

## 2012 Sustainability Report – Global Reporting Initiative & United Nations Global Compact Index

This report applies the Global Reporting Initiative (GRI) G3.1 guidelines to a B level. Core indicators appear in bold.

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
Strategy and Analysis					
1.1	Statement from the most senior decision-maker of the organization.	Message from CEO p.3		Full	COP, 1-9
1.2	Description of key impacts, risks, and opportunities.	Determining Report Content and Materiality, p10-11 Risk Management, p13 Progress against Goals, p15, 24, 32, 38		Full	COP, 1-9
Organisational Profile					
2.1	Name of the organization.	About this Report, inside cover	Pacific Hydro Pty Ltd	Full	
2.2	Primary brands, products, and/or services.	Company Profile, p 1		Full	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Company Profile, p 1		Full	
2.4	Location of organization's headquarters.	Contact Us, back page	Level 11, 474 Flinders Street, Melbourne, Victoria 3000, Australia	Full	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Company Profile, p 1		Full	

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
2.6	Nature of ownership and legal form.	Owner, p12		Full	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Products and Services, p16-17		Full	
2.8	Scale of the reporting organization.	Key stats, p1 Full GRI & UNGC Index	Total capitalisation is not required to be disclosed by Pacific Hydro under financial reporting standards.	Partial	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Key stats, p1 Full GRI & UNGC Index	There were no significant changes during the reporting period.	Full	
2.10	Awards received in the reporting period.	Full GRI & UNGC Index	'Environmental Initiative of the Year', for our 111MW Chacayes power plant in Chile, International Tunnelling Awards 2011 'Best Project Developer – Asia Pacific', in the Renewable Energy Finance category, Environmental Finance and Carbon Finance 'Company of the Year' awarded to Pacific Hydro Chile, Auscham	Full	
Report Parameters					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	About this Report, inside cover		Full	
3.2	Date of most recent previous report (if any).	Key stats, p1	November 28, 2011	Full	
3.3	Reporting cycle (annual, biennial, etc.)	About this Report, inside cover		Full	
3.4	Contact point for questions regarding the report or its contents.		Michelle Bourne, Manager, Group Sustainability & Environment <a href="mailto:mbourne@pacifichydro.com">mbourne@pacifichydro.com</a> Kim van Hattum, Manager, Group Sustainability & Environment <a href="mailto:kvanhattum@pacifichydro.com">kvanhattum@pacifichydro.com</a>	Full	
3.5	Process for defining report content.	Our Stakeholders, p9		Full	

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
		Determining Report Content and Materiality, p10-11			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	About this Report, inside cover		Full	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	About this Report, inside cover		Full	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	About this Report, inside cover		Full	
3.9	Data measurement techniques	Health and Safety Performance, p25 Greenhouse Gas Emissions and Energy Use, p40-41		Full	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Full GRI & UNGC Index	There are no restatements.	Full	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Full GRI & UNGC Index	In previous years, salaries and benefits of employees informed on report under EC1 included recruiting, training, housing and housing assistance, in addition to wages and salaries capitalized. These were not included this year.	Full	
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI and UNGC Index, p44-45 Full GRI & UNGC Index		Full	
3.13	Policy and current practice with regard to seeking external assurance for the report.	About this Report, inside cover	This report has not been externally assured.	Full	

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
Governance					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Board, p12 Employee Profile, p27		Full	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Board, p12		Full	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Board, p12	As at 30 June 2012, 4 of our 7 Board Members were independent and all 7 were non-executive members. We define "independence" in accordance with the Australian Stock Exchange (ASX) Corporate Governance Council's Principles of Good Corporate Governance and Best Practice. We define "non-executive" Directors as those who do not also hold a managerial position within the company.	Full	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Board, p12	Representatives from IFM sit on our Board along with independent members, which ensures there is continual disclosure to our shareholder. In addition, certain employees regularly attend meetings of the Board and its Sub-Committees. Members of the Board also meet with employees on an informal basis.	Full	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).		Board members (other than those who are full time employees of IFM) are paid Directors' fees at a level in line with the market. Their fees are not performance-based.	Full	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		To avoid conflicts of interest, Board members are required to update a Declaration of Interest at every board meeting. This is confirmed on an	Full	

