energy consumers are taking charge of their energy use more than ever before through the use of distributed generation and new technologies. The following are key aspects of the energy market and policy reform agenda.

Climate change policies and electricity market design

A long-term and sustainable climate change policy framework will be critical to making investments in electricity supply infrastructure to achieve a transformation to a decarbonised electricity sector.

Unfortunately, current energy market and policy settings are inhibiting investment in new large-scale renewable electricity generation projects as projects are unlikely to receive sufficient revenue over their lives to be economically sustainable. Electricity markets are substantially oversupplied due to both a decline in electricity demand and government policies incentivising new capacity to enter the market. Furthermore, while after a long period of policy uncertainty the recent bipartisan agreement on changes to the Renewable Energy Target and the subsequent passing of legislation to formalise the changes provides some certainty in this area, complementary policies will be required to address barriers to exit for ageing emissions-intensive power stations to facilitate the transition to a clean, modern power system.

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AGL's new [Greenhouse Gas Policy](#) which was released during FY2015 outlines a renewed commitment for AGL to contribute to the achievement of Australia's climate change objectives, and aims to demonstrate some certainty about what AGL's long term position on these issues is. AGL has committed that it will not extend the operating life of any of its coal-fired power stations, and that by 2050, AGL will close all existing coal-fired power stations in its portfolio. AGL will also continue to advocate for effective long-term government policy to reduce Australia's emissions, and that will enable further investment in renewable and low-emissions power generation. Refer to the [greenhouse and energy](#) section for further information.

TRANSITION



By 2050

All AGL's existing
coal-fired power
stations will be closed

Energy affordability and vulnerable customers

Electricity is an essential service and consumer protections afforded to energy users ensure that they have access to competitively priced, reliable and high quality energy supplies. AGL acknowledges the need to meet community expectations to support vulnerable customers. AGL supports a shared responsibility approach to energy hardship, where energy suppliers, governments and the community sector work together to deliver sustainable improvements.

During FY2015, AGL consulted extensively with over 35 community groups to develop a program of improvements to provide greater support for vulnerable energy customers. These improvements are outlined in AGL's \$6 million Affordability Commitment, which was publically launched with community leaders in December 2014 as part of AGL's Affordability Initiative. Refer to the [energy affordability](#) section to read more about this initiative.

New technologies

New technologies such as digital meters, distributed generation and battery storage (along with the products and services that are enabled by these technologies) have the potential to unlock benefits in Australia's energy markets such as reducing customers' energy bills, increasing energy efficiency, and improving the utilisation and productivity of existing energy infrastructure. To realise these benefits, regulatory frameworks should provide competitive neutrality so that existing and emerging business models can compete on their merits and consumers are able to choose products and services that suit their circumstances.

AGL is a supporter of customer choice in relation to new energy technologies, and our aspirational target is to establish a presence in one million Australian homes by 2020. Read more about AGL's involvement in this area in the [New Energy](#) section.

AGL Applied Economic and Policy Research Working Paper Series

Since 2008, AGL has published the Applied Economic and Policy Research Working Paper Series to provide critical analysis of energy market trends and policy settings to industry stakeholders and policy makers.

The Working Papers are generally submitted to a two stage peer-review process. The AGL's Applied Economic and Policy Research Committee¹ initially consider the papers as Working Papers to provide constructive review. Secondly, the papers are submitted to academic journals for a formal (blind) peer-review process. In this way, AGL is able to assure all stakeholders that the papers make a robust contribution to issues facing the energy sector.

Sustainable Business Strategy

Energy Policy Uncertainty and Climate Change

Sustainable Business Strategy

About this Report

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Sustainability Framework

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During FY2015, AGL's working papers covered the following issues:

- > **Climate Change and renewable energy policy:**
The working paper [‘Energy-only markets and renewable energy targets: complementary policy or policy collision?’](#) analyses how the National Electricity Market (NEM) has responded to the entry of significant new capacity incentivised by the Renewable Energy Target, in the context of falling energy demand. It concludes that new investment in large-scale renewable energy generation has become largely intractable due to the combination of the energy-only market design of the NEM, barriers to exit for old and emissions-intensive power stations and policy uncertainty. In the short-term, complementary policies aiming to resolve market oversupply will be required, and in the longer term, the design of the NEM may need to be amended to facilitate new investment in low-emissions generation. [Australian climate change policy – where to from here?](#) considers the history of Australian climate change policy, and international policy settings, as well as electricity market conditions and generation costs to conclude that both regulation and market-based policies are likely to be required to reduce greenhouse gas emissions.
- > **Energy market productivity and tariff reform:**
AGL has consistently advocated for electricity market reform to improve system utilisation and productivity, and in particular for allowing pricing structures to shift towards greater cost-reflectivity, which incentivises efficient investment in energy infrastructure, relieving pressure on the unit price of energy, resulting in lower bills for all energy users. [From First Place to Last: The National Electricity Market's Policy-Induced ‘Energy Market Death Spiral’](#) documents how the consumer benefits realised through energy market reforms in the 1990s have stalled and reversed in recent years, and electricity tariffs for end-users have doubled due to unresponsive regulatory settings for networks, and overlapping and subsidy-driven energy policies. The working paper [On the inequity of flat-rate tariffs](#) analyses the digital meter data of 160,000 residential customers to find that simple flat-rate tariff structures result in significant cross-subsidies between different customers, and that hardship, concession and pensioner households are, on average, beneficiaries of more cost-reflective tariff structures once demand response is accounted for. In [Network tariffs: resolving rate instability and hidden subsidies](#) the authors find that in Southeast Queensland, the simple two-part electricity tariff dominated by a flat-rate variable charge is creating wealth transfers amongst electricity consumers, including those with air-conditioner and solar PV units. It finds that a ‘Demand Tariff’ for network services substantially increases the efficiency and equity of the price signal.
- > **Vertical integration in the National Electricity Market:**
The working paper [Merchant firm boundaries in energy-only markets: Who gets a credit rating – Pure Play vs. Vertical?](#) models the performance of differently structured businesses in the NEM (Pure Play Retailer, a Pure Play Generator, and a Vertical ‘Gen-tailer’) and finds that only the vertically-integrated Gen-tailer is able to sustain investment-grade credit metrics, which are essential for meeting physical and systemic energy market security objectives. These findings help to explain why vertical re-integration of retail and generation became an enduring trend from the mid-2000s.
- > **Improving energy security in developing nations:**
As part of AGL's Energy for Life corporate citizenship program, AGL's energy economists authored the working paper [3-Party Covenant Financings of Solomon Islands Power Projects](#) which analyses how the use of a 3 – Party Covenant Financing structure involving the Commonwealth of Australia could reduce electricity production costs in the Solomon Islands by 50%, where residents face electricity prices amongst the highest in the world. The analysis is intended to provide policymakers with insights and perspectives on how to increase electrification, radically reduce the cost of energy and in turn lower the incidence of energy poverty in a developing economy. AGL has no commercial interest in the Solomon Islands.

Working papers are available on the [AGL Blog](#).

Related Information

[AGL Greenhouse Gas Policy](#)

1. Members of the Committee are Elizabeth Nosworthy, Prof. Christine Smith, Prof. Stephen Gray, Dr. Judith McNeill, Keith Orchison, Tony Brinker, the Hon. Patrick Conlon and Carlo Botto. The role of the Committee is not to endorse working papers, but to provide constructive review. In this context, all opinions, statements, errors and omissions are those of the authors and are not in any way attributable to the Committee and its members.



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At AGL, we recognise that we have responsibilities to all our stakeholders – our employees, customers, investors, and the community and the environment we all live in.

Our future success and reputational standing is shaped and measured by the social and environmental consequences our decisions and actions have for all our stakeholders.

That is why we hold ourselves to high standards of accountability, with our brand promise of 'Actions, not words' summing up the way in which we do business with our stakeholders.

Operating honestly, transparently and ethically is of utmost importance to us. This section focuses on how these overarching principles inform the way we operate our business and communicate with our stakeholders:

- > **Stakeholder engagement** – a wide variety of people and groups are interested in, or affected by, the decisions that AGL makes. We proactively engage with our stakeholders on relevant issues in ways that are most appropriate to each group.
- > **Corporate governance** – best practice corporate governance principles support sustainable performance by AGL over time. This section outlines AGL's approach to corporate governance, recognising how the principles of honesty, transparency and ethics are demonstrated from the 'top down'.
- > **Ethical conduct** – at AGL we are aware of our responsibility to our customers, shareholders, the community and the environment. We seek to balance these interests in a way that is ethical, shows integrity, and is transparent. Our brand promise springs from a set of wider values that work as an ethical compass guiding our people in their behaviour and decision-making processes.
- > **Legislative compliance** – AGL integrates compliance risk management practices in all business processes and operations to drive consistent, effective and accountable decision-making.
- > **Public policy** – AGL provides stakeholders with access to information outlining the full implications (both positive and negative) of proposed changes to government policy that impacts the energy industry and the communities and environment in which we operate. We are committed to the pursuit of evidence-based policy development, with a view to developing sensible policy responses.

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Engaging in constructive dialogue with stakeholders keeps AGL responsive to issues important to customers, employees, investors, regulators, landowners and the wider community.

A summary of the key issues for each of our stakeholder groups, along with an outline of our engagement with each of these groups during FY2015, is provided below. More information about specific [community engagement](#) is available in the community engagement section of this report.

Key issues for our stakeholders	How we engage with our stakeholders
Employees	
To remain competitive AGL requires a high performance culture where people are safe, engaged, accountable, empowered, recognised and rewarded.	
The key issues for AGL employees include: workplace safety; career development and training; appropriate remuneration and recognition (including enterprise bargaining agreements); personal wellbeing; and a fair, equitable and inclusive workplace. Employee engagement surveys show that company reputation and corporate responsibility are important issues for AGL employees.	<p>The AGL Engagement Survey is undertaken annually and provides employees with the opportunity to give feedback about the organisation. In FY2015, the response rate to the survey was 78%.</p> <p>AGL uses a 360° feedback program for senior leaders throughout the business.</p> <p>AGL Senior Leadership Group forums are used throughout the year to inform and update leaders across the business about the key priorities, projects and issues of each business group.</p> <p>Twice-yearly Employee Roadshows are held to present financial results, operational highlights and strategic priorities.</p> <p>A 'Diversity Big Day Out' is held for employees where information and training is provided around diversity and work/life balance.</p>
Investment Community	
In addition to market disclosure obligations, we engage with the investment community about the non-financial risks and opportunities that may influence the company's performance and growth in the longer term.	
Investors are increasingly interested in AGL's responses to environmental, social and governance risks, including, but not limited to, our investments in fossil fuels.	<p>The Annual General Meeting (AGM) provides shareholders with the opportunity to review financial results and to vote on a range of issues. The AGM also provides the opportunity for shareholders to ask questions of AGL's directors and senior executives concerning performance and strategy.</p> <p>AGL makes regular announcements to the ASX concerning significant matters including financial results, acquisitions and divestments.</p> <p>Producing an annual report is a legal requirement for AGL. Shareholders are able to provide direct feedback on the results contained within the report at the AGM.</p> <p>AGL voluntarily publishes an annual sustainability report to provide a broader spectrum of information regarding social, environmental and economic performance.</p> <p>AGL participates in the Dow Jones Sustainability Index, the Carbon Disclosure Project, the FTSE4Good Index and other investor surveys. These tools are used by the investment community to collect relevant non-financial performance information to facilitate informed investment decisions.</p> <p>AGL conducts semi-annual independent qualitative and quantitative surveys of equity investors and analysts, allowing these stakeholders to provide unattributed feedback on management, strategy, disclosure, financial performance and balance sheet structure.</p> <p>Other engagement mechanisms include institutional investor and equity analyst events, including domestic and international 'roadshows'; presentations to stock brokers and industry conferences; and investor tours of assets and operations.</p>

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Government

AGL's business is affected by the policy decisions and other announcements of governments at all levels. Governments have a responsibility to ensure the accessibility of essential services, such as energy, along with the development of energy infrastructure in accordance with their own policy principles. These principles can include consideration of climate change impacts and sustainability.

Federal, state and local governments are concerned with a wide range of issues including: the development of energy infrastructure; climate change and renewable energy policies; coal seam gas; energy prices; and reliability of energy supply.

AGL has regular dialogue with relevant federal, state and local governments in relation to a range of project specific and policy issues – including meetings, policy submissions (both directly and via industry associations), attendance at events and the provision of briefings.

Regulators

Regulators are responsible for price regulation and monitoring compliance against jurisdictional and national energy regulations, as well as environmental regulation. Regulatory decisions can have a significant impact on AGL's business.

The key issues for regulators include: reliability; affordability of energy supply; efficient investment in utility infrastructure; compliance with consumer protections and other parts of the regulatory framework; compliance with environmental licencing and other requirements.

AGL engages with New South Wales, Victorian, Queensland and South Australian energy regulatory bodies and national bodies such as the Australian Energy Regulator, Australian Energy Market Operator and the Australian Energy Market Commission, including through direct engagement and activities undertaken as part of industry associations.

Investment Partners, Joint Venturers and Suppliers

AGL has a range of investments in upstream electricity generation and gas production, as well as retail operations.

AGL has business relationships with investment partners and suppliers.

The mechanisms for engagement with investment partners, joint ventures and suppliers vary, but can include meetings and correspondence, as well as more formal arrangements such as representation on the ActewAGL Board.

Energy Industry

AGL plays an active role in leading industry support for renewable and greenhouse initiatives as well as developing energy supplies within the Australian energy industry.

The business impacts of energy policy are a primary concern for the Australian energy industry.

During FY2015, AGL participated in the Business Council of Australia, the Australian Financial Markets Association, the Energy Retailers Association of Australia, the Australian Industry Group, the Minerals Council of Australia, the Australian Petroleum Production & Exploration Association, the Energy Efficiency Council, the Carbon Market Institute and the Clean Energy Council. AGL is also a member of the Energy Supply Association of Australia (esaa) and is a signatory to the esaa Sustainable Practice Framework. Importantly, AGL does not always agree with the policy positions these associations take, and attempts to clarify this with other stakeholders where appropriate.

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Customers

To maintain and improve market share within Australia's highly competitive energy market, it is essential that AGL responds to customer feedback and constantly seeks to improve the level of customer service provided. AGL endeavours to work collaboratively with governments and the community sector to support customers who are experiencing difficulty accessing and affording essential services such as energy.

Customers are concerned with the cost of energy; improving energy efficiency in their homes and businesses; the quality of AGL's customer service; billing (for example, timeliness and accuracy); and the impact, perceived or real, of government policies, such as the repeal of the carbon price.

The AGL [Customer Council meets](#) on a quarterly basis and is briefed on a wide range of matters that affect AGL customers and the communities in which AGL operates.

In November 2009, AGL launched the Customer Connections program which provides opportunities for AGL to interact with small groups of customers in an open discussion about their experiences with AGL. In FY2015, AGL held three 'Customer Face to Face' sessions with 82 customers and 128 employees.

As part of our Voice of the Customer satisfaction program, we also undertook nearly 850,000 retail customer surveys during FY2015. Surveys were conducted by email, phone and automated after call survey methods and covered our key customer facing areas, such as inbound Customer Services, New Connections, Consumer Sales and Solar teams.

The AGL Customer Charter outlines AGL's commitment and timeframes for responding promptly to phone and written enquiries. AGL's Customer Advocacy team also deals directly with customer concerns.

During FY2015, AGL consulted extensively with over 35 community groups (representing customers) to develop a program of improvements to provide greater support for vulnerable energy customers (refer to the [energy affordability](#) section for further information).

The account management of AGL's major commercial and industrial customers is approached on a customer-preferred basis; however mechanisms include face-to-face meetings, executive engagement, dedicated communications, general correspondence and energy briefings.

In FY2015, AGL launched [The AGL Community](#), allowing AGL and the community to connect, contribute and collaborate on any matter relating to energy.

Other feedback mechanisms available to customers include an online information request facility and social media such as Twitter and Facebook.

Local communities

Effective engagement with the community on development projects is vital to AGL's long-term success. Only by engaging with the community at every stage of the development process with transparency, accountability, and regular communication is AGL able to deliver and operate projects with the respect and support of the community.

The key issues for local communities include the environmental, social and economic impacts of developments and infrastructure.

As part of the development approval and construction processes for each major project, AGL consults with and obtains feedback from the local communities. AGL's [website](#) also provides detailed information on individual energy projects.

Community Consultative Committees (CCCs) are in place for a number of upstream gas projects, including the Camden Gas Project, the Gloucester Gas Project, the Nyngan Solar Plant project and the Newcastle Gas Storage Facility. Each CCC is chaired by an independent chairperson and includes local council appointed representatives, local residents, local environment groups and AGL representatives.

AGL is increasingly using social media to communicate and engage with the community. The AGL Blog is a forum for AGL to provide timely and accessible information to interested stakeholders on a broad range of issues, such as: AGL's customer-focused initiatives, key external presentations by employees, AGL's Applied Economic and Policy Research Working Papers, and rapidly evolving energy policies. The [AGL Blog](#) is updated frequently, with over 301 blog posts by AGL contributors in FY2015. The blog had over 19,000 users and over 56,000 page views during FY2015.

The [YourSayAGL](#) website provides information about our upstream gas projects to the community and an opportunity for stakeholders to ask questions and share feedback.

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Non-Government Organisations (NGOs)

AGL engages with NGOs to understand the causes that they represent and to find constructive ways to work together to deliver mutually beneficial outcomes.

NGOs represent a range of community interests, including social welfare and environmental conservation.

AGL has an established Climate Change Council which meets regularly to enable discussion and constructive dialogue on a range of issues relating to climate change and carbon policy. Areas of interest include government policy and program implementation, public areas of concern and international policy processes. Attendees include representatives from AGL and WWF-Australia, Australian Conservation Foundation, and The Climate Institute.

AGL has an established Customer Council which meets quarterly. Attendees include representatives from the following groups: Australian Industry Group, Consumer Action Law Centre, South Australian Farmers Federation, Kildonan UnitingCare, Public Interest Advocacy Centre, Queensland Council of Social Service, St Vincent de Paul Society Victoria and Uniting Communities South Australia.

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Corporate Governance

Adopt best practice corporate governance principles.

FY2015 COMMITMENT

AGL's aspiration is to adopt best practice corporate governance principles.

FY2015 PERFORMANCE ✓

AGL's FY2015 Corporate Governance Statement discloses the extent to which AGL has adopted and met the Australian Securities Exchange (ASX) Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition'¹.

FY2016 TARGET

Governance score in DJSI World Index²: ≥ previous year score.

The adoption of best practice corporate governance is an important element of AGL's sustainability performance.

AGL's governance structures and processes are consistent with the Australian Securities Exchange (**ASX**) Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' (**ASX principles**) issued in March 2014.

AGL's [Corporate Governance Statement](#) discloses the extent to which AGL has adopted and met the ASX principles during FY2015.

The eight ASX principles are:

- > Principle 1: Lay solid foundations for management and oversight
- > Principle 2: Structure the Board to add value
- > Principle 3: Promote ethical and responsible decision making
- > Principle 4: Safeguard integrity in corporate reporting
- > Principle 5: Make timely and balanced disclosure
- > Principle 6: Respect the rights of shareholders
- > Principle 7: Recognise and manage risk
- > Principle 8: Remunerate fairly and responsibly

The ASX Principles include as Recommendation 7.4 that “Companies should disclose their economic, environmental and social sustainability risks and how those risks are managed”. This sustainability report provides that information to AGL's stakeholders.

AGL Board and committees

At 30 June 2015, the AGL Board comprised seven independent non-executive directors (including the Chairman of the Board) and one executive director. On 12 February 2015, Andy Vesey took over from Michael Fraser as Managing Director and CEO. Detailed information about the structure, responsibility and experience of the AGL Board is included in AGL's [Annual Report](#). Females make up 25% of the AGL Board.

