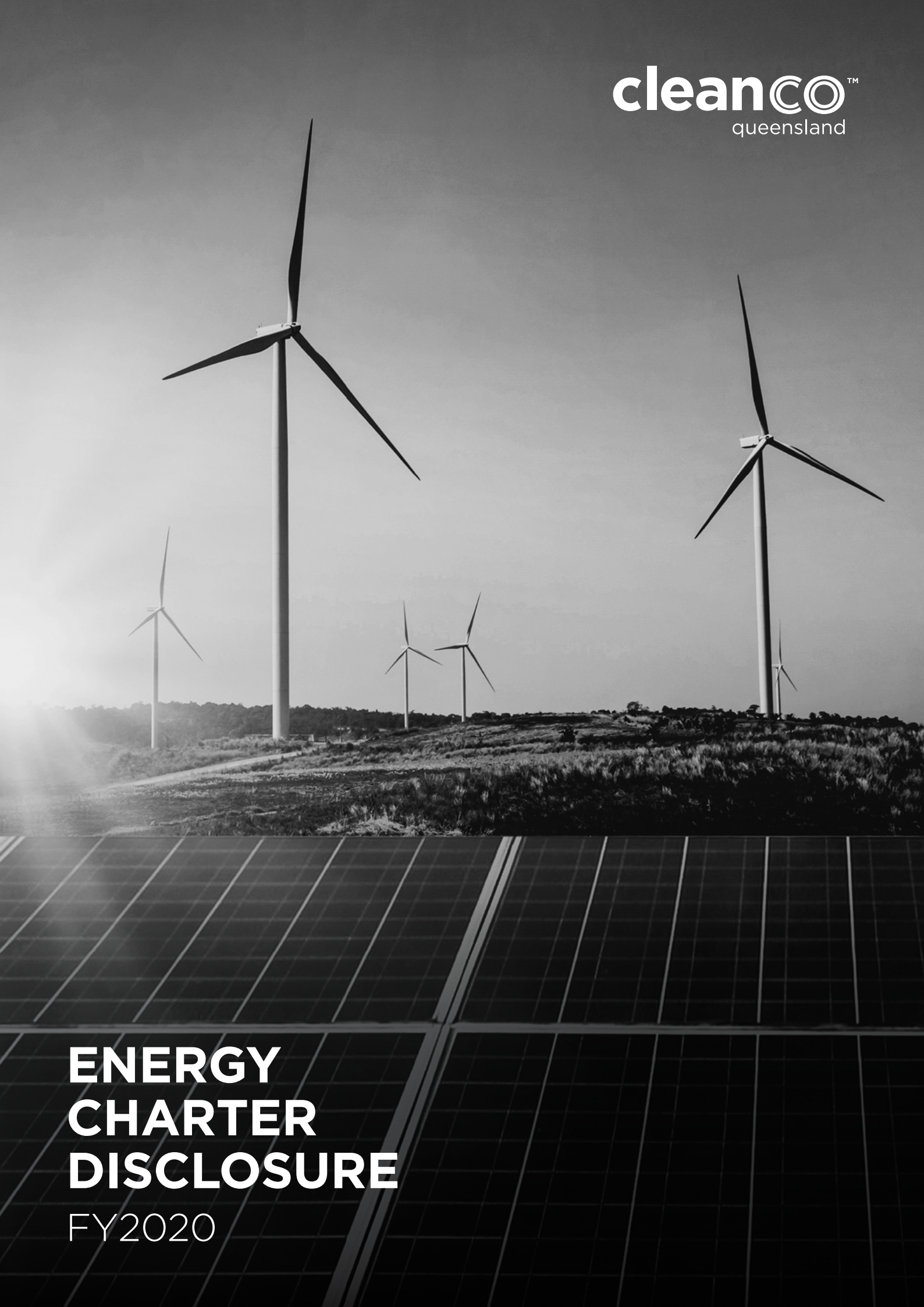


cleanco™ queensland

ENERGY CHARTER DISCLOSURE

FY2020

MESSAGE FROM OUR CHAIR AND CEO

JACQUI WALTERS AND MAIA SCHWEIZER

CleanCo was created in 2018 with Queensland's most flexible and responsive generation assets to put downward pressure on prices and support the transition to clean energy in a way that drives regional growth and jobs. Whilst we could pursue our goals alone, we believe in the industry's vision of, together, delivering energy for a better Australia. The strong alignment between CleanCo's purpose and the Energy Charter is such that it was a straightforward decision to become a signatory to the Energy Charter even early on in our existence.

