A diverse and inclusive workforce is a key enabler of a successful organisation. We invest in our people so we can deliver on our strategy.

This section focuses on:

- **Employee engagement**: In our rapidly changing energy industry, maintaining a high level of engagement is vital to attract and retain talented people and to optimise business results.
- **Talent**: Attracting and retaining the right people and developing their skills and experience is one of the most critical challenges and opportunities we face as we embrace transformation.
- **Diversity and inclusion**: We 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.
- **Health and safety**: We are committed to providing our people with a safe and healthy place to work. The wellbeing of our people is critically important, as our people are our greatest assets.
Employee engagement measures the degree to which people are connected to the company they work for, and is a core metric for measuring the health and success of an organisation.

**Our industry is transforming rapidly, and we are responding by creating an agile culture. Maintaining a high level of engagement is increasingly important for attracting and retaining talented people and, ultimately, for the delivery of business results.**

To help build our culture and drive engagement, we are focusing on:

- aligning, connecting and consistently reinforcing our strategy
- making the customer connection stronger for everyone at AGL
- refreshing our values aligning them closely to our strategy
- creating a vision of leadership for the future, and
- defining new ways of working that become our habits.

As identified in our FY16 Sustainability Report, we now measure engagement every two years. This change aims to provide sufficient time and opportunity to plan, deliver and measure outcomes of engagement action plans. We plan to undertake our next engagement survey during FY18, and we’ve set a target to increase our engagement levels to 75%. Visit the data centre to see our previous employee engagement results.

**Refreshing our values**

Our company values guide the desired behaviours, attitudes and decision-making practices of our people as they go about their work each day. With our new company identity, we've taken the opportunity during FY17 to refresh our values to bring to life the behaviours that will support our new direction and purpose.

The new values were developed with a range of inputs and in consultation with AGL people (including the Executive Team and their direct reports), and customer insights gained through our brand work. They have a strong link to our previous values and emphasise the new thinking and practices that will underpin our success as we move forward.

Our people are being introduced to the new values through a range of initiatives, with the aim to build strong alignment between the company's values and employees' individual values and drivers, which is a key factor in driving employee engagement.

Our values are:

- **Safety and beyond:** Caring about our people, making it safe to speak up.
  
  In our business safety comes first, because physical and mental wellbeing are fundamental to a successful workplace. We create a supportive environment, where we feel safe to challenge the norm, to speak up, to say what we mean. Safety is a shared responsibility; by taking care of each other, AGL becomes a better business for all.

- **Sustainable thinking:** Thinking of the future today, creating a sustainable tomorrow.
  
  Taking care of the environment and the community we operate in, is something we consider in everything we do. We are future-focused, proactive and adaptable to change. Every decision we make today is based on always thinking ahead to find the right path forward.
• **Inclusive of all**: Inclusive of all experiences, united in our success.

We welcome all and harness our diversity through trust and respect for one another. We seek diverse views, enriching our thinking to drive greater performance. We all work together for the success of AGL.

• **Focused on what matters**: Focused on our customers, going further to deliver value.

All that we do leads to our customers so we consider them in everything we do, and strive to enrich their experience. We relentlessly push ourselves to go further, to not only improve what we do but to exceed expectations. We give our focus and energy to all the things that matter to AGL’s success, always acting honestly and with integrity.

Creating a great place to work

The way we work at AGL needs to keep in step with changes occurring in our society, including an ageing population, carer responsibilities, worker expectations, and technological changes (see our [economic transformation](#) report for more information). We are focusing on a range of benefits that are valued by our people and attractive to others who may see AGL as a place they’d like to work.

• **All roles flex**: We recognise how important it is for people to balance their work and personal commitments in a way that enhances their wellbeing and meets the needs of the business. We are creating a workplace where working flexibly is the norm, rather than the exception, which means that we consider flexibility (in some form) for all new and existing roles. 60% of respondents to AGL’s 2016 Engagement Survey said they had worked flexibly in the previous 12 months, with flexible start and finish times the most popular form of flexible work (39% of respondents).

• **Dress for your day**: Recognising that dress is an expression of individual difference and that diversity is a driver of success, in March 2017, we introduced a new ‘Dress for your Day’ policy for our office-based people. Where an employee’s role does not require personal protective clothing to be worn for safety purposes, ‘Dress for your Day’ provides our people with the opportunity to wear smart casual attire, subject to their work requirements for the day.