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The Board has established four standing committees of its members that meet regularly to oversee key risks affecting the business:

Safety, Sustainability and Corporate Responsibility Committee

The Safety, Sustainability and Corporate Responsibility Committee assists the Board in enabling AGL to operate its businesses ethically, responsibly and sustainably. The Committee operates under a formal [charter](#) and currently comprises three non-executive and independent Directors. The Committee oversees and reviews:

- > AGL's actions to meet its obligation to maintain the health and safety of its employees and contractors;
- > the social, environmental and ethical effects of AGL's activities;
- > initiatives to enhance AGL's sustainable business practices and reputation as a responsible corporate citizen;
- > the integration of safety, sustainability and corporate responsibility in the formulation of AGL's corporate strategy, risk management framework, and people and culture priorities;
- > AGL's compliance with all relevant legal obligations on the matters within its responsibilities; and
- > the actions AGL is taking to maintain its social licence to operate, including how it engages effectively with the communities in which it operates.

A suite of internal sustainability key performance indicators is reported to the Committee at each meeting.

Audit and Risk Management Committee

The Audit and Risk Management Committee operates under a formal [charter](#). Its primary functions are to assist the Board to fulfil its responsibilities to provide shareholders with timely and reliable financial reports; and protect the interests of shareholders, customers, employees and the broader community through the effective identification, assessment, monitoring and management of risks.

People and Performance Committee

The People and Performance Committee (which has responsibilities within the scope of those of a remuneration committee) operates under a formal [charter](#), and is responsible for reviewing the performance and remuneration of senior management; and for reviewing and ratifying AGL's remuneration and employment policies, procedures and programs.

Nominations Committee

The Nominations Committee operates under a formal [charter](#), and is responsible for:

- > reviewing the skills, knowledge and experience a director should have, taking note of AGL's operational, financial and strategic objectives;
- > reviewing the structure, size and composition of the Board and Board committees;
- > developing and implementing a process for evaluating Board, committee and individual director performance;
- > developing selection criteria for the appointment of new directors and overseeing arrangements for the effective appointment and induction of new directors; and
- > developing succession plans for non-executive directors to maintain an appropriate mix of skills, experience, expertise and diversity on the Board.

Related Information

[AGL Corporate Governance Statement FY2015](#)

[AGL Board and Committee Charters](#)

1. ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' are considered to outline best practice corporate governance in Australia.
2. Score achieved in RobecoSAM corporate sustainability assessment for the Corporate Governance section. FY2016 score is released in September 2016, and will be compared to the score received in September 2015.

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✓ COMPLETED

Ethical Conduct

Act ethically in all activities in accordance with the AGL Code of Conduct.

FY2015 ASPIRATION

AGL's aspiration is to act ethically in its activities, in accordance with the AGL Code of Conduct.

FY2015 PERFORMANCE ✓

AGL has a framework in place to ensure that ethical standards of behaviour are employed in all of our business dealings; and that there are appropriate avenues through which behaviours that fall short of the standards required by AGL's Code of Conduct can be reported and investigated¹.

FY2016 TARGET

Reduction in the rate² of substantiated issues relating to unacceptable behaviour in the workplace ≥ 33%.

Given we have relationships with over 3.7 million customers, and responsibilities to the communities where we operate, it is important to all stakeholders that we behave ethically in all our business activities.

Our behaviour is guided by the AGL Code of Conduct and the AGL Values. Refer also to the sections on [corporate governance](#), [legislative compliance](#) and [public policy](#).

Our values

AGL's values guide how we deliver each of our strategies, programs and projects, so that we continue to perform and deliver for our customers, communities and other stakeholders while protecting the environment in which we live and work.

- > **Safe and Sustainable** – we're serious about safety and our impact on the environment and the communities in which we operate today and tomorrow.
- > **Vitality** – we're open to new ideas and bring energy to what we do.
- > **Delivery** – we make things happen and we do it the right way.
- > **Authentic** – we're open and honest and do what we say.
- > **One team** – we work together in the best interests of the whole company.

Code of Conduct

AGL's Code of Conduct (**Code**) is a public document, and sets out a number of overarching principles of ethical behaviour aligned with AGL's core values. The Code applies to directors, employees and contractors working on behalf of AGL.

The Code addresses:

- > acting honestly and with integrity;
- > observing the law;
- > valuing and maintaining professionalism;
- > respecting confidentiality;
- > managing conflicts of interest;
- > looking after our employees; and
- > looking after the community.

Ethics Panel

The Code is administered by the AGL Ethics Panel. The Ethics Panel comprises the Company Secretary / General Counsel, Executive General Manager People and Culture, Head of Group Audit, and an independent person with expertise in managing employee grievances.

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The responsibilities of the Ethics Panel include:

- > reviewing the effectiveness of the Code and recommending to the Board any changes to the Code;
- > putting in place procedures for the effective dissemination of and compliance with the Code;
- > investigating any breaches of the Code; and
- > reporting to the Board (or appropriate Board Committee) any breaches of the Code.

The independent Ethics Panel member provides an Ethics Line service, acting as a last resort contact point for potential breaches of the Code and to investigate matters in an impartial and independent manner.

Induction and training programs

AGL's Code of Conduct is included in the induction pack for all new employees. AGL runs a structured ten week induction program for all new employees that requires the completion of seven compulsory compliance training modules. These modules comprise:

- > Code of conduct;
- > Information security;
- > Privacy;
- > Risk;
- > Diversity and Inclusion;
- > Health, safety and environment; and
- > The Competition and Consumer Act.

Each compliance module includes a quiz to test understanding, with defined pass mark requirements.

All employees are also required to complete refresher training in the seven mandatory compliance modules annually. As part of this refresher training (and within the initial induction training), employees are required to make an annual declaration stating that they have read and understood the Code, and that they agree to abide by it. Employees are also required to make an annual declaration indicating whether or not they have any actual or potential conflicts of interest.

Investigation and resolution of workplace issues

AGL sets clear expectations for leaders and employees about the conduct and behaviour that is expected at AGL workplaces and in relation to how AGL conducts business. Sometimes these expectations are not met. Employees and leaders are encouraged to speak up about and resolve issues when they occur. The Workplace Resolution Guidelines provide guidance on how best to resolve workplace issues such as bullying, harassment and discrimination.

More serious breaches of the Code can be reported to any member of the Ethics Panel. An employee who is concerned that reporting a matter may jeopardise their safety or the security of their job may raise the issue directly with the Independent Panel Member via the Ethics Hotline.

AGL's Whistleblower Protection Policy provides avenues for employees and contractors to report corrupt, illegal or undesirable conduct (including anonymously, confidentially or to an independent third party).

External stakeholders can raise complaints about any aspect of their dealings with us via the complaints mechanisms listed on our website. Complaints are investigated in accordance with the [AGL Dispute Resolution Policy](#).

FY2015 performance

During FY2015, AGL addressed 10 issues relating to unacceptable behaviour in the workplace (compared with 13 in FY2014). Seven of these issues were substantiated following investigation in accordance with AGL's Workplace Issues Resolution Guidelines (FY2014: ten). Disciplinary actions taken included coaching, written warnings, performance counselling and termination of employment.

Related Information

[AGL Code of Conduct](#)

[AGL Dispute Resolution Policy](#)

1. AGL's Code of Conduct identifies the appropriate avenues for reporting inappropriate behaviour. AGL's Workplace Issues Resolution Guidelines outline the process for investigating inappropriate behaviour. Complaints are reported and logged centrally and allocated to the appropriate responsible person to investigate. A record of disciplinary actions and outcomes is provided quarterly to the People and Culture Leadership Team and annually to the Ethics Panel.
2. Rate is defined as the number of substantiated issues relating to unacceptable behaviour in the workplace per number of FTE employees.

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Legislative compliance

Comply with legislative requirements across the organisation.

FY2015 ASPIRATION

AGL's aspiration is to comply with legislative requirements across the organisation.

FY2015 PERFORMANCE ✓

AGL has compliance management systems in place to meet legislative requirements and enable instances of non-compliance to be identified and appropriately addressed.

The FY2015 Sustainability Report lists incidents that have led to AGL paying court or regulatory-imposed fines or civil penalties; or situations that have led to AGL being subject to non-monetary, court-imposed sanctions arising from the failure to comply with a regulatory or legal obligation during FY2015¹.

FY2016 TARGET

Number of adverse court findings in relation to Australian Consumer Law²: **0**

Number of fines or penalties in relation to environmental licenses³: **0**

AGL is subject to a wide range of compliance obligations, including legal, regulatory, commercial and organisational requirements. The way in which we achieve compliance has been identified as a material issue by our stakeholders.

Compliance risk is inherent in all AGL's external and internal operating environments. AGL is committed to managing compliance risk effectively and efficiently, and views effective compliance management as pivotal to the ongoing and sustainable growth and success of our business.

AGL has in place a comprehensive compliance management framework. Compliance risk management practices are embedded within our broader risk management and governance frameworks, and integrated into all business processes and operations to drive consistent, effective, and accountable decision making. Information about how AGL identifies, manages and reviews compliance risks is available in the [AGL Compliance Policy](#). AGL's Board has ultimate responsibility for overseeing AGL's performance, including effectively monitoring AGL's compliance management objectives. These responsibilities are largely discharged through the Board's Audit and Risk Management Committee.

Consistent with AGL's [Code of Conduct](#), AGL promotes a culture of identifying and managing compliance risk. Under no circumstances is it acceptable for any AGL employees to knowingly or deliberately breach AGL's compliance obligations, or to act unethically in the course of performing or advancing AGL's business.

AGL facilitates the reporting and remediation of compliance-related complaints, breaches, and incidents through established breach reporting and complaints handling processes. This is in addition to mandatory regulatory reporting regimes that AGL is subject to in various jurisdictions, which require energy participants to report various categories of non-compliance to relevant regulators.

AGL's internal audit program monitors compliance with issues including privacy and trade practices, commensurate with the level of risk. Significant compliance breaches are reported to the Audit and Risk Management Committee immediately, with a full report on all breaches provided on a quarterly basis.

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FY2015 performance

The table below provides a summary of incidents that have led to AGL paying court or regulatory-imposed fines or civil penalties during FY2015; or situations that have led to AGL being subject to non-monetary, court-imposed sanctions arising from the failure to comply with a regulatory or legal obligation.

Issue	Details
Infringement notice for disconnection of customers with financial difficulties (breach of National Energy Retail Rules, rule 107(2))	<p>In April 2015, AGL paid a total penalty of \$40,000 following two infringement notices being issued by the Australian Energy Regulator (AER) in relation to incidents where nine customers who were either on payment plans due to financial difficulties or who were recently accepted onto AGL's hardship program, were disconnected from their energy supply.</p> <p>AGL reported these incidents to the AER under its reporting obligations under the National Energy Retail Law.</p> <p>As a result AGL made a number of improvements to the training of frontline staff and the processes for cancelling disconnections. AGL's guiding principle is that customers who engage with our hardship program remain connected while we work through the options available to assist them in managing their energy bills.</p>
ACCC v AGL SA (breach of the Competition and Consumer Act 2010)	<p>A price variation letter sent to around 22,000 customers in mid-2012 was found to contravene section 29 of the Competition and Consumer Act as it did not properly describe the impact of the price change on the customer's discount (i.e. that the price change effectively eroded the value of the discount).</p> <p>The ACCC brought the action against AGL after it received an unrelated complaint from a customer.</p> <p>AGL was required to pay \$700,000 in pecuniary penalty as well as approximately \$1.2M in consumer redress (comprising refunding affected customers the difference between what they paid under their market contract and what they would have paid if they had been on a Standing Retail Contract from the time that they would have been better off on the Standing Retail Contract).</p> <p>AGL was also required to extend its existing competition and consumer law compliance program for an additional three years until 1 August 2019, and to publish a corrective notice within The Advertiser and within both paper and electronic bills sent to affected customers.</p>
Penalty Infringement Notice, Rosalind Park Gas Plant, Camden Gas Project, NSW	<p>During the start-up of the Rosalind Park Gas Plant, a pressure safety valve on the gas/water separator at Spring Farm 05 well activated and natural gas was released to the atmosphere from the pressure safety valve vent. AGL and the EPA investigated the incident and identified that an accumulation of small coal particles in a pressure transmitter resulted in incorrect pressure readings being transmitted from the wellhead to the control room, resulting in the opening of the well remotely and release of natural gas from the pressure safety valve vent line.</p> <p>The investigation also identified that there was no actual or potential material harm to human health or to ecosystems.</p> <p>The EPA imposed a Penalty Infringement Notice (\$15,000) for failure to comply with an Environment Protection Licence condition relating to maintenance of plant and equipment. AGL has implemented corrective actions to reduce the likelihood of this incident re-occurring.</p>

During FY2016 the New South Wales EPA issued a \$15,000 Penalty Infringement Notice in relation to a licence breach at AGL Macquarie. On 9 April 2015, the pH limit prescribed by the Environment Protection Licence was exceeded at the Tinkers Creek monitoring station. The elevated pH level was caused by the discharge of water containing ammonia from the Bayswater Station ammonia storage tank, which was undergoing a cleaning and re-certification process. AGL Macquarie stopped related work and reported the event to the EPA as soon as the elevated pH levels were detected. The incident investigation found the incident did not result in harm to the environment. Corrective actions implemented included a review of operational procedures and further environmental awareness training for employees. This issue is not included in the above table due to the fine being levied during FY2016.

AGL voluntarily suspended its coal seam gas pilot production testing at its Waukivory Pilot Project near Gloucester on 27 January 2015 following the detection of Benzene, Toluene, Ethylbenzene, Xylenes (BTEX) compounds in samples of flowback water taken from two of the four pilot wells, and from an aboveground storage tank. The New South Wales EPA announced an inquiry into the source of the BTEX and formally suspended AGL's licence in respect of the Waukivory Pilot Project. Investigations were undertaken by the New South Wales EPA and the Department of Resources and Energy (DRE). On 19 May 2015, the EPA announced its finding that there was 'no harm to the environment or pollution of waters from AGL's Waukivory Project'. In addition, on the same day the DRE announced that the source of BTEX in the flowback water was from naturally occurring groundwater within the deep coal seams, and that AGL was entitled to resume its Waukivory Pilot Project operations. These incidents did not lead to AGL facing any fines or non-monetary sanctions, therefore is not included in the table above. Visit the [community engagement](#) section of the report for more information about these events.

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In addition to the issues outlined above, AGL Macquarie had 25 externally reportable incidents from the date of its acquisition by AGL in September 2014 to the end of FY2015. All these incidents were investigated and corrective actions and process improvements implemented to prevent recurrence. The majority of these incidents were as a result of plant failure. Of these incidents, AGL received two official cautions in FY2015 and one official caution in FY2016 for the following incidents that occurred at the Liddell and Bayswater Power Stations during FY2015:

- > On 28 October, 1 and 21 November 2014, AGL reported to the EPA that ash and dust laden water overflowed from the Liddell Ash Dump Valve Basin into Tinkers Creek after a pump on the ash pipeline failed. The EPA issued an official letter of caution in relation to the releases. Key actions to prevent ash releases to Tinkers Creek were agreed with EPA prior to AGL's acquisition of AGL Macquarie and are being implemented in accordance with agreed timeframes.
- > On 29 January 2015 ash slurry was released into the storm water drain system following the failure of an ash pipeline. Some of the ash entered into Lake Liddell. The EPA issued an official letter of caution in relation to the release. Changes to maintenance and operations are being implemented to prevent ash entering stormwater systems.
- > On 11 March 2015, approximately 1,000 litres of ferric chloride entered the Bayswater Power Station storm water system which flows to Tinkers Creek. On 14 July 2015 (that is, outside the relevant period of this report), the EPA issued an official caution in response to the incident. Investigation found that the primary cause of the incident was the failure to prepare a correct work instruction. Corrective actions have been implemented to prevent a recurrence.

As these issues did not result in a fine or non-monetary sanction they have not been listed in the above table.

Related Information

[AGL Compliance Policy](#)

[AGL Code of Conduct](#)

[AGL Risk Management Policy](#)

1. Instances reported in accordance with Global Reporting Initiative (GRI) indicators G4-EN29, G4-SO8 and G4-PR9.
2. Based on the number of court findings in relation to issues that occurred during FY2016.
3. Based on the number of fines or penalties received in relation to incidents that occurred during FY2016.

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☆ = Material Issues

MATERIAL ISSUE ☆

✓ COMPLETED

Public Policy

Engage transparently with governments to facilitate the development of sensible public policy.

FY2015 ASPIRATION

AGL will continue to regularly and transparently engage with its key stakeholders on significant issues of public policy.

FY2015 PERFORMANCE ✓

AGL continues to maintain proactive dialogue and consultations with governments, industry, and stakeholder groups to influence sensible public policy outcomes. Copies of most material submissions are made publicly available on the [AGL Blog](#). All political donations are disclosed on an ongoing basis (quarterly) via our [website](#) in accordance with the AGL Political Donations Policy.

FY2016 TARGET

AGL will undertake a stakeholder engagement survey during FY2016 and publish the results.

As a supplier of an essential service to over 3.7 million customers, we believe we have a responsibility to engage with governments at all levels in relation to energy and related policies. In a highly regulated industry such as the energy industry, government decisions have a significant influence on the way we source, produce and price energy and energy-related products, and the way in which we interact with and support our customers.

We provide policy makers with the best available information to help them understand the full implications (both positive and negative) of changes to government policy and to develop sensible policy responses.

AGL has regular dialogue with relevant federal, state and local governments in relation to a range of policy issues, including with Members of Parliament whose electorates include AGL projects. Our dialogue with governments occurs through face-to-face and telephone meetings, written policy submissions (both directly and via industry associations), attendance at events, and the provision of briefings.

It is important to our stakeholders that our involvement in public policy development is undertaken transparently and consistently.

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☆ = Material Issues

Key areas of focus

The key issues that were the focus of our engagement with government during FY2015 comprised:

- **Climate change and renewable energy policies:** AGL has consistently highlighted the need for long-term and stable policy frameworks to drive the significant reduction in greenhouse gas emissions from Australia's energy systems that are consistent with international efforts to avoid dangerous climate change, such as through the AGL Policy Research Working Paper [Australian Climate Change Policy – where to from here?](#) During FY2015 significant uncertainty persisted in relation to climate change and renewable energy policies in Australia. This included the repeal of the carbon pricing mechanism and its replacement with the Direct Action Policy, with the first reverse auction under the Emission Reduction Fund and the development of the safeguarding mechanism taking place during the period. AGL has welcomed the bipartisan agreement to revise the Large-Scale Renewable Energy Target, as this is critical to restoring certainty for the industry following more than 12 months of scheme review. However, market conditions for new utility-scale renewable energy investments remain challenging and complementary policies are likely to be required to facilitate the orderly exit of older and emissions intensive coal-fired power stations from the market. AGL's 2015 [Greenhouse Gas Policy](#) sets out a renewed commitment to the decarbonisation and modernisation of our electricity generation assets, including not to extend the operating lives of existing coal-fired assets, and to close all existing coal-fired power stations in our portfolio by 2050. This revised policy will result in the closure of Liddell Power Station by 2022, reducing annual greenhouse gas emissions by approximately 7.5 MtCO₂e.
- **Energy affordability:** AGL continues to support a shared responsibility approach to energy hardship, where energy suppliers, governments and the community sector work together to deliver sustainable improvements for vulnerable customers, to ensure that they can access competitively priced, reliable and high quality energy supplies. AGL acknowledges the need to meet community expectations in supporting these customers, and during FY2015 AGL consulted extensively with community groups to develop a program of improvements outlined in AGL's \$6 million [Affordability Initiative](#), which was launched in December 2014 to focus on proactively identifying and providing support to customers that are struggling financially.
- **New products and services:** New technologies like digital meters, distributed generation and battery storage, along with the products and services that are enabled by these technologies, have the potential to unlock widespread benefits in Australia's energy markets, including reducing energy bills for consumers. During FY2015 AGL established the New Energy division to deliver distributed energy solutions, with a target to establish a smart connection in one million homes and businesses by 2020. AGL is a strong supporter of customers choosing products and services that suit their circumstances and which enhance their comfort, convenience and control. Regulatory frameworks should reflect changing customer expectations and new technologies, and should provide competitive neutrality so that existing and emerging business models can compete on their merits. Regulated revenues should not be able to be used to support business activities in contestable markets.
- **Coal seam gas activities:** With the development of three LNG export projects in Queensland, demand for natural gas on the east coast of Australia is forecast to triple between 2013 and 2016, leading to a tight supply/demand market dynamic and resulting in price increases for domestic gas users. AGL is continuing to work with local communities, to build trust, respond to concerns and meet community expectations so that we can safely deliver supplies of natural gas for New South Wales homes and businesses, including from our Gloucester and Camden coal seam gas projects.