Energy Charter Purpose:
To progress the culture and solutions required to deliver a more affordable, reliable and sustainable energy system for all Australians in line with community expectations

In October 2019, we took ownership of our five foundation assets and commenced trading in the National Electricity Market (NEM). During the 2020 financial year (FY20), we dispatched our portfolio at a capacity of 27.6%, which was a 58% improvement on FY19. Importantly, the additional generation during peak demand periods contributed to improve electricity affordability for customers.

As we look ahead to FY21 and beyond, our ambition is to evolve from these very early roots as a trading entity to become a business that harnesses Queensland's abundant resources to offer reliable, globally competitive clean energy services to our customers, catalysing a sustainable and prosperous future for all Queenslanders.

The work we have done in FY20 sets us up to evolve rapidly over the next few years. Next year, we look forward to taking on the operatorship of our assets, welcoming new team members, signing and serving our first direct customers and commencing construction of the 102 megawatt (MW) Karara Wind Farm.

We are proud of our early achievements but recognise that we need to work with customers and the community to continue to understand and meet their needs. This will include minimising our cost to generate electricity, ensuring that we can continue to drive affordability for all Queenslanders and suport growth for regional communities.

Equally important is that we operate safely, involve communities in our projects and operations, and share the benefits in a way that meets our communities' aspirations. Our low-emission portfolio means that our contribution to sustainability and decarbonisation is evident, but we also need to maintain high environmental management standards and reduce our footprint.

Queensland has something special with our solar, wind and potential hydro resources. We believe we can play a part in bringing the right parties together to collectively focus on viability and lower-capital, customer-led developments of renewable energy sources. This will support growth and create employment opportunities which is even more important as we look to support Queensland's recovery from the COVID-19 pandemic.

Jacqui Walters

Jacqueline Walters
Chair
CleanCo Queensland

ABOUT CLEANCO

CleanCo Queensland is a Queensland-owned energy generator and retailer dedicated to providing clean energy solutions for our customers.

CLEANCO MANDATE

RELIABILITY

- Supply 'firmed' useable low-emissions energy to customers
- Support system strength and reliability

AFFORDABILITY

- Generate to serve peak demand and put downward pressure on prices
- Offer low-emissions energy at a competitive price

SUSTAINABILITY

- Support new renewable energy generation
- 1,000MW by 2025
- Queensland 50% by 2030
- Queensland net zero by 2050