• **Digital transformation**: Through the digital transformation project, we are investing in our people and business through new processes that transform the way we work by unlocking value and uplifting capacity and performance. The program will focus on transforming our employees’ experience, our processes and our performance with advanced tools that allow us to focus on what we do best. AGL will be able to make better decisions by having one source of truth to enable us to be agile and prepare for the changing face of the energy sector in Australia. The program will transform the way we work and bring the employee digital experience to life across many processes from procurement of goods and services, and work management at our operational sites, through to recruitment, performance management, payroll, health and safety, and financial reporting.

• **Smarter working**: For more than three years now, we have been transitioning our corporate offices to ‘smarter working’ environments, combining people, places and technology to facilitate the development of an anticipatory culture. During FY17, we moved into new, smarter working environments in Sydney and Brisbane. Our new head office at 200 George Street, Sydney, has been awarded the 6-Star Green Star Rating – Interiors Certification, which represents excellence in environmentally sustainable design.
Attracting and retaining the right people and developing their skills and experience is one of the most critical challenges and opportunities we face as we embrace transformation in a rapidly evolving industry.

We invest in our people so we can deliver on our strategy.

We need people with the right skills and who are the right fit for our business. Our customers and other stakeholders benefit by dealing with enthusiastic and engaged people, and our business benefits through decreased attrition rates. In short, a positive stakeholder experience is reflected in our bottom line and in shareholder value.

Employment value proposition

Our Employment Value Proposition (EVP) describes the unique rewards and benefits (tangible and intangible) we offer in return for the skills, capabilities and experiences that our people deliver. Communicating the EVP to our people and the external candidate market helps us to attract and retain the right people in the following ways:

- **Attraction**: Attraction of talent, particularly passive candidates or candidates from different markets where our organisation may not be well known.
- **Engagement**: Ensures that our message to the external workforce is an accurate reflection of our culture, and encourages our people to act as our advocates.
- **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 our people's motivations are aligned to what our business offers so they are more likely to be engaged and succeed at AGL.

**Talent management**

Our Talent Management Program provides appropriate learning and development opportunities for all our people, especially leaders, and comprises four key areas:

- **Identifying critical roles**: Identifying critical roles continues to be a focus to ensure there is an identified pipeline of talent. These roles pose a significant business risk if vacant because they are key to our new business development, revenue generation or operational management. Critical roles are typically difficult to fill quickly with an external hire if there are no ready internal successors. Profiling of critical roles is undertaken to enable ‘role success’ to be defined and then used to develop and source talent.
- **Succession planning**: To ensure the sustainability of our 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 talent being actively developed internally and/or identified in the external market.
- **Building talent pipelines**: We are focused on identifying organisation-wide talent pools and building bench strength for key roles. Talent is a quarterly agenda item for the Executive Team and business unit talent sessions are held as input to those discussions. Outputs include 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:** We report (internally) on the bench strength of our senior leaders, as well as development moves, recruitment and succession plans to the Executive Team and the People and Performance Board Committee.

• **Talent management systems:** An end-to-end review of the talent management process and supporting systems was undertaken in FY16. Implementation of recommendations will be delivered through the enterprise resource planning transformation which commenced this year (refer to the employee engagement section).

**Developing our people**

We provide a suite of learning and development opportunities for our people. Key aspects include:

• We deliver a structured induction program for all new starters that includes receiving a comprehensive information and welcome pack, completing compulsory compliance training modules and attending an AGL Welcome Day.

• Our online learning platform, Empower, provides a central portal for the delivery of compliance training and offers our people improved access to learning and development opportunities.

• We offer a ‘Delivering Lean and Agile Six Sigma’ training program. Participants are required to complete a knowledge test on the methodologies and show practical application by driving improvements to processes relevant to their business unit. During FY17, we celebrated the graduation of 51 people who achieved Green Belt qualifications and four people who achieved Black Belt qualifications through this training program.

• Our Assisted Education Program supports our people who are completing formal qualifications at secondary and tertiary level, by providing financial support and allowing time off work to study.