Submissions

During FY2015, AGL prepared a range of submissions to government and energy industry bodies across several state and Commonwealth jurisdictions. These included submissions relating to the Energy Green Paper, the Harper review of competition policy, the Climate Change Authority's review of the Renewable Energy Target, Australia's post-2020 target for greenhouse gas emissions, design of the Direct Action safeguard mechanism, the Senate Select Committee on Wind Turbines, various electricity network pricing determinations, the regulation of innovative energy sellers, new products and services in the electricity market, expanding metering competition in the NEM, the Australian Energy Market Commission (AEMC) review of retail competition, retail reporting in the energy market, the NSW Parliamentary Inquiry into the supply and cost of gas and liquid fuels, the AEMC East Coast gas market review, the Independent Pricing and Regulatory Tribunal (IPART) review of landholder compensation for gas exploration and production, the review of governance arrangements for Australian Energy Markets, the tax discussion paper, and the proposal for Optional Firm Access in the wholesale electricity market.

Copies of public submissions are made available on the [AGL Blog](#) so that stakeholders are able to view the positions we are taking on various issues.

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☆ = Material Issues

Industry associations

AGL is a member of several industry associations including the Business Council of Australia, the Energy Retailers Association of Australia, the Australian Industry Group, the Clean Energy Council, the Energy Supply Association of Australia, the Carbon Market Institute, the Energy Efficiency Council, the Australian Petroleum Production and Exploration Association and the Minerals Council of Australia.

Through our membership of these organisations, we seek to work with other parties to provide a unified industry view on energy and related policies to put to government. AGL's view may, of course, differ on some issues from those of the industry groups to which it belongs.

During FY2015, the key areas where AGL's views differed to those of the industry associations of which we are a member comprised:

- **Renewable Energy Target:** There is a divergence of views in relation to the continued operation of the Renewable Energy Target, which was under review during FY2015. The Clean Energy Council initially advocated retaining the 2020 large-scale target without change at 41 TWh, but subsequently agreed to a lower target in return for bipartisan support and removal of two-year legislative reviews to restore certainty to the renewable energy sector. The Business Council of Australia and Energy Supply Association of Australia have stated that the target should be adjusted to a 'real 20%'. Both the Minerals Council of Australia and the Australian Petroleum Production and Exploration Association have argued that the Renewable Energy Target should be significantly scaled back, or abolished, to remove distortions from the electricity market. AGL is a strong supporter of renewable energy, and has articulated that it is likely that complementary policy will be required to resolve wholesale electricity market oversupply, to enable new investments in utility-scale renewable energy projects to be economically viable (refer to ['Energy-only markets and renewable energy targets: complementary policy or policy collision?'](#)). Even with bipartisan agreement on an amended renewable energy target, investment conditions for new projects remain very challenging.
- **Climate Change Policy:** While there was some disagreement concerning the repeal of the carbon price, during FY2015 the Business Council of Australia, the Australian Industry Group and the Energy Supply Association of Australia, along with a range of other environmental, industry and social stakeholders, signed on to the [Australian Climate Roundtable: Joint Principles for Climate Policy](#). These articulate a goal of limiting warming to less than 2°C above pre-industrial levels, as well as the principles by which climate change policy instruments should be designed, including the ability to achieve deep reductions to Australia's greenhouse gas emissions, delivering emission reduction at least cost to the economy, international linkages, maintaining Australian competitiveness and policy stability. AGL's [Greenhouse Gas Policy](#) states that a range of regulatory and market-based policies are likely to be needed to achieve decarbonisation and modernisation in the electricity sector.
- **East-coast Australian gas market:** The east-coast gas market is undergoing significant change. AGL, the Business Council of Australia, Energy Supply Association of Australia, the Australian Petroleum Production and Exploration Association and the Australian Industry Group have all stated that the optimal policy response to higher gas prices is to facilitate increased gas supply within a world-class, scientifically based regulatory framework. Other user groups have called for a 'gas reservation' policy which each of these entities does not believe would be effective. For AGL, the debate around gas reservation is not relevant as a commitment has already been made for all gas from the Gloucester Gas Project to remain in New South Wales and not be exported.

Political donations

The community very reasonably expects that corporates should not have an undue level of influence on government policy by providing a level of financial contribution to political parties that could result in, or could be seen to result in, preferential treatment.

AGL does not make ex-gratia donations to any political party or to any individual in, or seeking to obtain, political office. However, from time to time AGL has contributed financially to political parties via membership fees of political networking forums and by paying to attend various functions.

The way in which AGL manages financial contributions to political parties is guided by the 'Managing conflicts of interest' section of the [AGL Code of Conduct](#), which requires us to "adopt an even-handed approach to all mainstream political parties when paying to attend political functions".

In December 2014, AGL released a Board-approved [Political Donations Policy \(December 2014\)](#). The policy commits AGL to ensuring that all donations are:

- made in a bipartisan manner and in compliance with all relevant reporting requirements;
- disclosed even if the donation amount is below the disclosure threshold;
- proactively disclosed every quarter to AGL's Audit and Risk Management Committee and then subsequently published on the AGL website;
- approved by either the CEO, Company Secretary or Executive General Manager Stakeholder Relations (formerly Group Head of Corporate Affairs); and
- not made via any undisclosed proxies or third parties as intermediaries.

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☆ = Material Issues

In the recognition that community concern around political donations affects our ability to build trust with stakeholders, investors and customers, in August 2015, the Board approved a revised **Political Donations Policy (August 2015)**, which prohibits AGL from making any political donations in the future.

Political donations made in FY2015 are outlined below. This list comprises all donations including those below the disclosure threshold.

Recipient	Amount	Payment date ¹	Reason
Liberal National Party of Queensland	\$5,500	21 July 2014	Function – State campaign
Australian Labor Party (Victorian Branch)	\$990	4 August 2014	Membership – State campaign
Australian Labor Party (South Australian Branch)	\$3,000	8 September 2014	Membership – State campaign
Australian Labor Party	\$3,300	29 September 2014	Function – Federal campaign
Liberal National Party of Queensland	\$1,500	6 October 2014	Function – State campaign
Australian Labor Party (Queensland Branch)	\$5,500	10 November 2014	Function – State campaign
Australian Labor Party (NSW Branch)	\$550	8 December 2014	Function – State campaign
Liberal National Party of Queensland	\$2,000	23 January 2015	Function – State campaign
Liberal National Party of Queensland	\$2,200	23 January 2015	Function – State campaign
Australian Labor Party (Queensland Branch)	\$11,000	28 January 2015	Membership – State campaign
National Party of Australia	\$2,000	19 February 2015	Function – Federal campaign
Australian Labor Party (Queensland Branch)	\$500	23 April 2015	Function – State campaign

Related Information

[AGL Code of Conduct](#)

[AGL Political Donations Policy \(December 2014\)](#)

[AGL Political Donations Policy \(August 2015\)](#)

Sustainability Performance

Customers



Customers

Customer Experience ☆

New Energy

Energy Affordability

☆ = Material Issues

We operate in a highly competitive environment and it is our priority to ensure that value is provided to our customers through exceptional customer service and innovation.

Providing an experience that meets the needs of our customers is necessary to drive long-term growth and shareholder value.

This section focuses on:

- > **Customer experience** – AGL prioritises continuous improvement in its standards of customer experience, and our customer satisfaction score has compared favourably with our competitors over the past year.
- > **New Energy** – AGL is investing in business models which exploit new technologies, in recognition of the major shifts that are transforming the energy industry.
- > **Energy affordability** – AGL understands that energy bills can contribute to the financial difficulties that some of our customers face. In FY2015 we worked collaboratively with a range of community and customer stakeholders to launch the AGL Affordability Initiative, which is a program of work through which AGL intends to better understand the issues associated with customers facing financial hardship.

Customers

Customer Experience

Customers

Customer Experience ☆

New Energy

Energy Affordability

☆ = Material Issues

MATERIAL ISSUE ☆

✓ COMPLETED

Customer Experience

Provide a superior experience that meets the needs of our customers.

FY2015 TARGET

Annual mean customer satisfaction score: **> major competitors¹**

FY2015 PERFORMANCE

Annual mean customer satisfaction score: **7.01**, which was higher than that of our major competitors².



FY2016 TARGET

Annual mean customer satisfaction score: **> major competitors**

AGL continues to focus on maximising the experience of customers, large and small. AGL operates in a highly competitive retail environment, and improving our customer experience remains a core part of delivering on our strategy. AGL's [Customer Charter](#) provides clear standards of service that customers can expect from AGL on key issues impacting their energy accounts.

7.01



CUSTOMER SATISFACTION SCORE

AGL's average customer satisfaction score was higher than that of our major competitors

[Visit our Data Centre](#) | Customer satisfaction score

The [data centre](#) shows that AGL's average annual customer satisfaction score has been higher than that of our major competitors since 2012.

AGL monitors a range of other indicators of customer satisfaction to develop strategies to enhance our interface with customers and to continuously improve our product offering. Visit the [data centre](#) to view or download information on the following topics:

- > [Customer satisfaction score](#)
- > [Net promoter score](#)
- > [Ombudsman complaints](#), and [market share of ombudsman complaints](#)
- > [Customer churn rates](#)
- > [Wrongful disconnections](#)

The data centre also contains a breakdown of our [customer numbers](#) by State and fuel type.

14.9%



CUSTOMER CHURN

Our customers churn at a lower rate than the rest of the market (20.3%)

[Visit our Data Centre](#) | Customer churn rates

AGL monitors and assesses customer complaints in order to perform root cause analysis of issues that affect customer experience. There was an increase in the number of Ombudsman complaints compared to last year, which was due to a spike in complaints numbers in the six months following the integration of APG customers into AGL's billing systems towards the end of FY2014.

We continue to further expand the use of our analytical capabilities to derive even greater insights into customers' views and preferences, and any causes for dissatisfaction. We have listened to what customers have told us they want, and implemented key reforms aimed at improving the ease with which customers can manage their energy needs.

Customers

Customer Experience

Customers

Customer Experience ☆

New Energy

Energy Affordability

☆ = Material Issues

Our customers have told us that they want more choice of energy products and more control over their energy bills. We have listened to this feedback, and combined this with making best use of the capability of digital meters to tailor products to customers' lifestyles to give them greater flexibility and control over their power bills.

This has driven the development and improvement of a range of innovative product offerings that are intended to help customers better manage their energy consumption and improve the way we engage with our customers, including:

- > **Free Power Saturdays:** In January 2015, AGL launched this product to eligible Victorian customers, which gives customers who sign up to the plan completely free electricity on Saturdays for one year. It is designed to give customers more control and flexibility over their electricity bills by giving them the freedom to shift their energy consumption to maximise the benefit they receive.
- > **Free smartphone app:** In April 2015, AGL was the first major energy retailer to launch a free smartphone app to give our residential customers greater visibility and control over their energy usage. While it was launched to Victorian electricity customers with digital meters, we expect to be able to make it available to all residential electricity and gas customers by October 2015. The new app lets customers monitor their energy consumption, estimate their usage charges for the current billing period for budgeting purposes, set usage alerts, view account balances, and pay their bills with a credit card. AGL developed this product in direct response to our customers' feedback that an app with this capability would help them feel more in control of their energy bills.
- > **Solar PV solutions for residential, small business, and commercial customers:** AGL offers a full end-to-end service, including assessing customers' needs; quotation; installation; monitoring; and service and maintenance to ensure that customers' solar PV systems continue to operate safely and efficiently. Refer to the [New Energy](#) section for further information.
- > **Solar battery storage:** AGL offers battery storage systems, which enables the storage of excess solar energy so that it can be used when needed instead of being exported back to the grid. Refer to the [New Energy](#) section for further information.
- > **Residential LED lighting program:** AGL offers customers access to energy efficient lighting solutions to replace their halogen lights, and management of any rebate entitlement that customers may have under State-based residential energy efficiency schemes. In addition, AGL continues to provide access to and support for State-based energy efficiency schemes in Victoria and South Australia in particular, such as providing free home energy efficiency audits for certain South Australian customers facing financial hardship.
- > **AGL continues to operate its home services business:** This provides customers with access to hot water, heating, and cooling solutions for their homes.
- > **AGL Business Energy Services:** This team supports AGL's business customers by providing energy productivity solutions that help customers effectively manage their energy consumption and reduce costs. This includes a broad spectrum of services ranging from thermal and electrical appliance preventative maintenance; power factor correction; boiler manufacture; energy efficiency upgrades across industrial and commercial applications; and public refuelling options using compressed natural gas.

Visit the [New Energy](#) section to find out about innovative product offerings and new technologies that AGL is launching to customers.

Customers

Customer Experience

Customers

Customer Experience ☆

New Energy

Energy Affordability

☆ = Material Issues

AGL has prioritised our level of customer responsiveness, by implementing 24/7 call centres in December 2014.

AGL is also committed to leading the market in delivering the best online customer experience. We have demonstrated this commitment over FY2015 by introducing Webchat, enabling customers to communicate with us online in real time. We have also focused on expanding our social media presence, and have launched [The AGL Community](#), which is an online forum designed to connect consumers who are interested in learning more about AGL and energy-related topics. We have continued to invest in improving the ease with which customers can use our existing online customer services, such as selecting and signing up to an energy product, and accessing Flybuys. This is in addition to our existing free, online energy monitoring tool, My AGL IQ™.

AGL intends to demonstrate further product innovation over the coming year through mobile and digital technology, through continuous improvement of our digital metering products, and the capabilities of the AGL App. Importantly, AGL intends to continue to be responsive to customer feedback when developing our new products, and use that as a building block for creating innovative product offerings targeted to suit different customer segments.

Related Information

[AGL Customer Charter](#)

[AGL Dispute Resolution Policy](#)

1. Calculated by comparing the average of four quarterly scores to those of both Origin Energy and EnergyAustralia.
2. AGL's average of four quarterly surveys prepared by an independent third party provider was 7.01. AGL's score at the end of Q4FY2015 was 7.11.

Customers New Energy

Customers

Customer Experience ☆

New Energy

Energy Affordability

☆ = Material Issues

There are major shifts occurring that are transforming the energy industry from the traditional centralised generation model to a more distributed and integrated energy supply.

AGL's New Energy business has been established to embrace this change. In the near term, New Energy is focusing on scaling our rooftop solar business, creating a capability in digital metering and investing strategically in energy-related Internet of Things (IoT) platforms and technologies.

By 2020, AGL is aiming to have at least 1 million 'smart' connections, leading the market in convenience, comfort and control services, enabled by the key technologies.

AGL also plans to enable the generation of 600 GWh per annum of roof top solar energy by 2020.

Ultimately AGL's New Energy business plans to develop products and service offerings that remove complexity from household energy purchasing decisions, and that help businesses remove inefficiencies from their operations and costs.

During FY2015, AGL was focused on the following initiatives:

- **Solar Smart Plan:** In February 2015, AGL became the first major electricity retailer to formally launch a solar power purchase agreement (PPA) plan. Under this plan, customers buy their power from a solar system which is installed on their roof and owned and maintained by AGL. The customer pays a fixed monthly fee for the solar energy for the term of the agreement, and at the end of the term (usually seven, 12 or 15 years), customers are given the option to take ownership of the system and the energy it generates.
- **Active Stream:** In June 2015, Active Stream, a wholly-owned subsidiary of AGL Energy Limited, announced it was entering the contestable digital metering market. Active Stream offers a range of digital metering products and services to retailers, distributors and other businesses including the installation and maintenance of digital metering devices (on the retailer's behalf) and provision of metering data to the customer's retailer, the relevant network operator and AEMO for billing and settlement.
- **AGL Solar Command:** During FY2015, AGL developed a new product offering for solar PV customers. AGL Solar Command helps solar owners monitor their systems to identify under-performance problems and optimise solar energy generation and energy use. AGL Solar Command provides solar customers with a real-time dashboard which can be accessed from any smart device, allowing them to compare expected energy production with actual output, as well as predicted and actual savings, taking into account such things as the orientation of each solar panel and the local weather conditions drawn from the Bureau of Meteorology. AGL estimates that solar monitoring can increase energy production by 18% based on existing solar systems that have been operating for at least three years.
- **AGL Power Advantage:** During 2015, AGL became the first major electricity retailer to launch battery storage to our customers. AGL is initially offering 7.2 kWh battery storage systems, which enable the storage of excess solar energy so that it can be used when needed instead of being exported back to the grid. It includes an inverter, control system, and basic installation including connection to an existing rooftop solar system. It also includes re-wiring of one household circuit so that it can be backed up by the battery storage system, and the set-up of the battery monitoring software. AGL's solar battery storage system is available in South Australia, Victoria, New South Wales and Queensland.

Related Information

[AGL Solar](#)

Customers

Energy Affordability

Customers

Customer Experience ☆

New Energy

Energy Affordability

☆ = Material Issues

AGL is committed to consistently improving our products, services and engagement with vulnerable energy customers.

We support a shared-responsibility approach to addressing energy affordability issues across the community, which takes into account the responsibilities and strengths of customers, industry, government and the community sector. We also understand that every household is different and that situations change. As an energy company, we are putting in place mechanisms to better identify, respond to, and change along with the needs of our customers.

In December 2014, AGL publicly launched our Affordability Initiative, which takes an integrated approach to improving support for customers. Acknowledging the importance of the varying roles that industry, government, and the community sector have, the four cornerstones of the program are:

- > open consultation in order to build a shared understanding;
- > making operational improvements;
- > integration with government policies; and
- > entering into partnerships with the community sector.

The development and launch of AGL's Affordability Initiative followed extensive engagement between AGL and numerous community and consumer groups and with our Customer Council, to obtain feedback on the range of improvements we could make to provide better support for our customers.

As part of the Affordability Initiative, we have made a series of significant commitments to our Community Partners' aimed at changing the way we work and better supporting our customers by:

- > improving the way we work with our customers;
- > investing \$6 million over three years to support hardship customers;
- > targeting early intervention to support vulnerable customers;
- > supporting policies which enhance competition of offers;
- > improving comparability and transparency of energy offers;
- > delivering clear customer choice;
- > offering direct contact for financial counsellors and community workers; and
- > providing easy to find assistance.

The commitments will result in changes right across our retail business, from the way we communicate, through to product design, and to more regular engagement between AGL employees and disadvantaged communities through engagement opportunities like 'bring your bill' days. Our \$6 million support fund will also go towards initiatives such as energy efficient appliances, audits, funding for financial counsellors and incentive payments for customers.

\$6M

AGL has committed to invest
\$6 million over three years
to support hardship customers



Further detail in relation to each of the commitments is available in [AGL's Affordability Commitment](#).

During FY2015 we implemented a dedicated hotline and email address for financial counsellors to be able to contact a Staying Connected specialist directly. We understand that the time available for financial counsellors to spend with clients to resolve a matter is limited, and therefore as an energy retailer AGL needs to deliver the appropriate support in a timely manner. Having a dedicated hotline and email address provides a centralised place for the appropriate community support services to communicate with AGL on financial hardship matters.

Customers

Energy Affordability

Customers

Customer Experience ☆

New Energy

Energy Affordability

☆ = Material Issues

Refreshing our approach on affordability reflects AGL's acknowledgement of the importance of meeting community expectations. As a company, ensuring we are acting in the best interests of our customers will help us build a stronger and more sustainable business model for the future.

Support for people impacted by domestic violence

Tackling domestic violence is the responsibility of all of us, as individuals, as organisations and communities. As an essential service provider and the employer of over three thousand Australians, we recognise that we must play a role in changing the way we support people impacted by domestic violence both at work and at home.

Our customers have a right to being treated with respect and to feel safe in raising issues with their energy provider. During FY2015 we have been working on improving our processes. From September 2015, customers who raise concerns can expect to be transferred directly through to a specialist team trained in supporting vulnerable customers, who are able to add additional privacy protections such as passwords, as well as deal to the sensitive establishment and closure of accounts, set up affordable payment plans and, where appropriate, apply debt relief.