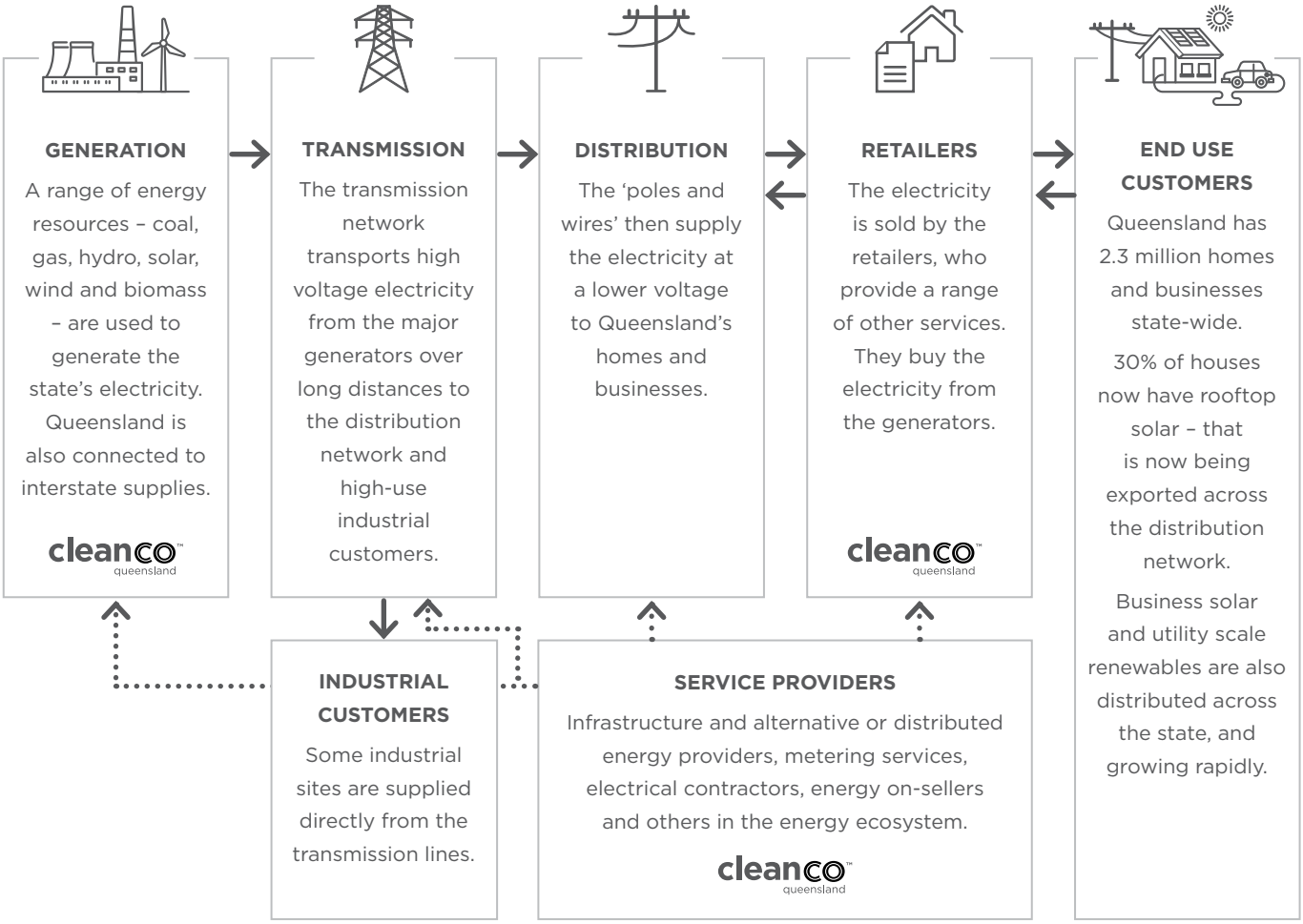
JOBS AND GROWTH

- Employ people at our assets
- Support our customers and new industries with competitive low-emission energy

ENERGY CHARTER PRINCIPLES

1. We will put customers at the centre of our business and the energy system
2. We will improve energy affordability for customers
3. We will provide energy safely, sustainably and reliably
5. We will support customers facing vulnerable circumstances
4. We will improve the customer experience

CleanCo owns 1,100MW of low-emission generation assets. We aim to bring at least another 1,000MW of renewable projects to market in Queensland by 2025 through building new assets and buying offtakes from new renewable energy projects. Through our investments in Queensland's renewable energy industry, we are supporting the Queensland Government to achieve its 50 per cent renewable energy target by 2030. CleanCo generated 1,236,146MWh of reliable, low-emission energy between October 2019 and June 2020.



FY20

We took ownership of our foundation assets

We commenced trading in the NEM and ASX, and selling to generators and retailers

We secured our retail licence and started establishing relationships with potential direct commercial and industrial customers

We decided to build, own and operate Karara Wind Farm

We signed Power Purchase Agreements (PPA) to buy 720MW from MacIntyre Wind Farm (400MW) and Western Downs Green Power Hub (320MW)