Our leadership development programs provide training and development opportunities to all levels of leadership. We regularly review our leadership development programs to ensure we have the leadership capability that we need as we transform to meet the changing energy environment. Key leadership development activities during FY17 included:

• **Propel Leadership Program:** This program supports development of frontline leaders in our corporate offices, with 50 participants during the period.

• **GOLD (Group Operations Leadership Development) Program:** This program supports development of frontline leaders in our operational sites. This program combines on-the-job observation and coaching with classroom education and is being progressively rolled out across operational sites. A cohort of 73 frontline leaders across AGL Torrens, Mount Beauty and AGL Macquarie operations participated in the program in FY17.

• **Illuminate and Illuminate Plus:** These programs form AGL's leadership development program for women. AGL's Board, Executive Team and senior leaders attended a graduation event for the 14 women who participated in the Illuminate Program and a further 5 senior female leaders who participated in the Illuminate Plus program. The program combines group work, one-on-one coaching and workshops with participants' leaders. Participants in the Illuminate Plus also have the opportunity to shadow Executive Team members. The program is achieving very positive results with 100% of participants reporting increased confidence and resilience post program and the majority taking up broader roles or promotions within 12 months post program. Development continued in FY17 with a cohort of 21 women currently involved across both programs.

• Leaders of all levels are also able to participate in one to two-day leadership programs run throughout the year.

During FY17, over 136,000 hours of training (averaging 39.3 hours per FTE) was delivered to our people, including over 3,600 hours of leadership training, over 13,000 hours of compliance training, over 55,000 hours of contact centre training and more than 61,000 hours of group operations technical, safety and systems training.

**Turnover**

Total turnover, which includes voluntary turnover (attrition) and involuntary turnover, decreased to 15% in FY17 from 19% in FY16, as organisational transformation activities consolidate.

Attrition decreased to 9% in FY17 from 10% in FY17. A breakdown of attrition rates and new hires by age and gender is available in the data centre. Attrition rates for female employees have fallen from 18% in FY16 to 12%. There has been an increase in attrition rates for employees in the age 60 and above age brackets due to a number of older, longer-serving employees leaving operational business units.
During FY17, the retention of key talent across AGL was 93%, up from 84% recorded in FY16, based on total turnover, reflecting the reduced volume of organisational change which displaced some key talent as business focus and skills changed in FY16. This met our target to keep retention of key talent above 80%, and highlights that AGL continues to provide an employee value proposition that retains those in the senior leadership pipeline.

**Enterprise bargaining agreements**

In negotiating new enterprise agreements, AGL is seeking to balance the long-term interests and sustainability of our people, our customers, and the community.

During FY17, we continued negotiations for new Enterprise Agreements at AGL Loy Yang, AGL Macquarie, and the Newcastle Gas Storage Facility.

- **AGL Loy Yang**: During FY17, we continued to bargain for a new Enterprise Agreement at AGL Loy Yang with the assistance of the Fair Work Commission who facilitated the bargaining conferences. Bargaining is being conducted with a ‘single bargaining unit’ (SBU) comprising each of the on-site unions and several individual employee representatives.

  In an effort to resolve the drawn-out bargaining dispute and secure the operational flexibilities sought by AGL, AGL Loy Yang applied to the Fair Work Commission to have the 2012 Enterprise Agreement terminated. This application was approved, with termination effective 31 January 2017. As a result of the termination of the Agreement, several operational flexibilities and efficiencies have been able to be implemented with more to follow in due course.

  In May 2017 one of the on-site unions notified its intention to take protected industrial action in the form of an indefinite number of consecutive one-hour stoppages on the performance of all work. AGL subsequently notified its intention to take employer response action as permitted by the Fair Work Act in the form of a lock out. The proposed industrial action would have compromised the safe operation of the plant and would ultimately have put Victoria’s power generation at risk. As a result, the Victorian Government applied to the Fair Work Commission to have both types of action terminated. This application was approved and, as a result, the action did not go ahead.

  AGL and the SBU then participated in a series of compulsory conferences facilitated by the Fair Work Commission prior to formal arbitration of any outstanding issues. The parties were able to resolve all outstanding issues and the new enterprise agreement was put to a ballot of all relevant employees. The agreement was approved by voting employees (74.6% in favour) and the new agreement was subsequently formally approved by the Fair Work Commission. The AGL Loy Yang Enterprise Agreement 2017 came in to effect on Monday 3 July 2017.