We have implemented these changes in consultation with community sector experts dedicated to supporting customers experiencing domestic violence issues. We'll continue to work with these organisations as we develop greater training opportunities for employees and more collaborative support links with women's support services and community workers.

Staying Connected

For more than a decade, AGL's hardship program, Staying Connected, has been assisting customers experiencing financial disadvantage. As at the end of FY2015, AGL had almost 23,000 customers on the Staying Connected program. Staying Connected is designed to provide assistance to customers experiencing financial hardship to the extent that they are unable to make payments as required under AGL's standard credit guidelines. While participating in the program, customers are protected from disconnection and are offered a range of services, including payment plans and home energy audits.

Through our Energy for Life program, AGL has established a series of strategic charity partnerships that aim to specifically address the issues associated with energy related debt (refer to the [community investment](#) section of this report).

Related Information

[AGL Affordability Commitment](#)

1. These commitments were made to, and followed extensive consultation with, the Brother of St Laurence, Financial Counselling Australia, NSW Public Interest Advocacy Centre, Queensland Council of Social Service, St Vincent de Paul Society, Kildonan Uniting Care, and South Australian Council of Social Service.



Sustainability Performance Community

Community

Community Engagement ☆

Community Investment

☆ = Material Issues

AGL is committed to ensuring that our operations and projects are conducted in ways that avoid adversely affecting the environment and the communities in which they are located, and to developing good relationships with local communities.

We understand that members of the communities in which we operate have differing views on our coal seam gas (CSG) and power generation projects. AGL welcomes open dialogue, debate, and discussion about its activities.

Some members of the community have questions and concerns about the impact of our activities, and we recognise the community's need for up-to-date information about our activities, how we minimise risks to the environment, and the scientific approach we take to risk assessment. We value the feedback we receive from the community, and actively seek opportunities to engage with the community, including in real time through the use of social media, as well as through more traditional channels including information sessions, site tours and community events. We base our responses to issues that are of concern in the community on evidence, and use scientific methods to quantify the risks and effects of our projects.

Sitting alongside AGL's local community engagement is AGL's corporate citizenship program, [Energy for Life](#), through which we seek to make a genuine contribution to the wider community. It provides a practical way in which AGL's employees can engage with the community and charitable organisations that are important to them and to AGL.

This section focuses on:

- > **Community engagement** – AGL's approach to community engagement over the past year in areas in which its upstream gas activities and electricity generation projects are located, including practical ways in which AGL has provided support and assistance for local community activities and initiatives.
- > **Community investment** – AGL is proud of the way in which our Energy for Life program assists those in our community who require assistance. Energy for Life is flexible enough to allow AGL and our employees to be able to contribute to our community in a wide variety of ways, while being aligned to AGL's brand promise and core values.

Community Engagement

Community

Community Engagement ☆

Community Investment

☆ = Material Issues

MATERIAL ISSUE ☆

✓ COMPLETED

Community Engagement

Work side by side with the community to develop mutually beneficial energy projects.

FY2015 COMMITMENT	FY2015 PERFORMANCE ✓	FY2016 TARGET
AGL will continue to measure investment in local businesses, including an analysis of job creation and financial contributions to the local community.	AGL has measured the economic contribution of its significant upstream gas projects throughout FY2015, including tracking levels of community investment, the total and percentage spend on local suppliers, and the contributions of projects to local employment ¹ .	AGL will host at least four community events at each operational/ development site to allow for community views to be raised and discussed in public.

AGL actively engages with the communities in which its upstream gas² and power generation projects are located. The following sections outline the approach AGL has taken to community engagement over FY2015, particularly on issues that have caused concern in the community and the ways AGL has sought to address them. This section also outlines some of the community initiatives that AGL has provided support for.

Upstream Gas

While AGL announced in July 2015 that we intend to divest a number of non-core assets in our Upstream Gas portfolio, over the course of FY2015 we continued to operate gas exploration, production and storage projects, with associated community engagement activities in Camden, Gloucester, Newcastle, and the Hunter Valley in New South Wales. The details of AGL's operations in these areas are set out below:

- The **Camden Gas Project** is located 50 kilometres southwest of Sydney and has been producing gas since 2001, supplying around 5% of New South Wales' gas needs. The project includes 144 gas wells (96 of which produce gas), low-pressure underground gas gathering lines and the Rosalind Park Gas Plant.
- The **Gloucester Gas Project** is located near Stratford, approximately 100 kilometres north of Newcastle. Given the heightened level of community response to AGL's operations in Gloucester over the course of FY2015, particularly the Waukivory Pilot, this project is discussed in greater detail below.
- The **Newcastle Gas Storage Facility Project** is located at Tomago, approximately 20 kilometres north-west of Newcastle. The facility will help AGL meet our peak gas market requirements over winter and provides additional security of gas supply during supply disruption events.
- The **Hunter Gas Project**³ covers much of the Hunter Valley. Over the course of FY2015, AGL owned and maintained a working vineyard and agricultural land (including a working beef cattle property), and has been part of the region's annual grape harvest.

AGL's engagement with local communities

Community relations activities are front and centre of all AGL's gas projects. AGL's community engagement activities are formalised in community consultation plans and reports for each of its project areas. These reports contain details of AGL's objectives, strategies and proposed activities for community engagement in each particular project area, and key metrics are reported to AGL's Board and senior management regularly.

AGL aims to earn the trust of the community to develop our key energy projects by demonstrating the significant economic and social value our operations can bring. Our approach is to seek to understand and ease community concerns about the impact of our activities, to identify and manage project risk, and to find opportunities for community involvement in our projects. Most importantly, we are working on building trust with local communities to facilitate a collaborative working relationship within their towns, so AGL is considered an integral part of each region.

Community

Community Engagement

Community

Community Engagement ☆

Community Investment

☆ = Material Issues

We prioritise open, transparent, and honest communications and consultations with local communities through a range of different channels. Community consultation activities undertaken over the course of FY2015 in each project area include:

- > participating in regular Community Consultative Committee meetings in each of our project areas. Minutes of each meeting are available on the project websites;
- > sharing information and being available to answer questions via AGL's dedicated community relations blog YourSayAGL.com.au, on AGL's 24-hour direct 1300 phone number, and at AGL's local project offices;
- > hosting community events and site tours;
- > holding public information sessions;
- > regular letter box drops to inform local residents of AGL's activities; and
- > publication of electronic newsletters and community updates in local newspapers.

We approach all our activities in the community with respect for the views of community members, particularly where our operations affect landholders' properties. Above all, we respect a landholder's right to say yes or no to CSG drilling operations being conducted on their land. We have continued to strictly abide by the terms of the Agreed Principles of Land Access that we entered into in 2014 with New South Wales Farmers, Cotton Australia and the New South Wales Irrigators' Council, facilitated by the New South Wales Government (and which the Country Women's Association and dairy industry body, Dairy Connect, became signatories to in September 2015). As was the case in 2014, many landholders have agreed to drilling operations taking place on their land. At the end of FY2015, AGL had over 56 land access agreements with landholders in place in New South Wales.

We understand the importance of being good neighbours and working side by side with the communities where we have gas projects. For example at Camden, where we have had a producing CSG project for almost 14 years, we co-exist with horse breeders, dairy farmers and a paceway.

We have continued to engage with the agricultural sector and have entered into a Co-operation Agreement with Dairy Connect to support the possible development of a powdered milk plant in the Gloucester region. We sponsor conferences of peak agricultural bodies, including the New South Wales Farmers' Association, the Country Women's Association and the National Farmers' Federation, giving us the opportunity to share information and address concerns with members and delegates.

Concerns raised by local communities

As well as those who support the work we do in providing secure energy to communities across Australia, there are some people who raise concerns with some of our operations. They do this in a number of ways including through letters to AGL, lodging formal objections, engagement with the media, through social media channels, forming advocacy groups, and through formal protest actions as have taken place near AGL's Gloucester Gas Project and at AGL's corporate offices in North Sydney.

People have expressed concern with possible environmental and health impacts of CSG activities, in particular its impact on air and water quality in the areas in which CSG operations are located and in surrounding areas. Gloucester communities have also expressed concerns about the impact of fracture stimulation on the surrounding water sources, and about the composition of the materials used in the fracture stimulation process. We will always try to find ways to effectively and proactively engage with members of our local communities to better understand the matters they raise and share information about our projects.

In addressing Gloucester community members' concerns, AGL made available extensive information about the processes involved in hydraulically fracture stimulating CSG wells and the nature and chemical composition of the fluid used to do so, through channels such as regular updates on YourSayAGL.com.au and by making available detailed fact sheets on our [website](http://www.agl.com.au).

AGL has been responsive to the concerns expressed by the Gloucester community and Gloucester Council, and has made every effort to address these concerns genuinely and authentically.

For example, when the Gloucester Council raised concerns about the impact of AGL's operations on the water supply, AGL funded a full-time water scientist to be based at the Council offices to oversee our work. When the Council was concerned about fugitive methane emissions from gas wells, AGL invested in air quality measurement equipment and monitored baseline methane levels during and after hydraulic fracturing. When the Council raised the issue of desalination, AGL prioritised researching the latest technology and best practice in order to develop a comprehensive water management strategy that it made available for community consultation. More information is available in the [water management](#) section.

Community

Community Engagement

Community

Community Engagement ☆

Community Investment

☆ = Material Issues

AGL also responds to community concerns by sharing with the local community peer-reviewed, evidence-based studies into the impact of our operations; through social media; regular updates to YourSayAGL.com.au; articles and commentary in the media; and by being available to meet members of the community in person or via our direct 1300 phone number.

AGL's Gloucester Gas Project

Engagement with the Gloucester community

Given that FY2015 saw a great deal of activity at, and heightened community interest about, AGL's Gloucester Gas Project, the following section provides further details of key aspects of the project and milestones that took place over the course of FY2015.

AGL has been consulting with the Gloucester community and Government representatives on Stage 1 of our Gloucester Gas Project since 2009, through the following project stages and activities:

- obtaining a full environmental assessment of Gloucester Stage 1;
- obtaining approval from the independent New South Wales Planning Assessment Commission subject to 92 stringent conditions for the construction and operation of the project;
- the Planning Assessment Commission's approval being upheld by the Land and Environment Court;
- obtaining approval of Gloucester Stage 1 from the Commonwealth Government;
- a community relations manager living and working in Gloucester;
- regular letter box drops, community information sessions, Community Consultative Committee meetings, and participation in the Gloucester Dialogue, chaired by the independent NSW Land and Water Commissioner, until February 2015.

The approvals that AGL has obtained in respect of Gloucester Stage 1 allow AGL to fracture stimulate and produce gas from 110 wells at Gloucester.

In August 2014, AGL received the approvals and licences necessary to commence its Waukivory Pilot Project. This entitled AGL to fracture stimulate and flow test four existing gas wells that were drilled over two years earlier, located within the Stage 1 area of the Gloucester Gas Project. The wells had been drilled into the deep coal seams and completely sealed from surrounding rock layers and beneficial aquifers. The purpose of the program is to gather data from the wells to show how much water is produced from the coal seams, to assess the natural gas potential of the wells, and to determine the impact (if any) on overlying groundwater systems. In accordance with the terms of its approvals, AGL undertook a five-week process that ended in November 2015, during which nineteen zones were hydraulically fractured at depths ranging from 271 to 965 metres below the ground.

All works were subject to stringent environmental scrutiny and conducted in a safe manner, minimising disturbance to the local community. Results obtained through AGL's extensive network of soil and water monitoring as well as geophone monitoring technology demonstrated all activities during the fracture stimulation stage were successfully confined to the targeted coal seam areas and the operations were completed safely.

AGL directly engaged with the Gloucester community with respect to the Waukivory Pilot Project since 2011 through twenty-eight separate community engagement activities, including updates in local papers, site tours, information sessions and community meetings. This engagement has continued throughout the period of the pilot program to keep the community updated.

Protest activity

AGL understands that some members of the community are not supportive of CSG activities. AGL supports an individual's or group's right to peacefully protest, provided it does not compromise personal safety or cause intentional damage to property. In September 2015 the Gloucester Shire Council approved a temporary protestor camp located near AGL's Waukivory Pilot site. This was subject to twenty-seven conditions, including the need for the camp to have security, noise restrictions, and a maximum of 200 people at the camp at any time. AGL believed that these conditions struck an appropriate balance between protecting AGL's right to undertake our work and people's right to protest.

Community

Community Engagement

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Community Engagement ☆

Community Investment

☆ = Material Issues

AGL developed a protestor protocol that aimed to ensure the personal safety of AGL's employees, contractors, and protestors; the avoidance of property damage; and the continuation of AGL's lawful activities and operations. AGL also maintained regular contact with the New South Wales Police based in Gloucester over this time, and ensured that they were kept updated on the progress of AGL's activities, particularly important project milestones that had the potential to attract protestor activity, such as the transportation of large equipment into and out of the project area.

Most protest activities were conducted lawfully and safely. AGL personnel and contracted security teams adhered to protestor protocols and our collaboration with the New South Wales Police averted situations of critical personal harm or property damage, or significant delays in operational timeframes.

Transparency in communications

In early January 2015, media reports sparked concern in the community about AGL's arrangements for the proper disposal of flowback water from the Waukivory Pilot Project. The reports alleged that flowback water was inappropriately disposed of in the Hunter Water sewerage system by AGL's contractor, Transpacific. AGL made several public statements clarifying our contract with Transpacific, including a full page 'open letter' advertisement in Newcastle and regional media. Transpacific stopped taking AGL's flowback water while we clarified its operations with Hunter Water, and we engaged Worth Recycling in north-western Sydney to transport and treat the flowback water and recycle it for industrial purposes.

An investigation by the New South Wales Environment Protection Authority (EPA) later cleared AGL and Transpacific of breaching environmental protection licence conditions or environmental legislation in relation to the disposal of flowback water from AGL's Gloucester operations.

In a separate incident in late January 2015, AGL voluntarily suspended pilot production testing at its Waukivory Pilot Project in response to the detection of benzene, toluene, ethylbenzene and xylene (BTEX) in samples of flowback water taken from two of the four wells and from an aboveground water storage tank. The New South Wales Government subsequently suspended all work at the Waukivory site while investigations were undertaken by the Division of Resources and Energy (DRE) and the EPA.

AGL confirmed at the time that none of the hydraulic fracturing fluids used at the Waukivory Pilot contained BTEX. AGL indicated that BTEX detected in samples was most likely naturally occurring from within coal seams located at an average depth of approximately 600 metres below ground level, and brought to the surface as part of the flowback of water from the hydraulic fracturing process. AGL also made clear that our monitoring of groundwater and surface water had shown no evidence of changes in water quality since the commencement of the Waukivory Pilot Program.

A period of 12 days elapsed between AGL first becoming aware of the existence of BTEX in the water samples taken, and our public announcement of this finding. This delay was to verify the accuracy of the data to the greatest extent possible. We understand that some members of the community disagreed with AGL's decision and that we should have made a public statement more promptly.

Over the course of the suspension of the pilot project, AGL remained committed to keeping the community informed of its investigations, for example through regular updates on YourSayAGL.com.au, a [fact sheet](#) available on AGL's website that provided detail about the BTEX findings, and through advertising in the Gloucester Advocate. AGL also co-operated fully with the EPA and the DRE's investigation into these issues.

In May 2015 the DRE and the EPA released the findings of their investigations, which confirmed the source of the BTEX was likely to be the deep coal seams and that there was no evidence of any harm to the environment or pollution of waters.

The four month investigations, including by an EPA team with hydrogeological, water quality and analytical chemistry experts, found no evidence that AGL had added BTEX to fracture stimulation fluids, and concluded that the BTEX was likely to be naturally occurring. The EPA also found that AGL had not breached its environment protection licence conditions or environmental legislation, and that no extracted flowback water had entered the environment at Gloucester.

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Community Investment

☆ = Material Issues

Once the investigation was complete, the DRE gave AGL permission to resume its Waukivory operations.

AGL resumed the transportation of flowback water from the Waukivory Pilot site at the end of June 2015 for lawful offsite treatment and disposal by Toxfree Solutions, one of Australia's major waste management service providers. This stage of removing and treating the water is expected to take around three months and AGL holds all necessary government and regulatory approvals for this work to take place. In FY2016 AGL will undertake flaring and flow testing of the gas from the wells in order to determine the likely economic viability of the Gloucester Stage 1 Project. It is proposed that a final investment decision be made in relation to the Gloucester Gas Project in 2016.

For more information in relation to the management of water resources at our coal seam gas projects, visit the [water management](#) section.

Economic contributions to local communities

An important way in which AGL seeks to show its support for the local communities in which its operations are based is through providing financial support, sponsorship, and staff involvement in projects and events that are of particular importance to these communities. AGL appreciates that these activities can assist communities to thrive, and in supporting these measures AGL can demonstrate its commitment to these local communities and contribute towards their ongoing success. AGL agrees that the communities that host CSG projects should share in their benefits, and welcomes the NSW Government's introduction of a regional community fund that will benefit communities where CSG is produced.

Some specific initiatives that AGL has been proud to support over the course of FY2015 are:

- > supporting the Centenary of ANZAC commemoration ceremony, and purchase of a portable PA system, for the Gloucester RSL sub branch;
- > purchase of a computer package for adult learning for the Bucketts Way Neighbourhood Group;
- > building the Gloucester outdoor fitness trail for the Rotary Club of Gloucester;
- > sponsoring the Christmas in Narellan function for the Narellan Chamber of Commerce;
- > supporting the annual Camden, Gloucester, Stroud and Singleton Shows;
- > supporting a number of local community groups through the NGSF Community Grants 2015 program, including the Him Do Tae Kwon Do Academy, Hunter Connect Families Inc, the Native Animal Trust Fund, the Royal Society for the Blind, and the Hunter Academy of Sport;
- > purchasing equipment for the Hunter Region Botanical Gardens; and
- > supporting the Westpac Rescue Helicopter Service Fundraising Dinner Dance for the Westpac Rescue Helicopter Service – Gloucester Volunteer Support Group.

In addition, information sessions and advice have been provided to community members and customers and include explanations of energy bills, energy consumption and efficiency information sessions, and information on AGL's Staying Connected hardship program and government incentives and rebates. Energy advice was provided to over 3,500 individuals in FY2015 which included ways to save on energy bills, helping customers find more appropriate energy plans, and identifying consumption efficiencies.

AGL has engaged Creating Communities Australia to undertake a social impacts and opportunities assessment for the Gloucester Gas Project. The objective of this engagement is to ensure that our community investment and consultation programs are appropriately designed and targeted prior to the final investment decision in 2016.

During FY2015, we continued to measure our investment in local businesses and the local community.

FY2015, the contributions of AGL's Gloucester, Camden and Hunter Gas Projects to the national and New South Wales state economies were over \$47 million and \$32 million respectively.

During FY2015 our local employment rates for the Gloucester, Camden and Hunter gas projects were 36%, 71% and 100% (respectively) with a combined salary spend on local employees of \$4,983,800.

Community

Community Engagement

Community

Community Engagement ☆

Community Investment

☆ = Material Issues



OVER **\$2.5M**
spent on 202
suppliers local to
the Gloucester area

OVER **\$3.9M**
spent on 167
suppliers local to
the Camden area

OVER **\$1.0M**
spent on 168
suppliers local to
the Hunter area

Visit our Data Centre | Local community investment

Electricity generation

AGL is active in the communities in which our electricity generation facilities and projects are located. An overarching community engagement strategy was developed in 2014 that views community engagement as critical to the success of AGL's projects and operating assets. AGL's generation projects also support local communities by employing local people and sourcing goods and services from local suppliers as much as possible. In addition, over the past year there has been an increase in the amount of community funding distributed through AGL's renewable energy projects and operating assets.

There has been some opposition to AGL's wind farms and solar plants which has been expressed through letters and other forms of correspondence with AGL, engagement with the media and through social media channels. We have received approximately 125 complaints from the community over FY2015 about AGL's wind farms and solar plants. These related to concerns about perceived health impacts of wind farms and their impact on general community amenity such as sound levels, and in the case of AGL's solar plants, related to contractor management issues and the use of local suppliers.