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
			annual basis. Our Code of Conduct also covers avoiding conflicts of interest for Directors and employees.		
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.		Board members are appointed by IFM based on qualifications and experience and having regard to the appropriate skills and experience required on the Board.	Full	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	About this Report, inside cover Code of Conduct, p13		Full	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Board, p12		Full	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Full GRI & UNGC Index	Each Board member participates in a periodic self-assessment to evaluate their own and the collective performance of the Board and to identify opportunities for improvement.	Full	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Biodiversity and Native Vegetation, p39 Governance, Ethics & Respecting Rights, p12-14		Full	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	External Commitments, p14		Full	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which	Full GRI & UNGC Index	<ul style="list-style-type: none"> <li>Australia Chile Chamber of Commerce</li> </ul>	Full	

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
	the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.		<ul style="list-style-type: none"> <li>• Australia Latin America Business Council</li> <li>• Australian Government's Council on Australia Latin America Relations</li> <li>• Australian Industry Group</li> <li>• Chilean Generator Association – José Antonio Valdes, General Manager Pacific Hydro Chile is the Chairman</li> <li>• The Chilean Association of Renewable Energy</li> <li>• Chilean Engineering Institute</li> <li>• Business for a Cleaner Economy (B4CE) – representing 270 businesses supporting Australia's move to a low-carbon economy</li> </ul>		
4.14	List of stakeholder groups engaged by the organization.	Our Stakeholders, p9		Full	
4.15	Basis for identification and selection of stakeholders with whom to engage.	Our Stakeholders, p9		Full	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Our Stakeholders, p9		Full	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Determining Report Content and Materiality, p10-11		Full	
Economic					
DMA	Disclosures on management approach.	Our Approach, p15 Indirect Economic Impact, p34 Operational Excellence, p20			
<b>EC1</b>	<b>Direct economic value generated and distributed, including revenues, operating costs, employee</b>	Economic Performance, p16		Full	7-9

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
	compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.				
EC2	<b>Financial implications and other risks and opportunities for the organization's activities due to climate change.</b>	Operational Excellence, p20 Response to Climate Change, p18		Full	7-9
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Remuneration and Bonuses, p31		Full	
EC6	<b>Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.</b>	Job Opportunities and Local Sourcing, p35		Full	6
EC7	<b>Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.</b>	Job Opportunities and Local Sourcing, p35		Partial	6
EC8	<b>Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.</b>	Indirect Economic Impact, p34		Full	1
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Job Opportunities and Local Sourcing, p35 Indirect Economic Impact, p34		Full	1
Environment					
DMA	Disclosures on management approach.	Our Approach, p38 Water, p43 Biodiversity and Native Vegetation, p39 Waste, p43 Environmental Compliance and our Environmental Management System, p39 Products and Services, p16-17			

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
EN3	<b>Direct energy consumption by primary energy source.</b>	Greenhouse Gas Emissions and Energy Use, p40-41		Full	
EN4	<b>Indirect energy consumption by primary source.</b>	Greenhouse Gas Emissions and Energy Use, p40-41		Full	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Products and Services, p16-17 Greenhouse Gas Emissions and Energy Use, p40-41		Partial	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Greenhouse Gas Emissions and Energy Use, p40-41		Partial	
EN9	Water sources significantly affected by withdrawal of water.	Water, p43		Partial	
EN12	<b>Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.</b>	Biodiversity and Native Vegetation, p39		Partial	7, 8
EN13	Habitats protected or restored.	Biodiversity and Native Vegetation, p39		Partial	7, 8
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Biodiversity and Native Vegetation, p39		Full	
EN16	<b>Total direct and indirect greenhouse gas emissions by weight.</b>	Greenhouse Gas Emissions and Energy Use, p40-41		Full	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Greenhouse Gas Emissions and Energy Use, p40-41		Partial	8
EN22	<b>Total weight of waste by type and disposal method.</b>	Waste, p43		Partial	8
EN23	<b>Total number and volume of significant spills.</b>	Environmental Compliance and our Environmental Management System, p39		Full	



GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Environmental Compliance and our Environmental Management System, p39		Full	
Labour					
DMA	Disclosures on management approach.	Our Approach, p24 Health and Safety Systems, p26 Disaster and Emergency Planning, p25 Respecting Rights at Work, p31 Health and Safety Performance, p25 Training and Development, p28 Inclusion and Diversity, p27, 29			
LA1	Total workforce by employment type, employment contract, and region.	Employee Profile, p27		Full	1-6, 10
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Turnover, p28		Partial	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Remuneration and Bonuses, p31		Full	1-6, 10
LA4	Percentage of employees covered by collective bargaining agreements.	Respecting Rights at Work, p31		Full	3
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Health and Safety Performance, p25		Partial	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious	Health and Wellbeing, p26		Partial	