- **AGL Macquarie**: During FY17, we successfully negotiated a replacement Enterprise Agreement for AGL Macquarie. This agreement was approved by employees at a ballot and came into operation on 1 January 2017.

- **Newcastle Gas Storage Facility**: During FY17, we successfully negotiated an Enterprise Agreement for operations at Newcastle Gas Storage Facility. This agreement was approved by employees at a ballot and came into effect on 2 June 2017.

1. Categories include co-ordinated and structured in-house and outsourced vocational and leadership training but exclude other training organised by individuals or their leaders, such as attendance at training courses and conferences.
2. Not all employees are reviewed through the Talent process.

**Related Information**

AGL Careers
AGL Employee Benefits
People
Diversity and inclusion

Diversity and inclusion
Build a diverse workforce and inclusive workplace culture.

Met Not met In Progress

<table>
<thead>
<tr>
<th>FY17 progress against FY19 target</th>
<th>Status</th>
<th>FY19 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women in the Senior Leadership Pipeline</td>
<td>Met</td>
<td>40%</td>
</tr>
</tbody>
</table>

We understand the value that a diverse workforce brings to our success as a company, and the importance of an inclusive workplace culture, in helping AGL people to bring all their energy and capability to their work.

We’re committed to building a diverse workforce and an inclusive culture.

Having a workforce that reflects the diversity of the customers we serve, and the community in which we operate, helps us do better business. We will benefit from the diversity of thought, experiences and ideas, have a greater opportunity to understand our customers’ needs, and will be well equipped to anticipate the future and respond with better ideas and solutions.

A diverse workforce and an inclusive workplace culture are attractive to potential employees and provide us with an edge when competing for talent and in retaining talented people.

Our Diversity and Inclusion Policy describes our approach to diversity and inclusion and how these attributes are promoted and embedded throughout our business.

AGL’s Diversity and Inclusion Council oversees a comprehensive strategy to build inclusion and foster diversity in all its forms across our workplaces. The Council is chaired by the CEO and Managing Director, Andy Vesey, and during FY17 comprised 14 other leaders from across AGL’s major businesses and geographies, representing different diversity interests.

Our current priorities are:

- continuing to build AGL’s culture of inclusion, embedding diversity and inclusion concepts and principles in our people processes, training and decision making
- expanding areas of focus to ensure support for other priority needs of our people including support for people impacted by domestic violence, accessibility for people with a disability, and continuing local initiatives for mature age workers and cultural inclusion
- building greater alignment and engagement of diversity and inclusion strategies to support the changing needs of the customers we serve and the communities in which we operate
- maintaining our focus on gender equity with an emphasis on removing barriers for women to increase their representation in leadership
- raising the bar on our work to support lesbian, gay, bisexual, transgender and intersex (LGBTI) inclusion, continuing with a holistic program that encompasses work with our employees, the community and our customers, and
- translating flexibility for our different businesses and workplaces, and equipping leaders to confidently manage a flexible workforce.

Diversity survey
Last year, we asked our people to voluntarily complete a confidential employee engagement survey, which included questions related to workforce demographics. The response rate to the survey was 69%, and the data shows:

- 28.5% of survey respondents were born overseas, with our people identifying with over 40 different cultures and having fluency in more than 22 languages. Our workforce broadly reflects Australia’s multicultural society, with the ABS estimating that 28% of the Australian population is born overseas
- 2.7% of survey respondents identified as Indigenous, comparable with an estimated 3% in the general Australian population
- Lesbian, gay, bisexual, transgender and intersex (LGBTI) employees represent almost 8% of our workforce, with the full diversity within the LGBTI community represented within this population, including transgender and intersex. Australians of diverse sexual orientation, sex or gender identity may account for up to 11% of the Australian population
- 4.2% of survey respondents reported having a disability. Approximately 18.3% of Australians have a form of disability
- 52.3% of survey respondents reported having carer’s responsibilities, compared to 38.2% of employees in Australia with unpaid caring responsibilities.
Gender diversity

Achieving gender equality is important, not only because it is fair and the right thing to do, but because it is linked to our overall performance.

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. We face 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.