AGL responds to community concern through scientific or other evidence-based studies into the impact of our operations. We participate in regular CCC meetings in most of the communities in which our wind farms are located or proposed, with the aim of providing the community an opportunity to voice concerns directly to us, to build relationships and to provide a forum for us to communicate with communities about the ways in which we ensure our operations have minimal adverse impacts on the environment, public health, and general community amenity.

AGL also responds to community concern by investigating complaints and responding to all communications received, through commentary and articles in the media, conducting regular community information sessions, publishing newsletters and fact sheets, and by being available to meet in person or via dedicated toll free and direct phone numbers.

Nyngan and Broken Hill solar plants

AGL is delivering two large-scale solar photovoltaic power plants with a total capacity of 155 MW in regional New South Wales – Nyngan (102 MW) and Broken Hill (53 MW). The Australian Renewable Energy Agency (ARENA) has provided \$166.7 million and the NSW Government has provided \$64.9 million in funding to support AGL's delivery of the projects.

Construction of the Nyngan Solar Plant, located 10 kilometres west of Nyngan on rural land within the Bogan Shire Council local area, has recently been completed. The Broken Hill Solar Plant is located five kilometres southwest of Broken Hill on crown land within the Broken Hill City Council area. The solar plant occupies approximately 140 hectares of land, and construction is expected to be completed by the end of 2015.

AGL worked closely with the Nyngan community throughout the construction stage to keep it updated on the project's progress. In particular, AGL worked collaboratively with the Nyngan Country Women's Association and the Nyngan Local Aboriginal Land Council.

Community

Community Engagement

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Community Engagement ☆

Community Investment

☆ = Material Issues

Their support and community insight were extremely valuable in being able to predict potential community issues and address them quickly with minimal disruption to the wider community.

Both the Nyngan and Broken Hill projects' CCCs have been integral to building positive relationships and gaining insight into the local communities. The CCCs have worked with AGL to help resolve community concerns where they have arisen. For example, with the large influx of workers to Nyngan and Broken Hill, there has been some community concern about the standards of some workers' behaviour in the towns outside of business hours. AGL and CCC representatives worked together to address these complaints and to strengthen relationships within the communities. Further, when some local business operators disputed the amount of economic benefits being generated by the Nyngan project, AGL and the CCC were able to demonstrate the accuracy of the reporting.

In consultation with the community, the Broken Hill Solar Plant CCC has been redesigned to be a more informal community information session, which has been well received by the community. The information sessions are now advertised through print and radio, and attendance is open to anyone. The community information sessions are held on a bi-monthly basis and continue to be well attended by regular community members, travellers, council members and media representatives.

AGL contributes financially to the local Nyngan and Broken Hill communities through community funds and sponsorship. Over the course of FY2015 the Nyngan community fund contributed to initiatives such as the Midwest Equestrian Club for new horse jump equipment, the Nyngan Little Athletics for new facilities and sporting equipment, and the Nyngan Hospital Auxiliary for aged care lifting equipment and new mattresses. AGL has continued to be the principle sponsor for the Nyngan Ag Expo and is proud to continue this partnership through to 2017. Other sponsorships included the Nyngan Christmas Lights competition and the Midwest Equestrian Club jumping championships.

AGL established a community fund for the Broken Hill Solar Plant totalling \$50,000, which has so far contributed to a range of projects and initiatives including the Broken Hill Mountain Bike Club, the Broken Hill Chamber of Commerce, and the Maari Ma Aboriginal Health Corporation. In addition, throughout the year AGL made sponsorship commitments to a range of initiatives including the Broken Hill Ag Fair, and the Regional Development Far West Excellence in Business Award.

Macarthur Wind Farm, Victoria

The Macarthur Wind Farm is Australia's largest wind farm and has been operating since 2013. It has the capacity to power more than 220,000 average Victorian homes and abate more than 1.7 million tonnes of greenhouse gases every year.

AGL has maintained an active role in the Macarthur community, and generally speaking, is perceived positively by the community. However, some members of the community have expressed concern about perceived health impacts of the infrasound emitted by wind turbines. Despite the absence of any credible peer-reviewed scientific evidence to support these claims, AGL carried out extensive infrasound monitoring around the Macarthur Wind Farm and in neighbouring homes in FY2013, to help alleviate community concern. Despite the results showing there has been no change to infrasound levels following the construction of the wind farm, some wind farm neighbours have continued to raise concerns. AGL responds to these, and works to meaningfully engage with the community. AGL also participates in the bi-monthly Community Engagement Committee (CEC) meetings convened by the Macarthur Wind Farm regulatory authority, the Moynes Shire Council. Any issues raised through this forum are addressed by AGL and reported back to the CEC and Moynes Shire Council.

AGL also contributed to the debate through participation in the Senate Select Inquiry into Wind Turbines, held in FY2015. The inquiry included investigation into the impact and operations of wind farms in Australia, and the regulatory governance of wind farms. The National Health & Medical Research Committee (NHMRC) also participated in the inquiry, and after careful consideration of the evidence concluded that there is currently no consistent evidence that wind farms cause adverse health effects in humans. However, it acknowledged the complexity of examining whether wind farm emissions may affect human health, and considered that further research was warranted. AGL maintains its support for high quality and well-designed research relating to wind energy. Refer to the [Air, Waste and Noise](#) section for more information.

The Macarthur Wind Farm Community Fund contributed to a broad range of projects and initiatives over the course of FY2015 including providing support to the Hawkesdale Cricket Club, the Macarthur Men's Shed, and the Spring Creek Rural Fire Brigade.

Wattle Point Wind Farm, South Australia

The Wattle Point Wind Farm is situated in the southern part of South Australia. As there are no formal community consultation meetings for the wind farm, AGL consults with key stakeholders and the Yorke Peninsular Council as required. To date there have been no issues of concern raised by the local community, including by neighbouring residents of the wind farm.

AGL offers a community fund that is administered by the Yorke Peninsular Council. AGL invites applications for funding, however is not involved in the selection process of successful recipients. The fund has contributed to initiatives and projects undertaken by groups including the Edithburgh Football Club and Sports Association, and the Minlaton District Business Group.

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Community Engagement

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Community Engagement ☆

Community Investment

☆ = Material Issues

Hallett Wind Farms, South Australia

The Hallett wind farms are made up of four wind farms in the Hallett region of South Australia. AGL maintains a significant presence in the local community through employing local people, and providing ongoing support for community events and initiatives. The AGL Burra Information Centre hosts tours of the wind farms during the year, and is recognised as the place for the community to obtain information and provide feedback about the wind farms.

The Hallett Wind Farm Community Fund is well established, and over FY2015 provided support to many community projects and initiatives including contributing towards the Gladstone Ex Service Personnel, the Spalding Amateur Swimming Club, the Georgetown Heritage Society, and the Burra Railway Station. In FY2015, AGL collaborated with the community to create two new community events for the town of Burra in order to encourage tourism and associated economic benefits to the area, and to enhance community engagement. These comprised a car rally run by the Historic Car Association, and the inaugural Burra Fun Run. AGL also supported the AGL Burra Country Music Festival.

Oaklands Hill Wind Farm, Victoria

The Oaklands Hill Wind Farm, situated near Glenthompson in southwest Victoria, has been operating for over three years. A small number of the neighbouring residents of the wind farm raised concerns about wind turbines emitting infrasound. AGL consulted with these community members prior to the wind farm being built and into its operating stage.

While there is no formal consultation committee for Oaklands Hill Wind Farm, AGL reports on community and stakeholder matters to the Southern Grampians Shire Council. AGL has made available to the community scientific peer-reviewed material indicating an absence of evidence of any adverse health impact from infrasound emitted from wind turbines. While some community members who hold contrary views appear to dismiss this evidence, we will continue engaging with the community and attempting to address community concerns where possible, acknowledging the range of views and opinions held.

An official community fund process for Oaklands Hill is soon to be implemented. Recent sponsorship has benefited the Glenthompson Dunkeld Football Netball Club and the Dunkeld Kindergarten.

Projects under development

As discussed in the [energy policy uncertainty section](#), investment decisions are inhibited by the current state of energy policy uncertainty about issues such as climate change policy. Despite this, CCCs are continuing for the Silverton Wind Farm in New South Wales and the Coopers Gap Wind Farm in Queensland. The CCCs are independently chaired and continue to be well attended by the wider community as well as CCC representatives, who include local community representatives and key stakeholders from local councils and Aboriginal land councils.

The regularity of these CCC meetings has decreased with the slowdown in the progress of project development. The meeting venue for the Coopers Gap CCC is held in different locations for each meeting to enable greater attendance and participation. The CCC's meeting minutes, presentations and other project information are available on the AGL [website](#). In addition, AGL held informal meetings with members of the Silverton community throughout 2015 and continued to brief them on the progress of the project.

Related Information

[YourSayAGL](#)

[Fact Sheet: About natural gas from coal seams](#)

1. Across AGL's upstream gas projects in the Camden, Gloucester and Hunter regions of New South Wales, during FY2015 AGL has spent over \$7,630,700 on local suppliers, (representing 30%, 10% and 61% respectively of the supplier spend for each individual project during FY2015), invested over \$101,500 in local community projects, and had local employment rates of 71%, 36% and 100% (respectively) with a combined salary spend on local employees of over \$5,366,156.
2. From July 2015, the Upstream Gas business unit was dissolved. Projects that are being continued are now part of AGL's Group Operations business unit.
3. In July 2015 AGL announced a restructure of its Upstream Gas business which involved a proposal to divest a number of assets including Petroleum Exploration Licences (PELs) 4 and 267, constituting the Hunter Gas Project. AGL subsequently sold these PELs to the New South Wales Government.

Community Community Investment

Community

Community Engagement ☆

Community Investment ☆

☆ = Material Issues

AGL's corporate citizenship program, [Energy for Life](#), is just one way we are partnering with the community. Established in 2003, Energy for Life delivers support to the community through strategic partnerships, and gives our employees the opportunity to get involved in causes they are passionate about by participating in matched workplace giving and paid volunteering leave programs.

OVER
\$2.7M invested in community
programs and sponsorships



 Visit our Data Centre | Community contribution by program area

Strategic partnerships

AGL is investing more than \$3 million over the six years from 2012 in a series of strategic partnerships.

Recognising that energy costs can be a cumulative financial stress to those in financial hardship, AGL has established three strategic partnerships with community organisations focusing on the areas of prevention and education; intervention, resource and capacity building; and crisis support.

These partnerships complement ongoing commitments to addressing hardship through regulatory obligations, hardship programs such as Staying Connected, and our overarching Affordability Initiative (refer to the [energy affordability](#) section of this report).

> The Smith Family

Sharing the belief that education has the power to transform lives and break the cycle of disadvantage, AGL is supporting the education of 340 school-aged children from disadvantaged backgrounds through The Smith Family's Learning for Life program. In FY2015, AGL contributed \$198,000 to The Smith Family under this partnership agreement.

> St Vincent de Paul Society

St Vincent de Paul Society's home visitation program delivers financial and non-financial support to families in need. As well as providing financial support to this program, AGL and St Vincent de Paul have developed 'Energy Advice Packs' containing information and advice for households about available support, retailer hardship programs and simple tips to save energy around the home. In FY2015, AGL contributed over \$365,000 to St Vincent de Paul Society under this partnership agreement.

> Cancer Council Australia

Responding to unforeseen situations like a cancer diagnosis can affect the financial position of many households. AGL is providing funding for Cancer Council Australia's Financial Assistance Program, which provides grants to families affected by cancer to help cover necessary living costs. In FY2015, AGL contributed \$33,000 to Cancer Council Australia under this partnership agreement.

As part of AGL's commitment to promote safety in the workplace and home, AGL has also established a partnership with the Julian Burton Burns Trust.

> Julian Burton Burns Trust

Recognising that scalding from hot water is one of the most common causes of burn injury in the home, AGL is partnering with the Julian Burton Burns Trust to support burn prevention and education through South Australia's BurnSafe Schools Program. In FY2015, AGL contributed \$19,250 to Julian Burton Burns Trust under this partnership agreement.

Community Community Investment

Community

Community Engagement ☆

Community Investment ☆

☆ = Material Issues

During FY2015, AGL has been focusing on further integrating Energy for Life with core business initiatives to improve employee and customer engagement with the program. AGL's eBills now have a permanent space dedicated to promoting AGL's strategic charity partners. In addition to engaging support for these charities from our customer base, this also helps to increase customer awareness of the support AGL provides through our strategic partnerships.

Employee volunteering

AGL's 'Employee Volunteering' program gives all employees the opportunity to take one day of paid volunteering leave each year to support community causes and charitable organisations. As well as delivering social outcomes for the community, volunteering provides business benefits to AGL – by engaging employees, promoting teamwork and building morale.

5,668 HOURS
Volunteering leave taken
by our employees



[Visit our Data Centre](#) | Employee Volunteering and Employee Giving participation rates

AGL provides the flexibility for employees to take volunteering leave in a variety of ways, including team projects, pursuing individual interests and participating in AGL-led initiatives. In FY2015, AGL's Executive Team spent their volunteering day with The Smith Family, writing to children supported through the Learning for Life program. In June, AGL Executive Marc England participated in the Vinnies CEO Sleepout, raising funds and awareness about homelessness in Australia. Some other volunteering opportunities that have been taken up by AGL employees over the course of FY2015 include:

- > AGL employees volunteered to march with *beyondblue* in support of LGBTI equality at the 2015 Sydney Mardi Gras.
- > Employees in AGL's Melbourne office took the Brotherhood of St Laurence MasterChef challenge, producing 50 meals in one session for the homeless.
- > Employees have volunteered with Conservation Australia to help transform Westgate Park in Melbourne into a diverse bushland setting for local indigenous species.
- > Mt Beauty employees participated in a skilled volunteering day completing the electrical fit out of the Mt Beauty Men's Shed including installing wiring, power points and lighting. The Mt Beauty Men's Shed supports 60 community members by providing a safe and friendly environment where men are able to work on meaningful projects at their own pace in their own time in the company of other men.

AGL set a target to achieve a participation rate of 35% (by headcount¹) for Employee Volunteering for FY2015. Disappointingly, we fell short of this target, with 25% of the workforce recording a volunteering leave day. To overcome the difficulties associated with finding appropriate volunteering activities, AGL has partnered with 'Goodcompany' to provide a platform of easily accessible volunteering opportunities with over 1,300 charities. Launched on 2 June 2015, this platform provides avenues for AGL employees to offer both skilled and unskilled support to the community.

Employee giving and fundraising

AGL employees can elect to make regular payroll contributions to selected charity partners through the Energy for Life 'Employee Giving' program. AGL enables employees to double the impact of financial contributions to these charitable organisations by matching employee donations up to \$200,000 per year.

AGL's charity partners comprise: Australian Marine Wildlife Research and Rescue Organisation, *beyondblue*, Cancer Council Australia, CanTeen, CARE Australia, Habitat for Humanity Australia, Julian Burton Burns Trust, Kids Helpline, RSPCA, St Vincent de Paul, The Salvation Army, The Smith Family and WWF-Australia. During FY2015, the Westpac Rescue Helicopter Service was also added to the list of charity partners, recognising the important long-term relationship that AGL Macquarie employees have with this organisation.

Donations to these charity partners through the Employee Giving program totalled \$164,300 in FY2015 (including employee donations and AGL's matched contribution), a 1% increase from FY2014, when \$162,500 was donated.

During FY2015, the average monthly participation rate² in the Employee Giving program was 5.6%, comparable to the FY2014 rate of 5.4%.

In addition to funds raised through payroll giving in FY2015, AGL employees raised \$62,680 through charity partner fundraising events such as RSPCA Cupcake Day, Movember, Australia's Biggest Morning Tea and Walk in Her Shoes. These employee-raised funds were then matched dollar for dollar by AGL (up to \$5,000 per event), with the value of AGL's contribution amounting to \$35,845.

Community Community Investment

Community

Community Engagement ☆

Community Investment ☆

☆ = Material Issues

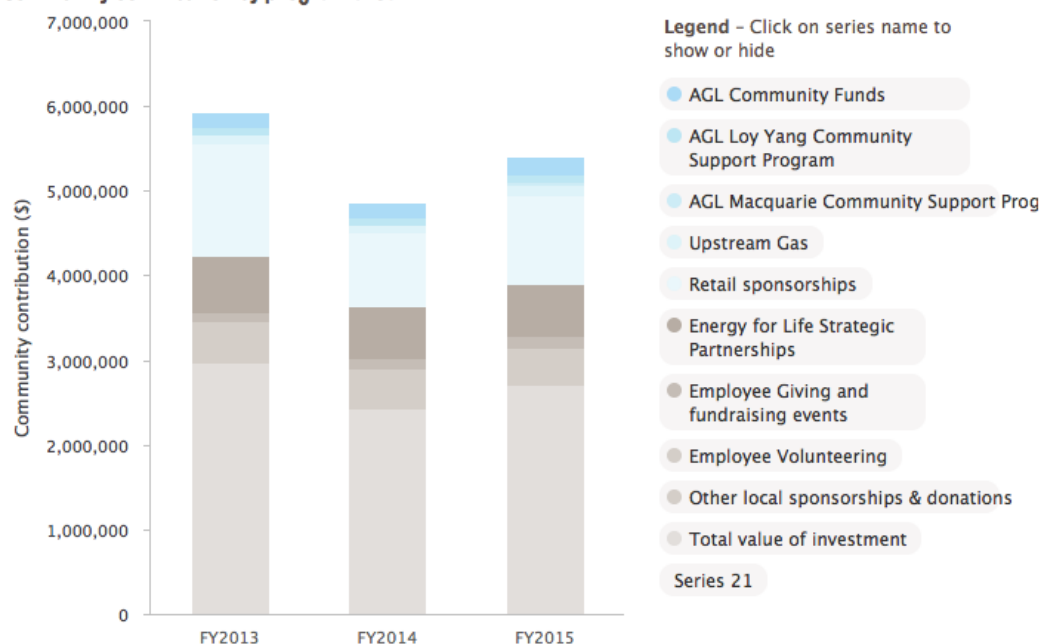
 [Visit our Data Centre](#) | Employee Giving and event fundraising

Valuing our contribution to the community

AGL's total community investment (including cash, employee volunteering and in-kind contributions) in FY2015 has been valued at over \$2,704,400³, comprising \$2,372,407 in cash donations, \$8,577 in-kind and \$323,436 in time.

AGL breaks down community contribution according to the three Energy for Life program areas (Employee Volunteering, Employee Giving and Strategic Partnerships), as well as the support provided to the local community through AGL Community Funds, other local community initiatives, contributions arising from key retail and corporate sponsorships and other charitable donations.

Community contribution by program area



AGL has invested over \$2.7 million in the community during FY2015.

Notes

- > Amounts reported under 'Employee Giving and fundraising events' represents AGL's matched funding only, not the donations given by employees.
- > Data up to and including FY2012 was reported in the annual sustainability report according to a different categorisation, and therefore is not included in the above table.
- > FY2015 data includes AGL Macquarie contributions from the date of acquisition.
- > The categories reported were adjusted in FY2015, and historical information has been redistributed to the new categories appropriately.

GRI Reference: NA

 [Visit our Data Centre](#) | Community contribution by program area

Visit the data centre for a breakdown of AGL's community contributions by [charitable cause](#) and [motivation for investment](#).

Information about AGL's economic contribution to local communities through the provision of local employment, use of local suppliers and investment in community programs is available in the [community engagement](#) section of this report, as well as in the [data centre](#).

1. Excluding AGL Macquarie employees.
2. Excluding AGL Macquarie employees.
3. Until FY2012, AGL was a member of the London Benchmarking Group (Australia and New Zealand) (LBG) and used the LBG model to value community contribution. Since FY2012, AGL has continued to use the methodology from FY2011 to allow comparability and trend analysis

Sustainability Performance

People

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

Diversity and Inclusion

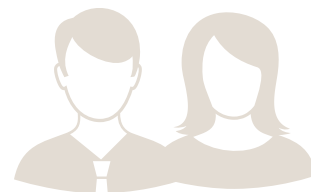
☆ = Material Issues

AGL's employees are critical to the delivery of our business strategies and to achieving the organisation's business purpose of 'harnessing insights to enrich the customer's energy experience'.