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
	diseases.				
LA10	<b>Average hours of training per year per employee by employee category.</b>	Training and Development, p28		Partial	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Training and Development, p28		Full	
LA12	Percentage of employees receiving regular performance and career development reviews.	Training and Development, p18		Full	
LA13	<b>Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.</b>	Employee Profile, p27 Board, p12		Full	6
Human Rights					
DMA	Disclosures on management approach.	Code of Conduct, p13 Respecting Rights at Work, p31 Human Rights, p14			
HR3	<b>Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.</b>	Code of Conduct, p13 Respecting Rights at Work, p31		Partial	
HR4	<b>Total number of incidents of discrimination and actions taken.</b>	Respecting Rights at Work, p31		Full	6
HR5	<b>Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.</b>	Respecting Rights at Work, p31		Full	3
HR9	Total number of incidents of violations involving rights of	Human Rights, p14		Full	

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
	indigenous people and actions taken.				
HR 11	<b>Number of grievances related to human rights filed, addressed, and resolved</b>	Human Rights, p14 Respecting Rights at Work, p31		Full	1-10
Society					
DMA	Disclosures on management approach.	Our Approach, p32 Community Consultation and Engagement, p33 Visual, p36 Governance, Ethics and Respecting Rights, p12-14 Public Policy Advocacy, p21-22 Corruption and Anti-Competitive Behaviour, p13 Compliance, p13 Disaster and Emergency Planning, p25			
SO1	<b>Percentage of operations with implemented local community engagement, impact assessments, and development programs.</b>	Community Investment Programs, p33		Full	
SO2	<b>Percentage and total number of business units analysed for risks related to corruption.</b>	Compliance, p13		Full	
SO3	<b>Percentage of employees trained in organization's anti-corruption policies and procedures.</b>	Code of Conduct, p13 Corruption and Anti-Competitive Behaviour, p13		Partial	1-6, 10
SO4	<b>Actions taken in response to incidents of corruption.</b>	Corruption and Anti-Competitive Behaviour, p13		Full	

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
		Respecting Rights at Work, p31			
SO5	<b>Public policy positions and participation in public policy development and lobbying.</b>	Public Policy Advocacy, p21-22		Full	7
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Donations, p14		Full	7
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	Corruption and Anti-Competitive Behaviour, p13		Full	
SO8	<b>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.</b>	Compliance, p13		Full	
Product Responsibility					
DMA	Disclosures on management approach.	Operational Excellence, p20 Risk Management, p13 Compliance, p13 Ethical Behaviour, p13-14 Full GRI & UNGC Index			
PR1	<b>Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.</b>	Operational Excellence, p20		Partial	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		There have been no incidents of non-compliance concerning the health and safety impacts of our products and services reported or recorded	Full	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service		There have been no incidents of non-compliance concerning product and service	Full	

GRI Ref.	GRI Indicator	Sustainability Report Ref.	Comments	Full or partial	UNGC Principle
	information and labelling, by type of outcomes.		information and labelling reported or recorded		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		There have been no incidents of non-compliance concerning marketing communications reported or recorded	Full	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		There have been no complaints regarding breaches of customer privacy and losses of customer data reported or recorded	Full	
<b>PR9</b>	<b>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.</b>		There were no fines received	Full	
Electric utility Sector Supplement					
DMA	Disclosures on management approach.	Operational Excellence p.20 Disaster/Emergency planning and response p.25			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Installed Capacity, p19	All Australian assets are part of the National Electricity Market which is operated by the Australian Energy Market Operator (AEMO); except for the Ord in Western Australia, which is regulated by the Economic Regulation Authority of Western Australia.  All assets in Brazil are regulated by the National Agency of Energy Electricity (ANEEL).  All assets in Chile are part of the Central Interconnected System (SIC, Sistema Interconectado Central), which is operated by the Centre for the Economic Load Dispatch (CDEC).	Full	

<b>GRI Ref.</b>	<b>GRI Indicator</b>	<b>Sustainability Report Ref.</b>	<b>Comments</b>	<b>Full or partial</b>	<b>UNGC Principle</b>
EU6	Management approach to ensure short and long-term electricity availability and reliability	Operational Excellence, p20		Partial	
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	Health and Safety Systems, p15 Disaster and Emergency Planning, p26		Partial	
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	Our Approach, p32 Community Consultation and Engagement, p33 Visual, p36		Partial	
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.	Disaster and Emergency Planning, p25		Full	
SO1 (EU SS)	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	Community Investment Programs, p33		Full	