We've set a target to increase the number of women in the Senior Leadership Pipeline to 40% by FY19. At the end of FY17, the Senior Leadership Pipeline comprised 38% women, up from 34% in FY16 as a result of an increased focus on gender diversity. During FY17, the external appointment rate of women to the Senior Leadership Pipeline was 51%, and the internal appointment rate of women to the Pipeline was around 48%.

AGL's Board has also committed to achieving a target that, by 2018, 30% of the Directors will be female. This target has been met with the appointment of Diane Smith-Gander to the Board on 28 September 2016, who joins Jacqueline Hey and Belinda Hutchinson to bring the percentage of women on the AGL Board to 33%. We are one of 22 ASX 50 companies with more than 30% female representation on our Board.

We review gender pay equity bi-annually at AGL, before and after the annual remuneration review. We assess pay equity by business unit, work level and hierarchical relativity (using non-EBA payroll data), with our most recent pay equity analysis being undertaken as of 31 March 2017. None of the 99 separately identified role groupings that enabled a male/female pay comparison (covering 1,368 positions), indicated a gender pay gap of more than 20% (between the average male and female pay for the group) that could not be explained by experience, location, or years of service. Leaders are required to consider gender equity relativities during the remuneration review process, with gender equity reporting used to validate outcomes.

Gender pay equity analytics and reporting are embedded in our annual remuneration review system. Supporting processes, such as training for leaders involved in remuneration decisions, ensure gender equity is at the forefront of people processes. Our diversity and inclusion strategy includes initiatives to address the drivers behind gender pay equity gap, including improvements to hiring practices, implementation of inclusive leadership training, and leading talent programs designed for women at emerging and senior level to support their development and career progression.

We have identified opportunities to improve our recruitment processes – ensuring we have women represented on the shortlist for senior roles and less-traditional occupations on hiring panels, and the representation of women in the senior leadership pipeline is included as a closely watched number in the monthly performance reporting and discussion with the Executive Team.

Gender diversity is monitored at all levels of the organisation. In May 2017, AGL submitted its Workplace Gender Equality Report to the Workplace Gender Equality Agency, complying with the Workplace Gender Equality Act 2012.

Gender breakdowns of employees' employment status, contract type, location and turnover rates are available in the data centre.

During FY17, we launched AGL Equality, an employee network of women and men, working together to ensure that women thrive and realise their full potential at AGL. As a network of people who are passionate about gender equality, the AGL Equality network aims to harness the energy and passion of many, to support our work to shift the gender balance. The network has developed a program of work in FY17 that is focused on attracting and developing women and advocating for gender equality, through initiatives including networking events and advocacy, and supporting new company programs and policies that drive gender equality. The network sponsored and delivered a series of events on International Women's Day 2017, including internal and external guest speakers, and reaching employees across all our major workplaces including regional operational sites.

“Our employee network, AGL Equality, engages women and men in the drive for gender diversity and a workplace where women can thrive and achieve their potential” – Karen Whittaker, Head of Organisational Development
We are an industry leader on parental leave support.

During FY17, we announced that, from 1 July 2017, we are increasing our paid parental leave entitlement from 14 weeks to 20 weeks, providing greater flexibility for our people who are primary carers to take essential time to bond with and care for their new babies.

Parental leave utilisation and return to work rates are available in our data centre.

Family and domestic violence

In recognition that individuals, organisations and communities must all play a role in changing the way we support people impacted by family and domestic violence, last year we introduced a Family and Domestic Violence Support Policy, providing AGL people with up to 10 days paid Domestic Violence Leave along with flexible work arrangements and access to counselling services through the Employee Assistance Program. This year, we also established a working group to help facilitate the creation of a safe and supportive workplace for our people who are affected by family and domestic violence. We have introduced further processes to embed our policy, and expect to deliver further training during FY18.

Refer to the energy prices and affordability section for information on how we are supporting customers impacted by domestic violence.

Lesbian, gay, bisexual, transgender and intersex (LGBTI) inclusion

We continue to implement our LGBTI inclusion strategy, with the goal of driving a culture where our employees feel safe and able to contribute to business outcomes in a personally authentic way.

We aim to improve mental health within our LGBTI employee base, eliminate stigma and discrimination, and be recognised as an inclusive employer that incorporates LGBTI people in a leading edge diversity strategy.

AGL is nationally recognised as a leader in LGBTI inclusion.