Providing a safe, inclusive and engaging work environment for our employees is a key priority. Engaged employees are more likely to contribute more productively to delivering a positive experience for our customers.

3,537

EMPLOYEES (FTE)
Up 32% since FY2014



[Visit our Data Centre](#) | Employees by location

This section focuses on:

- > **Employee engagement** – in our rapidly changing energy industry, maintaining and improving employee engagement is vital to attract and retain talented employees and, ultimately, to optimise business results.
- > **Health and safety** – AGL is committed to providing our employees with a safe and healthy place to work, to measuring and publishing our safety performance, and holding ourselves to high standards of accountability for our health and safety record. Health and safety performance is indicative of the values that underpin an organisation, the business 'culture', and the effectiveness of health and safety policies and procedures.
- > **Talent** – attracting and retaining the highest standard of talent in the market supports AGL's ability to meet its key strategic goals, deliver shareholder value, and in turn enable continuous improvement in its levels of employee engagement.
- > **Diversity and inclusion** – at AGL we encourage and take pride in our diverse and inclusive workforce. We believe that diversity in the experiences, backgrounds and perspectives of our people enables us as a company to have a better understanding of our customers and a greater ability to engage more genuinely in the communities in which we work.

People

Employee Engagement

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

Diversity and Inclusion

☆ = Material Issues

MATERIAL ISSUE ☆

✓ COMPLETED

Employee Engagement

Maintain an engaged workforce in order to optimise business results.

FY2015 TARGET	FY2015 PERFORMANCE	FY2016 TARGET
Employee engagement score: ≥75%	Employee engagement score: 76%	Employee engagement score: ≥75%

Employee engagement measures the degree to which employees are connected to the company they work for, and is a core metric for measuring the health and success of the organisation.

In the context of a rapidly changing energy industry, maintaining a high level of employee engagement is increasingly important for attracting and retaining talented employees and, ultimately, for the delivery of business results.

76%

ENGAGEMENT SCORE



Visit our Data Centre | Employee engagement

In FY2015, AGL achieved an engagement score of 76% (comparable to FY2014's score of 77%), achieving our target of equalling or exceeding 75%. This score places AGL in the ORC International's 'Best Performing Zone', which represents the threshold of the top 20 organisations with more than 2,000 employees from ORC International's global database, based on the question set AGL uses. With a 78% participation rate in the FY2015 survey, the results provide a good representation of AGL's engagement level.

Overall engagement at AGL has remained fairly consistent over the last three years, slightly decreasing from 77% in FY2013 and FY2014 to 76% in FY2015.

Initiatives to improve employee engagement that were implemented in FY2015 included:

- An 'Above the Line' leadership program was implemented in Retail Energy to build leadership capability at the senior level to support a top down development approach.
- A Wellness Pilot was implemented to understand in more detail the drivers for improved physical and mental wellness in Retail Energy.
- Visual boards were implemented across the generation business to increase the level of local communication through active engagement of employees on business performance and critical issues.
- A leadership program was implemented within the generation business, which included modules such as 1:1 conversations, managing performance and behaviour, managing absences and effective team meetings, to build the capability of leaders with specific focus at the frontline leader level.
- Quarterly peer reviews were undertaken of different plant and/or processes within our generation business to ensure good practices are in place, including process safety.
- New communication channels were implemented across the business, including face-to-face forums and newsletters, to keep employees abreast of what is happening across AGL.
- Many teams moved to a 'smarter working' environment, including the New Energy team in North Sydney, and many teams in AGL's Melbourne office in Spencer Street.

The success of initiatives in this area are driven and measured through AGL's Performance and Development Review process. In FY2015, senior leaders were measured on both AGL achieving an engagement score of at least 75% and the delivery of business unit engagement action plans. Operational leaders and employees were measured on their contribution to engagement action plans and other initiatives that aimed to positively affect employee engagement.

People

Health and Safety

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

Diversity and Inclusion

☆ = Material Issues

MATERIAL ISSUE ☆

✓ COMPLETED

Health and Safety

Provide a safe and healthy workplace and eliminate work related injuries and illnesses.

FY2015 TARGET

Total injury frequency
rate¹: ≤ 2.8

FY2015 PERFORMANCE

Total injury frequency
rate²: 2.5

FY2016 TARGET

Total injury frequency
rate: ≤ 2.8

A strong, risk-focused safety culture is necessary to drive improvements in safety performance.

Key aspects of AGL's approach to health and safety include the following:

- > **Policy:** AGL's [Health, Safety and Environment \(HSE\) Policy](#) sets out our overarching objectives for HSE, and the strategies by which we will achieve those objectives. The policy applies to all employees, contractors, products and services, and joint ventures under AGL's operational control.
- > **Management system:** AGL's HSE management systems form the framework by which we manage our HSE risks across the business. Our HSE systems begin with the HSE Policies and flow down to local level procedures and tools that help to keep people and the environment safe. Our systems are based on the requirements in Australian Standards AS/NZS 4801 (2001) Occupational Health and Safety Management Systems and AS/NZS ISO 14001 (2004) Environmental Management Systems. AGL's 'Lifeguard' system documents the overarching Standards which are mandatory across the business. The HSE Management System (HSEMS) provides the framework of standards, guidelines and procedures and tools in order to meet the Lifeguard standards. There are a number of different types of documents, each with their own purpose to cater for the diverse operations that exists within AGL. This provides a consistent approach to managing HSE across the business but with the flexibility to be applied to different operations and situations. The system is also a key element of ensuring compliance with HSE legislation.
Internal and external audits of the HSEMS facilitate a culture of continuous improvement. Audit findings are reflected in HSE Action Plans and in improvements to the management system, strategic direction and safety programs. During FY2015, the focus of the HSE internal audit program included contractor management, working at heights, incident investigation, permit to work and high risk work licensing. During FY2015, updated standards targeting key risk areas were released, including risk management, contractor management, falls prevention, lifting operations, electrical safety management, permit to work, energy isolation, document management and plant and equipment. HSE Risk Registers were also reviewed to deliver a more consistent approach to assessing and managing HSE risks across the business.
- > **HSE Strategy and HSE Action Plans:** AGL's HSE Strategy provides the framework for driving change in HSE culture and performance, assisting AGL in achieving the goal of being a safe and sustainable business. The HSE Strategy is enabled through the delivery of annual business unit HSE Action Plans. The plans have consistent objectives across each business unit, with each business unit determining the actions that will be taken to support the achievement of these objectives.

During FY2015, 100% of items in HSE Action Plans were completed.

One key aspect of HSE Action plans is the conduct of 'safety and wellbeing conversations'. A safety and wellbeing conversation is a tool for ensuring leaders and employees participate in open discussions about safe and healthy behaviour, with a view to challenging and preventing unsafe or unhealthy behaviour, improving the safety culture and decreasing the injury rate. During FY2015, AGL recorded 1,354 safety and wellbeing conversations across the entire business.

- > **Leadership:** Strong and dedicated safety leadership is an essential component of our efforts to achieve a 'zero-harm' work environment at AGL. An effective safety culture requires pro-active commitment, accountability and continuous reinforcement from all levels of management, including the AGL Board. The AGL Board and Executive Team review safety performance via the monthly Group Performance Report. The Board Safety, Sustainability and Corporate Responsibility Committee also reviews safety performance on a quarterly basis, as well as reviewing audit findings and recommendations, strategic priorities and significant incidents.

People

Health and Safety

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

Diversity and Inclusion

☆ = Material Issues

- **Hazard, incident and near miss reporting:** AGL's hazard, incident and near miss reporting systems are designed to ensure that issues are reported and investigated in a consistent and effective manner. In FY2015, AGL launched 'myHSE', a central management and reporting system with reporting dashboards, providing key HSE performance information visible for all AGL employees. MyHSE replaced four legacy incident reporting systems.

Safety performance

AGL measures and tracks safety performance using a number of trailing performance indicators based on reported safety incidents. AGL also tracks leading indicators of Health and Safety to provide insight into trends. The leading indicators include HSE activities in Action Plans, safety and wellbeing conversations and 'near miss' incident reporting.



Visit our Data Centre | Health and safety performance – employees

The total injury frequency rate (TIFR) (excluding AGL Macquarie) decreased from 3.0 in FY2014³ to 2.5. Improvements were experienced across all business areas. Data shows that continued emphasis on the prevention of soft tissue injuries and hitting stationary objects is required. AGL Macquarie's TIFR was 10.7⁴, with the combined AGL and AGL Macquarie TIFR for FY2015 of 4.1.

The occupational injury frequency rate (OIFR)⁵ (excluding AGL Macquarie) decreased from 3.2⁶ to 1.9. Improvements were experienced across New Energy, Energy Markets, Upstream Gas and all Corporate business units, whereas Group Operations (formerly Merchant Energy) saw an increase, due to an increase in the number of lost time injuries associated with recurring occupational injuries. This highlights the need for continuing focus on the reduction of soft tissue injuries and using pre-employment screening to help manage existing injuries more efficiently. AGL Macquarie's OIFR was 0.0⁷, with the combined AGL and AGL Macquarie OIFR for FY2015 of 1.6.

Excluding AGL Macquarie, there were 14 TIFR-related and 11 OIFR-related employee incidents in FY2015 compared to 16 and 17 respectively in FY2014, showing a decrease in all reportable injuries. This can be attributed to the roll out of programs such as the Fitness for Life campaign to improve employee wellbeing and reduce the incidence of soft tissue injuries. At AGL Macquarie, there were 14 TIFR-related and no OIFR-related employee incidents in FY2015⁸.

In FY2015 (excluding AGL Macquarie), there were seven employee and 20 contractor significant incidents (defined as incidents classified as 'high risk' or above), representing a decrease of 42% and an increase of 54% respectively compared to FY2014. The data indicates that in relation to significant incidents, the major area of focus needs to remain on working at heights, dropped objects and permit-related incidents particularly for contractors. At AGL Macquarie, there were 10 employee and six contractor significant incidents⁹.

Visit the [data centre](#) to view AGL's current and historical performance across a range of safety indicators, including total injury frequency rate, lost time injury frequency rate, medical treatment injury frequency rate, occupational injury frequency rate and injury severity rate.

AGL also monitors and reports the lost time injury frequency rate (LTIFR) of contractors, to provide a more comprehensive representation of AGL's safety performance. In FY2015, the LTIFR of contracted workers was 1.3 (excluding AGL Macquarie). Historical information is available in the [data centre](#).

Wellbeing

AGL's health and safety strategy recognises that a focus purely on the workplace would ignore significant factors that can impact the health, engagement and ultimately productivity of employees – particularly in relation to chronic injuries and illness.

At AGL we understand the workplace can affect an individual's health, just as we know that the home life of an employee can affect their health and wellbeing in the workplace.

People

Health and Safety

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

Diversity and Inclusion

☆ = Material Issues

We support the wellbeing and good health of our people through a range of initiatives, and recognise the influence that employee wellbeing can have on employee engagement and on achieving a high performance culture.

During FY2015, AGL's Wellbeing program provided support for employees in the three key areas of emotional, physical and financial wellbeing, and delivered a range of initiatives aimed to encourage employees to make informed choices that will enhance their health and wellbeing. These initiatives included:

- **Physical health:** annual flu vaccinations; health checks; access to an online health hub with range of information, programs and wellness tracking tools for employees; the development of employee-led initiatives such as Pedal Power (a cycling initiative which was awarded AGL's CEO Safety Award in November 2014; and site-based fitness initiatives including on-site yoga programs at major offices, step challenges and boot camps.
- **Emotional health:** resilience training program; employee assistance services including the Employee Assistance Program (EAP); and a leader hotline.
- **Financial health:** corporate discount for health insurance; corporate rates for gym memberships; and access to a financial counselling service.

Related Information

[AGL Health, Safety and Environment Policy](#)

1. FY2015 target does not apply to AGL Macquarie.
2. Total injury frequency rate (TIFR) – for injuries that arise from a single event/shift. TIFR involves the number of lost time and medical treatment injuries classified as TIFR-related in a 12 month period, per million hours worked in that period. FY2015 performance does not include AGL Macquarie.
3. During FY2015, TIFR for FY2014 was revised from 2.8 (as previously reported in the FY2014 Sustainability Report) to 3.0, due to the reclassification of a TIFR injury that was upgraded from a First Aid injury to a Lost Time injury due to surgery.
4. Data relates to the period of AGL ownership: 2 September 2014 to 20 June 2015.
5. OIFR: number of Lost Time and Medical Treatment Injuries classified as OIFR related in a 12 month rolling period, per million hours worked in that 12 month period.
6. During FY2015, OIFR for FY2014 was revised from 3.7 to 3.2 due to a number of OIFR injuries being reclassified as non-work related as a part of the implementation of myHSE and data cleansing processes.
7. Data relates to the period of AGL ownership: 2 September 2014 to 20 June 2015.
8. Data relates to the period of AGL ownership: 2 September 2014 to 20 June 2015.
9. Data relates to the period of AGL ownership: 2 September 2014 to 20 June 2015.

People Talent

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

Diversity and Inclusion

☆ = Material Issues

MATERIAL ISSUE ☆

✓ COMPLETED

Talent

Attract and retain the right people to meet strategic objectives.

FY2015 ASPIRATION

AGL will continue to develop an industry leading Employee Value Proposition.

FY2015 PERFORMANCE ✓

AGL has comprehensive talent management, diversity, reward and recognition and employee engagement programs in place and holds the WGEA Employer of Choice for Gender Equality citation for 2014 and a leading employee engagement score¹.

FY2016 TARGET

Key talent retention ≥ 80%

Attracting and retaining the right people and developing their skills and experience is one of the most critical challenges and opportunities AGL faces in meeting its strategic objectives.

AGL has a formal talent management process, and focuses on providing the appropriate learning and development opportunities for all employees, especially leaders.

Employment Value Proposition

The AGL Employment Value Proposition (EVP) describes the unique rewards and benefits (tangible and intangible) offered by AGL in return for the skills, capabilities and experiences that employees bring to the organisation.

The strength of a good employer brand lies in the ability to attract the right people with the right skills who are the right fit for the business. The business benefits through decreased attrition rates, and customers and other stakeholders benefit by dealing with enthusiastic and engaged employees. In turn, a positive stakeholder experience is reflected in AGL's bottom line and in shareholder value.

Communicating the EVP to employees and the external candidate market helps the business attract and retain the right people in the following ways:

- > **Attraction** – Attraction of talent, particularly passive candidates or candidates from different markets where AGL may not be well known.
- > **Engagement** – Ensures that our message to the external workforce is an accurate reflection of AGL's culture, and encourages employees to act as advocates for AGL.
- > **Branding** – A strong EVP creates a strong employer brand to attract talent from the external market.
- > **Retention** – Retention of key talent within the business via a consistent EVP message ensures that employees' motivations are aligned to what AGL can offer. Therefore employees are more likely to be engaged and succeed at AGL.

People Talent

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

Diversity and Inclusion

☆ = Material Issues

Talent management

AGL's Talent Management Program comprises four key areas:

- > **Identifying critical roles:** Identifying critical roles continues to be a focus to ensure there is an identified pipeline of talent. If vacant, these roles pose a significant business risk because they are key to AGL's new business development, revenue generation or operational management. Critical roles are typically difficult to fill quickly with either an external hire or a ready internal successor. Profiling of critical roles is being undertaken to enable 'role success' to be defined and then used to develop and source talent.
- > **Succession planning:** To ensure the sustainability of AGL's most critical business functions it is a requirement that all senior critical roles have a succession plan in place to ensure that there is a pipeline of key talent being actively developed in the capability areas required for role success.
- > **Building talent pipelines:** AGL is focused on defining organisation-wide talent pools and building bench strength. Talent planning days are held twice per year for each business unit, resulting in target lists of key talent ready for a new role within the next 12 months, as well as upcoming opportunities such as projects, secondments and role vacancies. This enables proactive career planning for key individuals needing critical experiences or representing a retention risk.
- > **Talent metrics:** A talent analytics scorecard is in development to ensure the talent management program is run to minimise risks such as key resource dependencies, flight risks, and succession bench strength as well as to monitor gender diversity metrics across all aspects of our talent management processes. Talent reporting will be made available to leaders and People & Culture representatives in FY2016 to provide greater insights into how we are managing talent and succession and to identify where our strengths and gaps are. In FY2015, 464 talent reviews were completed.

Learning and development

AGL provides a suite of learning and development opportunities for our people. Key aspects include:

- > AGL runs a structured induction program for all new employees that includes receiving a comprehensive information and welcome pack, completing compulsory compliance training modules and attending an AGL Welcome Day.
- > AGL's online learning platform, Empower, provides a central portal for the delivery of compliance training and offers employees improved access to learning and development opportunities.
- > AGL's leadership development programs provide training and development opportunities to all levels of leadership, and include the Diploma of Management for front line leaders; Advanced Diploma of Management for leaders and specialists and a residential academy for senior leaders. There are also additional one to two day programs that are run throughout the year, which are available to leaders of all levels.
- > There are a number of leadership programs on offer, tailored to specific business units, including a frontline leadership program for our generation business, an Emerging Leader Program for our Customer Solutions group, a Development Academy for the Market Operations business group, as well as the Above the Line Leadership Program that was implemented in Retail Energy.
- > AGL's Assisted Education Program supports employees completing formal qualifications at secondary and tertiary level, by providing financial support and allowing time off work to study.

Turnover

Total turnover, which includes voluntary turnover (attrition) and involuntary turnover, decreased to 15% in FY2015² from 18% in FY2014, due to the change in the underlying composition of the business.

People Talent

People

Employee Engagement ☆

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Talent ☆

Diversity and Inclusion

☆ = Material Issues

9%

VOLUNTARY TURNOVER



 [Visit our Data Centre](#) | Turnover

Voluntary turnover (attrition) remained steady at 9%³ (FY2014: 9%). A breakdown of attrition rates and new hires by age and gender is available in the [data centre](#). Our power generation facilities such as AGL Macquarie, AGL Torrens and AGL Loy Yang, which have a high percentage of older, male employees, typically have very low attrition rates. This is reflected in the overall attrition statistics which show lower rates for both male employees and employees in the older age bands.

During FY2015, the retention of key talent across AGL was 95%⁴.

Related Information

[AGL Careers](#)
[AGL Employee Benefits](#)

1. The Employee Value Proposition defines AGL as an employer in the marketplace and is what sets us apart from our competitors. It encompasses the entire employment experience including our vision and values, career opportunities, culture, benefits and rewards. AGL's recent diversity initiatives, talent management program and engagement initiatives are listed in this report.
2. Inclusive of AGL Macquarie employees.
3. Inclusive of AGL Macquarie employees.
4. Based on employee-initiated (voluntary) turnover. Not all employees are reviewed through the Talent process.

People

Diversity and Inclusion

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

Diversity and Inclusion

☆ = Material Issues

At AGL we're committed to building a diverse workforce and an inclusive workplace culture.

An inclusive workplace where all employees feel safe and confident to contribute their views helps AGL deliver more innovative and effective business outcomes. Embracing and valuing diversity and inclusion leads to a better understanding of, and engagement with, the people we work with, the customers we serve and the communities in which we operate. Furthermore, a diverse workforce and an inclusive workplace culture are attractive to potential employees and provide AGL with an edge when competing for talent and in retaining talented people.

AGL's [Diversity and Inclusion Policy](#) describes AGL's approach to diversity and inclusion and how these attributes are promoted and embedded in AGL's workplaces.

AGL's Diversity and Inclusion Council oversees a comprehensive strategy to build inclusion and foster diversity in all its forms across AGL workplaces. The Council is chaired by the Managing Director, and during FY2015 comprised eight other senior leaders from across the business.

Our current priorities are:

- > continuing to build AGL's culture of inclusion, embedding diversity and inclusion concepts and principles in our people processes, and expanding our focus beyond gender to ensure inclusion of other employee diversity groups;
- > maintaining our focus on gender equity with an emphasis on removing barriers for women to increase their representation in leadership;
- > translating flexibility for our different businesses and workplaces, and equipping leaders to confidently manage a flexible workforce; and
- > investigating mature age workforce initiatives.

Further information about AGL's approach to diversity is also available in AGL's FY2015 [Corporate Governance Statement](#).