During FY17, we completed the Australian Workplace Equality Index (AWEI) survey for the third year. The Index is administered by Pride in Diversity, and sets the national benchmark for LGBTI workplace inclusion. The AWEI moved to a new evaluation process in 2017, significantly raising the bar on the quantum and quality of information and evidence required. AGL was awarded a Gold tier employer ranking, and was amongst the top 8.6% of employers of the 116 employers who participated in the Australian Workplace Equality Index this year. In FY16, under the previous evaluation system, AGL achieved Silver status, and was ranked 13th of the 87 companies who participated, and 6th highest publicly listed company.

In support of the approximately 8% of AGL people who identify as LGBTI, in early FY16 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. We were also proud to announce a three-year partnership with the Midsumma Festival, supporting the 30th Midsumma Festival in early 2017. To promote the Festival, AGL employees speaking about AGL's LGBTI inclusive workplace were featured in posters on Melbourne’s tram and tram shelter network. AGL also sponsored and supported the 2017 Mardi Gras Film Festival in Sydney and the Broken Heel Festival in Broken Hill, reinforcing our commitment to the LGBTI community.

An important part of our LGBTI strategy is ensuring that employees seeking help with LGBTI-related issues have appropriate support.

Employees can obtain information and support from a nominated member of the LGBTI Ally Network, AGL Shine. Nominated Shine members can provide advice and support so the employee can resolve the issue themselves; be a support person if the employee wants to raise the issue formally; and/or represent the employee to request AGL resolve the issue.

During the year we launched our Gender Identity and Transition Support Guidelines. The guidelines outline a framework for supporting AGL people who are thinking about, or in the process of, gender transition at work. They are designed to educate leaders on how they can create a safe and supportive environment and provide information on how to engage expert workplace support.
Indigenous engagement

During FY17, we formed an Indigenous engagement employee working group, chaired by a member of the AGL Diversity and Inclusion Council. As an employee-driven initiative, the group's focus for FY17 has been learning more of the history and culture of Indigenous Australia, with the goal of being able to confidently discuss this aspect of inclusion in the workplace. Timed with broader community celebrations on 50 years since recognition of Indigenous citizenship rights, the group launched a web portal for employees to learn more on Australia's Indigenous culture and grow inclusion in this part of our community. The work of this group in FY17 has set the foundational support for AGL's next steps to developing a Reconciliation Action Plan (RAP).

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1. The 'Senior Leadership Pipeline' is defined as roles at level 12 and above based on the AGL Position Framework
2. The 'Senior Leadership Pipeline' is defined as roles at level 12 and above based on the AGL Position Framework
3. Percentages based on the number of respondents.
7. Disability, Ageing and Carers, Australia: Summary of Findings, 2015, Australian Bureau of Statistics. The ABS survey defines disability as any limitation, restriction or impairment which restricts everyday activities and has lasted, or is likely to last, for at least six months
8. Survey of Disability, Ageing and Carers, Australia (2009), Australian Bureau of Statistics
10. The internal appointment rate is approximate only, as there are occasional differences in the classification of appointments and transfers during organisational restuctures.
12. Our prior employee network for women was called AGL NoW

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Related Information
AGL Code of Conduct
AGL Diversity and Inclusion Policy
Health and safety

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

<table>
<thead>
<tr>
<th>FY17 targets</th>
<th>FY17 performance</th>
<th>Status</th>
<th>FY18 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total injury frequency rate (AGL): &lt;3.9</td>
<td>Total injury frequency rate (AGL): 2.0</td>
<td>Met</td>
<td>Total injury frequency rate (AGL): ≤1.7</td>
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<tr>
<td>Total injury frequency rate (contractors): &lt;5.5</td>
<td>Total injury frequency rate (contractors): 5.4</td>
<td>Not met</td>
<td>Total injury frequency rate (contractors): ≤4.6</td>
</tr>
</tbody>
</table>

The paradigm of health safety and environmental (HSE) management and leadership is shifting. To achieve our goal of zero harm we must challenge the norm, move to a more predictive model based on data and analytics, and seek HSE thought leadership from both within and external to AGL.

Strong and dedicated safety leadership and sound dynamic management systems are essential components of our efforts to achieve a ‘zero harm’, safe and sustainable work environment.

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 HSE 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.