Gender diversity

AGL monitors gender diversity at each level of the organisation, in particular the representation of women in leadership. There is a positive correlation between increased representation of women on company boards and in senior management positions and the achievement of better financial performance, higher employee retention rates, and enhanced corporate image and reputation. AGL faces similar challenges to other Australian organisations in retaining and realising the potential of female leaders who have the capability and aspiration to move into senior leadership positions.

In November 2014, AGL was recognised as one of the inaugural recipients of the Employer of Choice for Gender Equality (EOCGE) citation, awarded by the Workplace Gender Equality Agency. This new citation supersedes the Employer of Choice for Women citation, which AGL held since 2012.

The Employer of Choice citation provided a comprehensive roadmap for the early phase of AGL's gender diversity work. As AGL matures in terms of our inclusive culture, broadening diversity strategy and workforce composition (which has changed significantly through large acquisitions), we will look to a variety of tools to measure and benchmark our progress.

AGL set a target to increase the overall representation of women in the Senior Leadership Pipeline by 1.5 percentage points¹ during FY2015. At 30 June 2015, the representation of women in the senior leadership pipeline remains steady at 33%, and as such, the target was not achieved. Commencing in March 2015, there has been significant structural change impacting this group of leaders. The structural change continued into FY2016, and therefore the composition of this group at the end of FY2015 is not necessarily reflective of the composition moving forwards.

During FY2015, AGL continued to make progress towards its FY2016 gender diversity target of achieving a 50%² female appointment rate to the Senior Leadership Pipeline³. The combined female appointment rate for external and internal appointments to the Senior Leadership Pipelines at June 30 2015 was 31%. The proportion of female external hires is slightly higher than the internal appointment rate (by 8%). Those business units who were experiencing challenges in relation to the gender appointment target last year have made good progress as a result of targeted external recruitment campaigns to attract female candidates. As a result seven senior women were appointed into traditionally male dominated leadership teams in this period.

People

Diversity and Inclusion

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

Diversity and Inclusion

☆ = Material Issues

31% APPOINTMENT RATE OF WOMEN TO THE SENIOR LEADERSHIP PIPELINE



Visit our Data Centre | Appointment rate of women to leadership roles

AGL continues to monitor gender pay equity through various forums including the Diversity and Inclusion Council and the People and Performance sub-committee of the Board. AGL's most recent pay equity analysis was undertaken using non-EBA payroll data as of 31 March 2015. Of the 149 roles that enabled a male/female pay comparison, three roles (2%) (down from six roles in FY2014) indicated a gender pay gap of more than 20% that could not be explained by experience, location, or years of service. These instances were highlighted to the relevant People and Culture team member as a priority to be considered during the 2015 Remuneration Review.

Gender pay equity analytics and reporting are embedded in AGL's annual remuneration review system and supporting processes ensure gender equity is at the forefront of leaders' remuneration decisions. AGL's diversity and inclusion strategy includes initiatives to address the drivers behind AGL's gender pay equity gap, including attracting and retaining women in the Group Operations business (formerly Merchant Energy and Upstream Gas), and developing women for senior leadership.

Gender diversity is monitored at all levels of the organisation. In May 2015, AGL submitted Workplace Gender Equality Reports to the Workplace Gender Equality Agency for both AGL and AGL Macquarie, complying with the Workplace Gender Equality Act 2012. In FY2016, AGL's report will include AGL Macquarie.

Gender breakdowns of employees' employment status, contract type, location and turnover rates are available in the [data centre](#). [Parental leave](#) utilisation and return to work rates are also available.

Flexibility at work

Flexibility is an important focus area of AGL's diversity strategy, and flexible work is becoming an increasingly accepted way of working at AGL. Flexible working options include part-time work, job sharing, compressed working weeks, flexible start and finish times and telecommuting.

AGL supports employees who seek flexible work arrangements, including the specific needs of our employees who are carers.

During FY2015, AGL extended the amount of purchased leave available to employees from two weeks to six weeks. When considered with the paid annual leave entitlement of four weeks, this enables an employee to extend their total leave entitlement to 10 weeks per annum, with leader approval. This benefit provides additional support to working parents dealing with the challenges of providing child care during the annual calendar of school holidays.

In recognition that individuals, organisations and communities must all play a role in changing the way we support people impacted by domestic violence, in September 2015 AGL introduced a new policy providing AGL employees with up to 10 days paid Domestic Violence Leave, along with flexible work arrangements and access to counselling services through the Employee Assistance Program. Read more in the [energy affordability](#) section.

Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) Inclusion Strategy

During FY2015, AGL has continued to implement its LGBTI inclusion strategy, with the goal of achieving a more diverse and supportive workplace culture where LGBTI employees feel they are able to achieve their full potential and contribute to business outcomes in a personally authentic way.

People

Diversity and Inclusion

People

Employee Engagement ☆

Health and Safety ☆

Talent ☆

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AGL aims to improve mental health within the LGBTI employee base, eliminate stigma and discrimination, and be recognised as an inclusive employer that incorporates LGBTI employees in a leading edge diversity strategy.

During FY2015, AGL completed the Australian Workplace Equality Index (AWEI) survey. The Index is administered by [Pride in Diversity](#), a not-for-profit organisation that assists Australian employers develop inclusive workplaces for LGBTI employees. In its first, baseline benchmarking exercise, AGL's total points positioned AGL just under the threshold for the "Bronze Status Employers". These employers are considered active in LGBTI workplace inclusion and demonstrate a considerable amount of activity in this area. The results have provided insights which will inform the development of AGL's strategy in relation to LGBTI inclusion.

During FY2015, AGL established 'AGL Shine', an Executive-sponsored employee network that contributes to building an inclusive and supportive workplace for LGBTI employees.

In support of the approximately 7% of AGL employees who identify as LGBTI, in early FY2016 AGL pledged support for marriage equality in Australia by becoming a corporate supporter of the Australian Marriage Equality (AME) national campaign which advocates for a change to the country's marriage laws.

Related Information

[AGL Code of Conduct](#)
[AGL Corporate Governance Statement FY2015](#)
[AGL Diversity and Inclusion Policy](#)

1. Target is exclusive of AGL Macquarie employees.
2. Target is exclusive of AGL Macquarie employees.
3. The 'Senior Leadership Pipeline' is defined as roles at level 12 and above based on the AGL Position Framework.



Sustainability Performance Environment

Environment

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A number of AGL's operations have a material environmental footprint and have the potential to interact with, and impact, various aspects of the environment. The community has a keen interest in ensuring that AGL, along with other businesses operating in the community, is held to high standards of accountability for the impact of business operations on the environment.

AGL is committed to achieving excellence in environmental management and performance.

AGL has a culture where environmental principles are front of mind and part of everyday business; and which promotes excellent environmental performance, continuous improvement and the ongoing reduction of environmental risks. Our health, safety and environment management system is based on the requirements in Australian Standard AS/NZS ISO 14001 (2004) *Environmental Management Systems*.

This section focuses on:

- > **Greenhouse and energy** – AGL has a diverse portfolio of electricity generation assets, and remains committed to the development of renewable energy in Australia. This will require an energy policy framework that is stable, holistic and long-term in its outlook. The greenhouse and energy section shows how AGL measures and manages its own operational greenhouse footprint, while also advancing the national policy reform agenda through robust economic research and analysis.
- > **Water management** – management of water resources is a critical environmental issue facing Australia and one that is relevant to AGL's business. AGL wants to be recognised as a prudent and responsible user of water that does not adversely impact on local water resources.
- > **Air, waste and noise** – emissions to air from our operations can potentially contribute to regional airshed environmental issues, so it is important that our operations run efficiently and within the parameters set by regulatory licences.
- > **Biodiversity, land and cultural heritage** – AGL operates on land that, in many cases, has value for reasons of biodiversity and cultural heritage, in addition to its commercial value.

Related Information

[AGL Health, Safety and Environment Policy](#)

Environment

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Environment

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Following the acquisition of Macquarie Generation in September 2014, AGL became Australia's largest scope 1 (direct¹) greenhouse gas emitting business. Given that emissions from Australia's electricity generation sector comprise around one-third of Australia's total emissions inventory, we recognise that we have a key role to play in gradually reducing greenhouse gas emissions while providing secure and affordable energy for Australian households and businesses.

In April 2015, AGL released a new Greenhouse Gas Policy, providing a renewed commitment to contribute to Australia's climate change objectives.

AGL is committed to structuring its activities and operating its generation portfolio to be consistent with a global agreement to limit global warming to less than 2°C above pre-industrial levels (2°C goal). In order to achieve this, AGL is committed to modelling its own progress towards an emissions reduction pathway that is consistent with this outcome.

The [Greenhouse Gas](#) Policy acknowledges that we are moving to a carbon constrained future both nationally and internationally, provides a framework within which we will structure future carbon reduction activities, and presents a pathway for the gradual decarbonisation of our generation portfolio by 2050.

The revised Greenhouse Gas Policy states that AGL will:

- › Continue to provide the market with safe, reliable, affordable and sustainable energy options
- › Not build, finance or acquire new conventional coal-fired power stations in Australia (i.e. without carbon capture and storage)²
- › Not extend the operating life of any of its existing coal-fired power stations
- › Close, by 2050, all existing coal-fired power stations in its portfolio
- › Improve the GHG efficiency of its operations, and those over which it has influence
- › Continue to invest in new renewable and near-zero emission technologies
- › Make available innovative and cost-effective solutions for its customers, such as distributed renewable generation, battery storage, and demand management solutions
- › Incorporate a forecast of future carbon pricing into all generation capital expenditure decisions
- › Continue to be an advocate for effective long-term government policy to reduce Australia's emissions in a manner that is consistent with the long-term interests of consumers and investors.

In addition to building some of the southern hemisphere's largest renewable assets (see below), AGL has already commenced identifying innovative projects to reduce our carbon footprint. For example, we have recently partnered with Air Liquide to recover CO₂ at the Torrens Island Power Station in South Australia. A state-of-the-art CO₂ recovery plant will be built and operated by Air Liquide at AGL Torrens to capture and purify up to 50,000 tonnes of CO₂ emissions from the power station's exhaust per year. This is equivalent to removing approximately 16,000 vehicles from the road every year³. This CO₂ recovery plant will be the only plant in South Australia to capture CO₂ from existing emissions and will be the first plant to capture CO₂ from a power station for the CO₂ market in Australia.

Consistent with our Greenhouse Gas Policy, AGL has also created a new business unit, New Energy, which is designed to capitalise on the emerging opportunities in carbon reduction. This business will focus on distributed generation, battery storage and "beyond the meter" type services. Visit the [New Energy](#) section of the report for more information.

In recognition that it is critical for organisations like AGL to be part of the conversation around decarbonisation of the energy sector and to provide certainty through our actions, in September 2015, AGL signed up to three specific commitments under the [We Mean Business Coalition](#), a joint initiative of the Carbon Disclosure Project, the UN Global Compact and other global organisations. These public commitments comprise using an internal carbon price, reporting comprehensive climate change information in mainstream reports, and ensuring responsible corporate engagement regarding climate change policy.

As part of our commitment to constructive engagement advocacy, in September 2015 AGL, together with a range of high profile organisations including BHP and Westpac, made a [joint public statement](#) on the importance of developing long-term policy to address climate change.

Long-term policy certainty is a pre-requisite for decarbonisation to occur efficiently and affordably for consumers. Both renewable and lower-emission fossil fuel generation will form an integral part of the energy generation mix throughout the transition to a low emission global economy. Further information about AGL's position on renewable energy and climate change policy is available in the [energy policy uncertainty and climate change](#) and [public policy](#) sections of this report.

Environment

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Generation assets

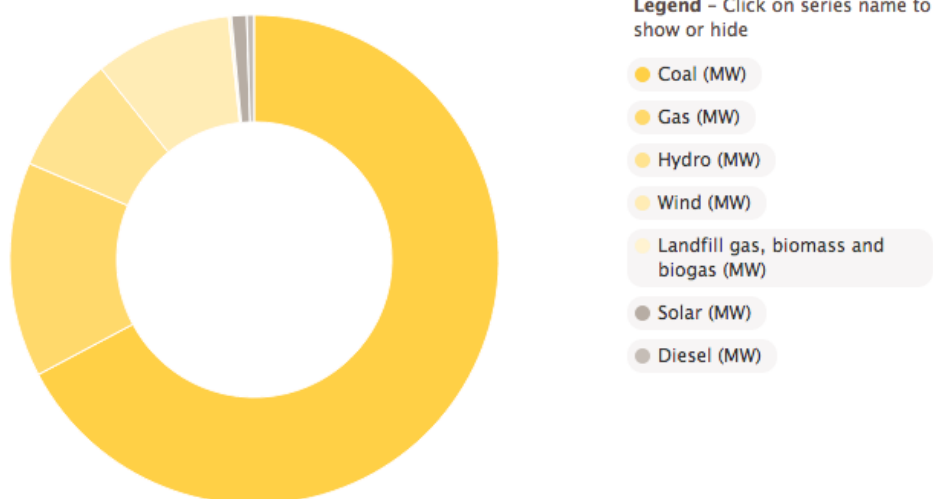
AGL has investments across a wide range of electricity generation technologies. AGL's portfolio of operated generation assets increased substantially in FY2015 due to the acquisition of Bayswater (2,640 MW) and Liddell (2,000 MW) coal fired power stations and the Hunter Valley Gas Turbines (50 MW), as well as the completion of the Nyngan Solar Plant (102 MW).

We remain the largest ASX-listed owner, operator and developer of large-scale renewable energy in the country.

AGL is also the largest generator in the National Electricity Market, operating 25% of the wind and 20% of the total capacity of the market.

AGL commenced the construction of the Broken Hill Solar Plant in FY2015. When complete, this plant will deliver 53 MW of new renewable energy to the grid.

Installed capacity of operated generation assets



The installed capacity of AGL's operated generation assets has almost doubled since 30 June 2014. This is due to the acquisition of the Macquarie Generation assets and the completion of the Nyngan Solar Plant.

Notes

- > This breakdown includes only those generation facilities where AGL has operational control, as at 30 June.
- > Installed capacity generally refers to the name plate capacity / capacity as registered with AEMO (as market operator of the National Electricity Market), except in circumstances where there is a network or technical constraint and where generators are outside the NEM.
- > Historical data is available in the download file.

GRI Reference: EU-1

 **Visit our Data Centre** | Installed capacity of operated generation assets

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Greenhouse gas emissions

AGL uses three approaches to measure and communicate our greenhouse gas emissions. These greenhouse footprints are available in our [data centre](#), and provide a complete account of the annual greenhouse impacts from our business:

- The [operational greenhouse gas footprint](#) covers the emissions from activities and assets that AGL operates.
- The [equity greenhouse gas footprint](#) sets out AGL's share (by percentage of investment level) of the emissions from fully or partly owned assets, regardless of who operates the asset. The Equity Footprint indicates to AGL shareholders the greenhouse gas impacts associated with their investment.
- The [energy supply greenhouse gas footprint](#) estimates the supply chain emissions associated with the energy which we sell to our customers, covering emissions resulting from the production, transportation, distribution and consumption of electricity and gas.

AGL emitted 39 MtCO₂e in FY2015, an increase of over 95% compared to FY2014.

 [Visit our Data Centre](#) | Operational greenhouse gas footprint (by activity type)

Greenhouse gas intensity

The greenhouse intensity of AGL's operated generation portfolio in FY2015 remained consistent with FY2014.

0.97 tCO₂e/MWh
Average carbon intensity of AGL operated generation portfolio



 [Visit our Data Centre](#) | Carbon intensity of operated generation assets

Energy use and production

Visit the data centre to view or download information about the amount of [electricity generated](#) by our operations, as well as details of the [energy consumed](#) in our operations.

Related Information

[AGL Greenhouse Gas Policy](#)

1. Greenhouse gas (GHG) emission types can be explained as follows: **Scope 1** – all direct GHG emissions; **Scope 2** – Indirect GHG emissions from consumption of purchased electricity, heat or steam; and **Scope 3** – other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. transportation and distribution losses) not covered in Scope 2, outsourced activities, waste disposal, etc.
2. The term conventional is used to refer to coal-fired power plants that have a higher lifecycle emissions intensity than a combined cycle gas turbine (CCGT).
3. Assuming the average vehicle travels 15,000km each year.

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MATERIAL ISSUE ☆

✓ COMPLETED

Water Management

Manage water resources sustainably.

FY2015 COMMITMENT

AGL will continue to make publicly available material data relating to water at AGL sites.

FY2015 PERFORMANCE ✓

AGL makes material water data available through the [AGL Water Portal](#) as well as the AGL [website](#) and this Sustainability Report¹.

We acknowledge that the community had some concerns about the timeliness of water-related disclosures during FY2015, as outlined in the [community engagement](#) section.

FY2016 TARGET

AGL will continue to make publicly available AGL site water data which is material to the community.

The sustainable management of water resources, both quality and quantity, is a critical environmental issue in Australia and of direct relevance to AGL's business.

Governments and the community expect the energy industry to act responsibly so that water resources are efficiently used and recycled, and not detrimentally impacted by exploration and development activities, or energy production operations.

Water management at coal seam gas (CSG) projects

Many stakeholders are concerned about the management of water resources, particularly whether CSG activities could result in reduced water supplies and/or degradation of water resource quality. Water resources differ from area to area, and it is essential to obtain pre-development information on their natural characteristics. It is important to recognise that deep groundwater systems in the areas where AGL is exploring and operating have very different characteristics to shallow aquifers and surface water resources. Understanding these differences and determining the degree of connectivity (if any) between shallow aquifers and deep groundwater systems is a key issue in effective water management.

Understanding and managing the effect of coal seam gas operations on surface water and groundwater

Understanding and protecting water resources are critical elements of the sustainable management of AGL's CSG operations. Our water studies and monitoring networks have been developed to help the community understand what influences, if any, there might be on water resources as a result of exploration for, and production of, natural gas.

In October 2014, AGL launched the [AGL Water Portal](#), which gives the community direct access to the same water monitoring data which is made available to AGL scientists, regulators and the government. The AGL Water Portal provides water levels, electrical conductivity along with recent water quality information from monitoring points across our project areas, with many of the bores transmitting live information.

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Key water studies and monitoring networks include:

- Camden Gas Project:** Due to the geology of the region, the Camden Gas Project only extracts very small volumes of deep groundwater (known as “produced water”) from the coal seams in order to produce natural gas. In addition, the coal seams in this area are separated from the shallow aquifers by around 400 metres of rock, including impermeable layers, which, in combination with the small volume of produced water extracted, provides natural protection for the shallow aquifers.

As at 30 June FY2015, the Camden Gas Project groundwater monitoring program included 17 dedicated monitoring locations (up from 11 in FY2014).

The Camden Gas Project groundwater management plan provides a framework for early assessment of changes in the groundwater systems beneath the Camden Gas Project area, particularly to the shallow aquifers. Monitoring and early identification enables us to prevent and/or mitigate adverse impacts. This plan outlines the monitoring program and reporting requirements to regulators.

A [hydrogeological summary of groundwater systems](#) in the region of the Camden Gas Project is available on the AGL website, which focuses on the geology, hydrogeology and groundwater use across the area. The report also outlines the potential (but unlikely) risks to shallow aquifers from the extraction of produced water, and the management and mitigation measures that AGL has adopted. Monitoring of produced water volumes, water levels and water quality has shown that CSG activities have not impacted shallow aquifers.

- Gloucester Gas Project:** Groundwater investigations at Gloucester commenced in 2007, and there has been substantial investment in field programs since 2010. In addition to desktop studies, detailed groundwater investigations, establishment of an extensive water monitoring network, and an ongoing groundwater monitoring program, we have published all our technical reports. We also prepare annual water resource status reports (detailed on our [website](#)).

As of 30 June 2015, there were 63 groundwater and surface water monitoring sites in place (up from 50 in FY2014). The monitoring program is enabling us to build our understanding of the shallow aquifers and deep groundwater systems in the proposed Stage 1 development area in association with new exploration activities.

AGL has government-approved water management [plans](#) in place for our current Waukivory pilot testing and irrigation activities at Gloucester. Intensive monitoring programs have provided important baseline data. Monitoring of water levels and water quality has shown that CSG exploration activities have not impacted local water resources.