Key aspects of our strategic approach to health and safety include the following:

- **Values:** Safety is one of our four core values (read more in the ethical conduct section). This means that:
  - in our business, safety comes first, because physical and mental wellbeing are fundamental to a successful workplace
  - we create a supportive environment, where we feel safe to challenge the norm, to speak up, to say what we mean
  - safety is a shared responsibility – by taking care of each other, AGL becomes a better business for all, and
  - we care about our people, making it safe to speak up.

- **Policy:** Our Health and Safety Policy sets out our overarching commitments in relation to health and safety including injury management. The policy applies to all employees, contractors, products, services, and joint ventures under AGL’s operational control.

- **Strategic framework (Target Zero):** Target Zero is a strategic framework which starts with the philosophy that all incidents are preventable. Target Zero recognises that our goal of zero harm is a journey, but we believe it is achievable. For FY17 there are eight key strategic priorities which are categorised under four key pillars. These are culture, systems, capability and risk. The strategy is risk based supported by data and evolving analytics, action plans, and both business unit and site based key performance indicators. These collectively provide the framework for driving change in HSE leadership, culture and performance, assisting us in achieving the goal of being a safe and sustainable business across all areas of our business and operations.

- **HSE commitments:** We are developing and implementing renewed statements reinforcing our commitment to zero harm and the behaviours expected in achieving this. The revised approach in the commitments reflects a wider focus from the previous approach which was heavily focused on our asset operations.

- **Management system:** Our Health, Safety and Environmental Management System (HSEMS) forms the framework by which we manage our HSE risks across the business. Our system is based on the requirements in Australian Standards AS/NZS 4801 (2001) Occupational Health and Safety

“Health and safety is central to everything we do. It means taking care of ourselves and each other at work, including feeling safe to speak up if things aren’t OK”

– Bradley Brooks, Manager Health & Injury Management

The HSEMS provides the framework and hierarchy of standards, guidelines and procedures and tools needed to meet the objectives of the Target Zero Strategic Framework. It provides a platform for a consistent approach to managing HSE across our business but with the flexibility to be applied to different operational and corporate sites and situations. The system is also a key element of ensuring compliance with HSE legislation across the jurisdictions in which we operate.

Internal and external audits of the HSEMS facilitate a culture of continuous improvement. Audit findings are reflected in HSE Audit Action Plans and in improvements to the management system, strategic direction and safety programs. During FY17, the focus of the HSE internal audit program included contractor management, implementation of standards, Training and Licensing, Housekeeping and Inspections, Journey Management, Environmental Compliance, and Risk Management. Action plans for recommendations arising from the audit are monitored weekly and verified quarterly.

- **Hazard, incident and near miss reporting:** Our hazard, incident and near miss reporting systems are designed to ensure that issues are reported and investigated in a consistent and effective manner. Enhancements to the technology systems to further support this have been undertaken in this reporting period.

Over FY17, additional focus areas and priorities have included:

- establishing a forward looking three-year HSE strategy and program delivery model
- undertaking stakeholder engagement and diagnostic programs to assess the implementation and effectiveness of the Target Zero program
- enhancing the existing HSE technology platform in readiness for future platform upgrades
- improving investigation quality, management and outcomes
- enhancing the capability of data capture, collation, analytics and reporting
- improving contractor HSE management and governance
- further developing the risk profiling across the business to support risk-based decision making and prioritisation of HSE programs
- launching a refreshed health and wellbeing program, including a specific focus on mental health, and
- establishing the HSE Walks and Technical Interactions programs to enhance the quality of the outcomes. Enhancing our HSE management structure and building subject matter expertise to drive Target Zero and our continuous improvement programs.

**Safety performance**

AGL measures and tracks safety performance using a number of lagging performance indicators based on reported safety incidents. We also track leading indicators to provide insight into trends to inform us on our current and future programs.

The total injury frequency rate (TIFR)\(^1\) for employees decreased from 4.3 in FY16 to 2.0, exceeding our target of 3.9. A stretch target of a 50% reduction in contractor TIFR was set for FY17 (equivalent to a TIFR of <5.5). The total injury frequency rate for contractors decreased from 11.0 in FY16 to 5.4, exceeding our target of 5.5.