Independent scientific water studies have a major role in the management and regulation of the CSG industry. In September 2013, AGL entered into a cooperation agreement with Gloucester Council under which the Gloucester Council has delivered a number of important [studies](#) relating to flooding, produced water, and property (water) surveys, and has commissioned independent peer reviews of AGL water studies. To assist the Council in this task, AGL funded a full time water scientist position at the Council.

- Hunter Gas Project²:** The Hunter Gas Project’s [groundwater monitoring program](#) was established in 2009. At the end of FY2015 there were 44 groundwater and surface water monitoring sites in place. Despite no exploration activities occurring, the water monitoring program continued over FY2015, enabling us to continue to build a comprehensive understanding of the groundwater systems in the area. Monitoring of water levels and water quality has shown only natural responses and no impacts to local water resources due to CSG exploration activities.
- Galilee Gas Project³:** The Galilee Gas Project’s groundwater monitoring program is localised around the Glenaras production pilot, which commenced in late 2009. [The Underground Water Impact Report](#) (approved in 2013), details results and requirements of the groundwater monitoring program. Results indicate no impact to the shallower aquifers of the Great Artesian Basin.

Water monitoring network

AGL’s groundwater and surface water monitoring networks across the Camden, Gloucester and Hunter projects comprise:

- 103 dedicated groundwater monitoring bores;
- 9 perched water monitoring bores; and
- 12 surface water monitoring locations.

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AGL's dedicated groundwater monitoring networks monitor the water level and the water quality characteristics of shallow beneficial aquifers to identify changes during CSG exploration and production programs and to characterise the groundwater prior to development. Surface water monitoring is also in place where there are surface water bodies nearby.

Water monitoring reports are produced quarterly for the [Camden Gas Project](#), [Gloucester Gas Project](#) and the [Hunter Gas Project](#). These reports are available online via AGL's project websites. More detailed annual status reports are published for each area in September/October each year. As mentioned above, water monitoring data is also available on the [AGL Water Portal](#).

Monitoring results to date confirm our conceptual understanding of the different groundwater systems within these areas and indicate that CSG activities are not impacting water resources. Results to date indicate that CSG can sustainably coexist alongside other land uses with negligible impact on the shallow aquifers and surface water resources. Observed water level and water quality trends are mostly natural variations.

BTEX detection in water samples

In January 2015, AGL voluntarily suspended pilot production testing at its Waukivory Pilot Project in response to the detection of benzene, toluene, ethylbenzene and xylene (BTEX) in samples of flowback water taken from two of the four wells and from an aboveground water storage tank. The hydraulic fracturing fluids used at the Waukivory Pilot did not contain BTEX. The source of BTEX detected in flowback water samples was naturally occurring, from within coal seams located at an average depth of approximately 600 metres and brought to the surface as part of the flowback of water from the hydraulic fracturing process.

After receiving the water monitoring results with BTEX detections, AGL assessed whether the BTEX concentrations could harm the environment or affect human health, and concluded that no such harm arose. AGL also sought expert advice, which confirmed that the BTEX concentrations found did not harm the environment or affect human health. In the interests of acting prudently and because of the community's concerns about BTEX, AGL determined that a full review of the sampling results should be undertaken and voluntarily suspended operations. AGL reported the sample results to the Environment Protection Authority (EPA), the New South Wales Office of Coal Seam Gas, the New South Wales Office of Water and the community.

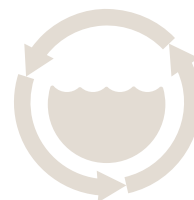
In May 2015, the EPA and the Division of Resources and Energy (DRE) confirmed that no BTEX was used in any fracture stimulation fluid during the hydraulic fracturing process, and that the BTEX discovered was "naturally occurring" from deep coal seams. The DRE investigation also found "there was no evidence of BTEX being detected in aquifers close to the surface".

Produced water volumes

'Produced water' refers to deep groundwater that is brought to the surface from coal seams as a result of CSG exploration and production activities⁴.

2.1 ML

The volume of water produced from AGL's coal seam gas projects in FY2015 was less than one Olympic sized swimming pools.



 **Visit our Data Centre** | Produced water – volume

The volume of water produced in FY2015 decreased by over 98% compared to FY2014, largely due to the fact that production testing of the Galilee Gas Project ceased in March 2014 and no water was pumped during FY2015.

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During FY2015, AGL commenced the fracture stimulation and flow testing of four Waukivory gas wells that were drilled over two years earlier, located within the Stage 1 area of the Gloucester Gas Project. The wells had been drilled into the deep coal seams and completely sealed off from surrounding rock layers and beneficial aquifers. The purpose of the pilot project is to gather data from the wells to show how much water is produced from the coal seams, to assess the natural gas potential of the wells, and to determine the impact (if any) on overlying groundwater systems. As at the end of FY2015, these wells were still in the 'flowback' state (which is not classified as produced water). Around 0.72 ML of flowback water was transported, treated and disposed offsite during FY2015, and around 0.56 ML of flowback water is currently stored onsite in an above ground storage tank awaiting disposal.

Visit the [data centre](#) to view or download the amount of water produced at each of AGL's coal seam gas facilities.

Produced water quality, storage and disposal

In FY2014, produced water was either stored on-site in lined, aboveground holding ponds or tanks, transported off-site for approved disposal, or blended with freshwater and used in an irrigation trial.

Visit the [data centre](#) to view or download information about the produced water quality and disposal methods for AGL's CSG facilities.

Camden Gas Project

The small volume of produced water extracted from the coal seams during the production of natural gas at Camden is transported from site to a third party EPA licensed treatment facility where it is discharged to sewer.

As part of the Environment Protection Licence for the Camden Gas Project issued by the New South Wales Environment Protection Authority, AGL is required to publish produced water quality monitoring data on its [website](#).

Gloucester Gas Project

As part of the project approval for the Gloucester Stage 1 project, AGL is required to develop an Extracted Water Management Strategy (EWMS). Extracted water refers predominantly to produced water, but also includes flowback water, which is water produced from the fracture stimulation process (i.e. returning injection water). A Consultation Draft version of EWMS was prepared in FY2015, which describes the preferred technologies and processes for extracted water management for the Stage 1 development area. The EWMS identifies AGL's preferred strategy for extracted water and associated wastes as:

- > Treatment and desalination of extracted water (by reverse osmosis) to produce treated water and mixed salt;
- > Reuse of treated water for Gloucester Gas Project processes, and drilling, fracture stimulation and workovers (i.e. working water);
- > Beneficial reuse of high quality treated water for local irrigation, farming and stock purposes;
- > Discharge of treated water (to a fresh/drinking water standard) to streams (when irrigation or stock watering is not possible); and
- > Landfilling of the primary solids from the pre-treatment system and mixed salt from the brine stream.

The EWMS will be released to regulatory stakeholders in FY2016.

Flowback water disposal

AGL engaged Transpacific to transport flowback water from the Waukivory pilot program to an EPA-licensed facility for treatment and disposal in December. In January 2015, misinformation caused concern in the community about AGL's arrangements for the proper disposal of flowback water. Despite claims to the contrary, AGL's flowback water was properly and lawfully managed (further information is available in the [community engagement](#) section). Following this, AGL engaged Worth Recycling to transport and treat AGL's water and then recycle it for industrial purposes until the pilot was voluntarily suspended later in January 2015.

Since the pilot recommenced in June 2015, flowback water has been transported to Queensland for offsite treatment and disposal by Toxfree Solutions. AGL continues to explore options for a local sustainable solution to the treatment and disposal of flowback water.

Irrigation trial (Gloucester Gas Project)

In April 2015, AGL successfully completed a two-year irrigation trial in Gloucester, during which 52 ML of produced water from our gas exploration activities was beneficially re-used.

The produced water was blended with freshwater, with a total of 116 ML used to irrigate crops including lucerne, triticale and forage sorghum, and an area of improved pasture. More than 1000 bales of silage/fodder was produced to support local agriculture production activities.

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Monitoring reports have confirmed that there has been no impact to adjacent surface water resources and underlying groundwater as a result of the irrigation trial. There have been no adverse impacts to soils and the fodder has been proven to be suitable as supplementary feed for cattle and sheep. Results from the trial are available on the [website](#). The trial is complete, and no further irrigation is planned.

Water consumption and water management data

Visit our [data centre](#) for:

- > The amount of water consumed at our energy generation, upstream gas and corporate facilities, broken down by [facility type](#) and by [water source](#).
- > The amount of water passed through our hydroelectric power stations as well as seawater and surface water used for cooling the AGL Torrens and Liddell power stations (respectively) that is returned to the source (referred to as “[managed water](#)”).

During FY2015, AGL set a target to reduce potable water consumption at AGL Torrens by 30%, by replacing it with lower quality bore water. This target was exceeded, with potable water reduced by around 50% (approximately 35,000 kL), saving around \$115,000.

7,927 GL

The volume of water passed through our hydroelectric generation facilities is equivalent to around 14 times the volume of water in Sydney Harbour



 [Visit our Data Centre](#) | Managed water

Related Information

[AGL Water Portal](#)

1. Refer to the AGL [Water Portal](#), and the AGL [website](#).
2. In July 2015, AGL announced that we would no longer be proceeding with coal seam gas activities in the Hunter.
3. In July 2015, AGL announced that we plan to divest this project.
4. Produced water volumes reported do not include other water streams (drill water, fracture stimulation/flowback water and brine water) that usually require separate water management.

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Air emissions

AGL has a portfolio of power generation plants, many of which operate via the combustion of fuels. This process results in the emission of combustion products to the atmosphere. Some of AGL's upstream gas assets also produce emissions to air.

Emissions to air from our operations can potentially contribute to regional airshed environmental issues, so it is important that our operations run efficiently and within the parameters set by regulatory licences. Undertaking regular maintenance helps keep equipment running efficiently and AGL monitors emissions to verify compliance with regulatory requirements.

Air emissions are reported to the Federal Government's [National Pollutant Inventory \(NPI\)](#) each year. The NPI is a publicly available database of emissions from Australian industrial facilities.

AGL has identified and corrected an error in the way that the emissions of metals to air at AGL Loy Yang had been calculated and reported to the NPI in FY2014. A comprehensive review of all NPI calculation methodologies and assumptions was subsequently undertaken, and identified improvements were implemented when estimating FY2015 NPI emissions.

Emissions are also reported to state government regulators as required. As part of the Environment Protection Licence issued to Bayswater Power Station, Liddell Power Station and Rosalind Park Gas Plant (Camden Gas Project) by the New South Wales Environment Protection Authority (**EPA**), AGL is also required to publish air monitoring data on our [website](#).

During FY2015, natural gas was released to the atmosphere from a pressure safety valve vent at the Rosalind Park Gas Plant. AGL and the EPA investigated the incident and identified that there was no actual or potential material harm to human health or to ecosystems as a result of the incident. Further information is available in the [legislative compliance](#) section of the report.

During FY2015, AGL has made some significant investments in air emission management and monitoring equipment at AGL Loy Yang:

- > A new, automated notification system has been implemented to alert shift managers immediately via a beeper and an email whenever there is a risk of EPA licence limits for air emissions being exceeded. The email contains all the information and tools required to manage the situation, including relevant procedures and real time information from the plant.
- > A project to upgrade the precipitators that are used to manage particulate (dust) emissions at the station is being implemented. This involves the progressive replacement of electrodes in the plant's electrostatic precipitator flows (EPF). Each refurbishment takes approximately 20 weeks to complete.
- > Some additions to AGL Loy Yang's already comprehensive fire response capability have been made to enable a fast, determined response to any incident to reduce the risk of AGL contributing to deteriorating air quality in the event of a fire.

Visit the [data centre](#) to view or download data relating to emissions of the following pollutant types:

- > [Carbon monoxide \(CO\)](#)
- > [Particulates \(PM₁₀\)](#)
- > [Sulphur dioxide \(SO₂\)](#)
- > [Oxides of nitrogen \(NO_x\)](#)
- > [Volatile organic compounds \(VOC\)](#)

Greenhouse gas emission data (including information about fugitive methane emissions from coal seam gas projects) is also available in the [data centre](#), and discussed in the [greenhouse and energy](#) section of this report.

Fugitive emission studies

Community stakeholders have expressed concerns about fugitive methane emissions from coal seam gas activities.

During FY2015, AGL undertook extensive fugitive emission monitoring as part of the Waukivory Pilot Program in Gloucester. Monitoring was undertaken, before, during and after fracture stimulation and the results showed that there was no significant change in ambient methane concentrations detected when comparing data sets pre and post fracture stimulation.

During FY2013 and FY2014, in order to demonstrate that our operations at the Camden Gas Project are undertaken in accordance with industry best practice, AGL undertook a 12 week [fugitive methane emissions monitoring program](#) at the Camden Gas Project.

During FY2015, AGL also agreed to participate in a research project being undertaken by the CSIRO on behalf of the New South Wales EPA to determine background levels of fugitive methane emissions across a range of industry types in New South Wales. Field monitoring commenced at the Waukivory Pilot Project in Gloucester in July 2015, and is expected to continue to be undertaken once per season at both Camden and Gloucester over a 12 month period.

Environment

Air, Waste and Noise

Environment

Greenhouse and Energy

Water Management ☆

Air, Waste and Noise

Biodiversity, Land and Cultural Heritage

☆ = Material Issues

Waste

AGL's operations produce a variety of different waste streams which are either reused, recycled or disposed to landfill.

At AGL's industrial sites, opportunities to reuse wastes are sought, and materials such as scrap metal and waste oil are recycled. Hazardous wastes are transported to licensed waste management facilities using regulated waste tracking systems.

During 2014, waste audits were completed across key assets including AGL Loy Yang, AGL Torrens, and AGL Hydro to identify opportunities to improve waste management and to salvage materials that were no longer in use. For example, around 270 tonnes of scrap steel was recycled from AGL Torrens, generating over \$27,000.

Following the audits, a strategic review of waste management service contracts was undertaken. As a result of the review, a new set of terms and conditions will apply for AGL waste management contractors that will assist AGL in resource recovery and risk reduction.

Visit the [data centre](#) to view or download the amount of hazardous and non-hazardous waste disposed and recycled from AGL's facilities. Refer to the [water management](#) section for information about the disposal of produced water.

Noise

The generation of noise is an unavoidable characteristic of some of AGL's business activities, notably generation of electricity and drilling undertaken as part of upstream gas projects. Many of AGL's projects involve the development of rural land that is already occupied and used for other purposes by third parties. The management of noise is vitally important in such settings, where background noise levels are low and amenity expectations are high.

Some community stakeholders continue to be concerned about infrasound and low frequency sound arising from the operation of wind farms.

In 2014, the Australian Medical Association (AMA) released a [position statement](#) stating "The infrasound and low frequency sound generated by modern wind farms in Australia is well below the level where known health effects occur, and there is no accepted physiological mechanism where sub-audible infrasound could cause health effects".

In February 2015, the National Health & Medical Research Committee (NHMRC) released an updated [statement](#) which found, in summary: "Examining whether wind farm emissions may affect human health is complex, as both the character of the emissions and individual perceptions of them are highly variable. After careful consideration and deliberation of the body of evidence, NHMRC concludes that there is currently no consistent evidence that wind farms cause adverse health effects in humans. Given the poor quality of current direct evidence and the concern expressed by some members of the community, high quality research into possible health effects of wind farms, particularly within 1,500 metres (m), is warranted".

During FY2015, AGL participated in the Select Senate Inquiry Into Wind Turbines, which was established to investigate and report on the application of regulatory governance and the economic impact of wind turbines. In our [submission](#) we affirmed that we will continue to support high quality and well-designed research relating to wind energy.

Noise monitoring data for Macarthur Wind Farm is available on AGL's [website](#). The recorded infrasound levels at the Macarthur Wind Farm have not changed since construction of the wind farm, according to an [independent report](#) published in FY2014 by Resonate Acoustics, which AGL voluntarily commissioned to help alleviate community concern regarding noise.

Related Information

[Continuous air monitoring data](#)

[National Pollutant Inventory](#)

Environment

Biodiversity, Land and Cultural Heritage

Environment

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Water Management ☆

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Biodiversity, Land and Cultural Heritage

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AGL operates and develops energy generation and gas assets on land that, in many cases, has value for reasons of biodiversity and cultural heritage in addition to its commercial value.

AGL's health, safety and environmental management system outlines the way in which potential impacts on biodiversity and cultural heritage resulting from AGL's activities should be identified, assessed and as far as is reasonably practicable, managed and minimised prior to activities being undertaken. All large AGL sites and projects also maintain risk registers which detail site specific risks and risk management measures related to biodiversity and cultural heritage.

Specific information about the management of biodiversity, land and cultural heritage is available on a project-by-project basis on the AGL [website](#), documented in project environmental assessments, project environmental management plans and/or other specific strategies. Of particular note during FY2015:

- **Macarthur Wind Farm bat and avifauna monitoring:** In accordance with our planning permit for the Macarthur Wind Farm, an extensive two-year bat and avifauna monitoring program has been implemented. The aim of the monitoring program is to assess bird and bat mortality resulting from collision with the blades of wind turbines, with a particular focus on threatened species found at the wind farm. Results at the end of the two year period have found effects on populations of threatened species are likely to have been negligible. The primary species of concern at the Macarthur Wind Farm is the Brolga. Two years of monitoring this species has found the Macarthur Wind Farm does not appear to have had any detrimental impact on the local Brolga population, either from direct impact with turbines or displacement from habitat. There have been no Brolga collisions with turbines and Brolgas have successfully bred on the wind farm and continue to return to the site each year for the breeding season.
- **Broken Hill Solar Plant:** In conjunction with the traditional owners of the area, AGL completed a field assessment of the Broken Hill Solar Plant during the development of the project, identifying fourteen Aboriginal sites. Eight of these sites were located within the impact footprint of the solar plant and Aboriginal objects were salvaged via surface collection and relocated on the site with the assistance of representatives from the Broken Hill Local Aboriginal Land Council (BHLALC). The BHLALC was involved in the development of the Aboriginal cultural heritage induction process for the construction personnel.
- **Newcastle Gas Storage Facility (NGSF) Biodiversity Offset Plan:** A biodiversity offset package was prepared for the NSGF as a requirement of the conditions of approval for the project. The offset site fulfilled the majority of the calculated credit liabilities for cleared vegetation and provides habitat for the New Holland Mouse (Commonwealth – vulnerable), Koala (NSW and Commonwealth – vulnerable) and approximately 200 Red Helmeted Orchids (NSW – endangered). Other landscape values outside of the biobanking calculator that add to the conservation significance of the offset site included a high level of habitat connectivity with surrounding bushland, and the suitability of the site to provide for a range of threatened species. Long-term protection of the offset site will be secured through AGL entering into a Voluntary Conservation Agreement (VCA) with the NSW Office of Environment and Heritage. The VCA will be registered to the title of the land, thereby providing enduring protection of the site and its habitat values.

In addition to providing the offset site, the loss of four *Eucalyptus parramattensis* subsp. *decadens* (NSW and Commonwealth – vulnerable) was offset by the collection and propagation of 60 plants, which were planted at the Hunter Region Botanic Gardens.

- **Management of Aboriginal objects at NSGF:** The development and implementation of an Aboriginal Heritage Management Plan (AHMP) in consultation with local Aboriginal stakeholders was a requirement of the conditions of approval for the construction of the NSGF. As outlined in the AHMP, during vegetation clearing and civil work preparations AGL provided an opportunity for local Aboriginal stakeholders to inspect the site, and also drew upon their expertise when potential Aboriginal objects were identified by civil work contractors.

A total of 91 stone artefacts were identified during the project, with the artefacts stored on site during construction. Following ongoing consultation with the local Aboriginal stakeholders, it was agreed that the collected Aboriginal objects would be buried on site once construction had ceased. On Tuesday 14 July 2015, the Aboriginal objects were buried in the bushland area surrounding the NSGF site. The location coordinates of the burial are recorded on the NSW Aboriginal Heritage Information Management System.

AGL Biomass Policy

In recognition of the effect that electricity generation can have on biodiversity, AGL has published a [Biomass Policy](#) which states that AGL will not source fuel for power generation from native forest or from crops located in areas cleared of native forest after 1990.

Related Information

[AGL Biomass Policy](#)