The combined TIFR for both employees and contractors decreased from 6.2 to 3.1. The decrease in the combined TIFR indicates that the implementation of the Target Zero Strategic Framework, targeted prevention and leadership programs, and the evolving HSEMS are all playing a part in the prevention of injury and illness in our workplaces. Half of the TIFR-related injuries were lacerations, with the remaining injuries equally fractures, crush or muscular related.

The occupational injury frequency rate (OIFR)\(^2\) for employees increased from 1.5 in FY16 to 1.8, whereas the OIFR for contractors decreased from 1.1 in FY16 to 1.0. The combined OIFR for both employees and contractors increased from 1.4 to 1.5. All OIFR-related injuries related to an irritation of a previously acquired injury, eight of which were associated with the back or neck.

There were 13 TIFR-related and 12 OIFR-related employee incidents in FY17 compared to 29 and 10 respectively in FY16, showing a substantial decrease in TIFR-related injuries and a minor increase in OIFR-related injuries. Similarly, contractor TIFR-related and OIFR-related incidents changed from 29 and three to 17 and three respectively.
In FY17, there was one employee and four contractor significant incidents (defined as incidents classified as 'high risk' or above, representing a significant decrease compared to FY16 (18 employee and 19 contractor significant incidents). The data indicates that in relation to significant incidents, a primary area of focus will be on reducing what has been classified as ‘AGL Line of Fire’ events (more that 40% of all TIFR incidents) and a focus on evolving issues such as physical health, wellbeing and mental health.

During FY17, there were 9,859 Health and Safety Walks, 4,254 Environment Walks and 6,142 HSE Technical Interactions. There were also 4,054 hazards (comprising 3,414 safety hazards and 640 environmental hazards) and 1,105 near misses (comprising 850 safety near misses and 255 environmental near misses) reported. These results reflect a substantial improvement in reporting behaviour compared to FY16.

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.

**SafeWork NSW - AGL Macquarie**

AGL Macquarie has been charged by SafeWork NSW with contravening section 19 of the Work Health and Safety Act 2011 (NSW). The prosecution arises from an incident in which two AGL employees suffered burns due to an arc flash that occurred during maintenance work on a transformer in November 2015. AGL is in negotiation with SafeWork NSW to present an enforceable undertaking which, if accepted by SafeWork NSW, would bring the current prosecution to an end, subject to AGL complying with the terms of the enforceable undertaking.

**Health and wellbeing**

The health and wellbeing of every single person at AGL matters, because we want everyone to lead happy and fulfilling personal and professional lives. We get there by caring for ourselves and each other.

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**The health and wellbeing of our people is critically important, as our people are our greatest assets.**

We support the health and wellbeing of our people through a range of initiatives to ensure no person commences or continues work if they are not fit for work. We help our people to maintain and improve their health while working with AGL, whether working in an office, call centre or operating heavy machinery. During FY17, we have delivered a range of initiatives aimed to prevent injuries and illnesses and to encourage our people to make informed choices that will enhance their health and wellbeing. These initiatives included:

- **Physical health and wellbeing:** Programs offered include an annual flu vaccination program; health checks; access to an online Health and Wellbeing hub with a range of updated information and resources, programs and wellness tracking tools for employees; corporate discount for health insurance; and site-based fitness initiatives including on-site yoga programs and boot camps at major offices.

- **Mental health and wellbeing:** A Mental Health Framework has been established consisting of the following aspects:
  - a leader-specific program providing practical strategies to help manage pressure, build psychological fitness and support others at work
  - a general awareness program for all employees
  - promotion of the Employee Assistance Program (EAP)
  - a clearly defined process for Critical Incident Response (CIR)
  - a Mental Health Procedure to guide people at all levels through the various stages of mental health exposure - from identifying the signs to escalation protocols
  - a refresh of the existing intranet site to ensure this information is readily accessible to everyone, and
  - a review of the EAP has been also been completed by merging three contracts into one to improve visibility of data and ensure services meet the needs of business.

- **Injury Management:** During FY17 we have focused on improving our injury prevention, return to work and claims management processes through task analysis reviews, and have commenced the implementation of the Ascentor Injury Master platform.

1. 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.
2. Occupational injury frequency rate (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.
3. AGL Line of Fire events refer to situations where a person, or parts of a person’s body, may be in the expected path of a moving object or substance that could cause injury if it makes contact.
4. This program commenced part way through FY16, and as such full year results are not available.

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**Related information**

AGL Health and Safety Policy