FY21

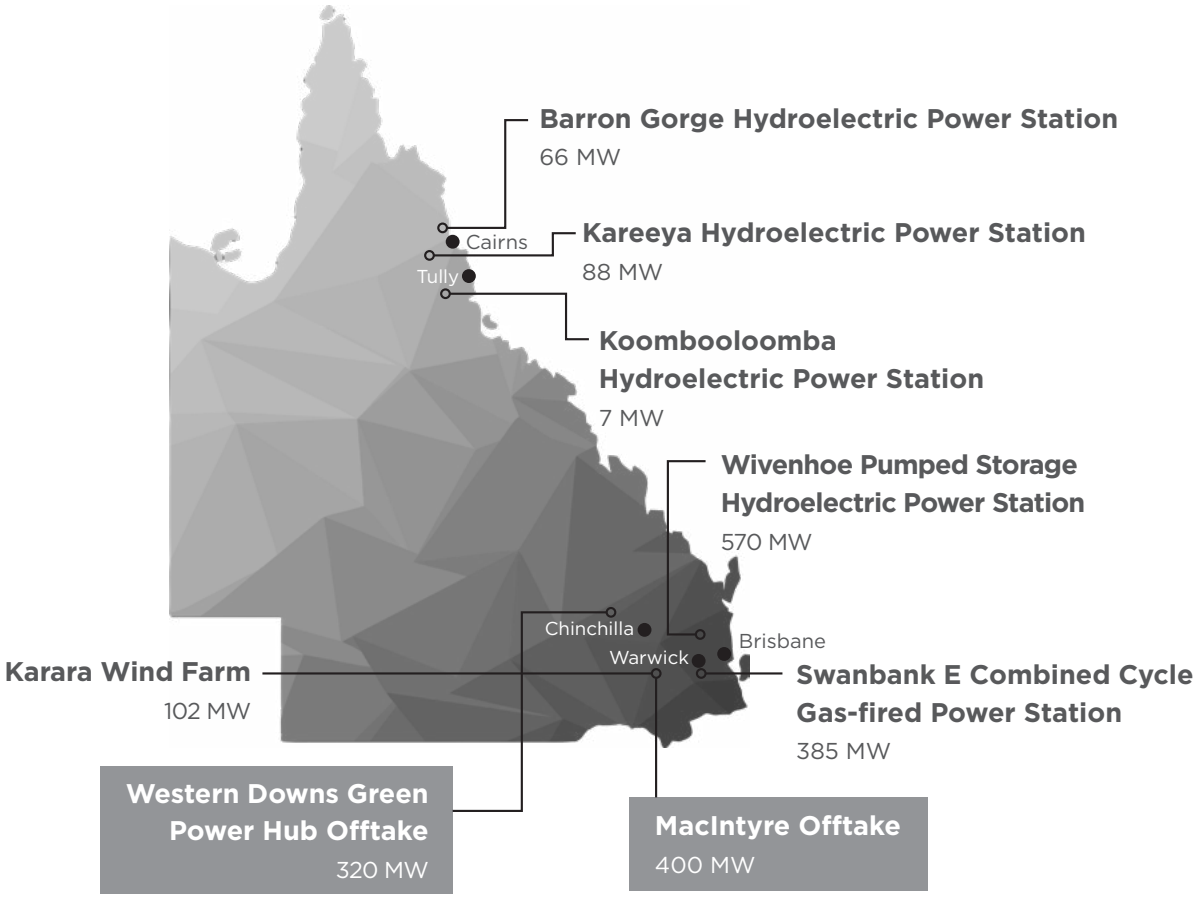
We will take on operations of our foundation assets

We will start building Karara Wind Farm

Construction will start on MacIntyre Wind Farm and the Western Downs Green Power Hub

We will continue to trade in the NEM and supply end-use customers

We will contract to supply energy to commercial and industrial customers, offering tailored solutions to meet their specific energy requirements



OUR CUSTOMERS

CleanCo secured retailer authorisation in February 2020. Since then, we have been working with potential large commercial and industrial energy customers in Queensland to develop solutions tailored to meet their individual energy requirements. We anticipate securing our inaugural customers in FY21.

Throughout FY21, we will continue to focus on establishing customer relationships and developing reliable, low-emissions energy products in preparation for the Karara Wind Farm, MacIntyre Wind Farm and Western Downs Green Power Hub coming online from 2022.

While we partner exclusively with large commercial and industrial customers in Queensland, our activities in providing reliable low-emission energy and improving electricity affordability impact all energy users. Our customers ultimately include all Queenslanders.

OUR COMMUNITIES

While CleanCo is a new business, our energy generation assets have deep roots within their local communities. Our soon-to-be newest team members, who operate our assets, have established relationships with the local communities. However, CleanCo's relationships with those stakeholders are in their infancy. Following the transfer of asset operations from August 2020, we will connect with local community representatives to understand their needs and expectations of CleanCo as a responsible member of the community. We may need to re-think the way we will work with our stakeholders if COVID-19 restricts direct engagement.

CleanCo is partnering with ACCIONA Australia to build the 102MW Karara Wind Farm in south west Queensland as part of the MacIntyre Wind Farm Precinct. We are working with ACCIONA Australia to undertake a social impact assessment in relation to the entire MacIntyre Precinct, which will involve the establishment of, and engagement with, a Community Engagement Committee.

We are looking forward to meeting the Traditional Owners of the land where the wind farm will be built and in the coming year we will build deeper relationships with our landholders. We are keen to ensure that the socio-economic benefits of the project meet the expectations and complement the interests of the local community.

This commitment is particularly significant as the Queensland economy begins to recover from the devastating impacts of COVID-19.

Combined, the Karara Wind Farm and PPAs with the MacIntyre Wind Farm Precinct and Western Downs Green Power Hub will support over 800 jobs and inject more than $500 million into regional Queensland economies through employing local contractors and purchasing from local suppliers.

OUR MATURITY JOURNEY

We have self-assessed our current overall maturity level as: Emerging.

Through the self-assessment process, we recognised that our current strength lies in our relentless pursuit of energy affordability. This is complemented by the fact that our model of tailoring solutions to meet large customers' energy needs naturally leads to customer expectations being met.

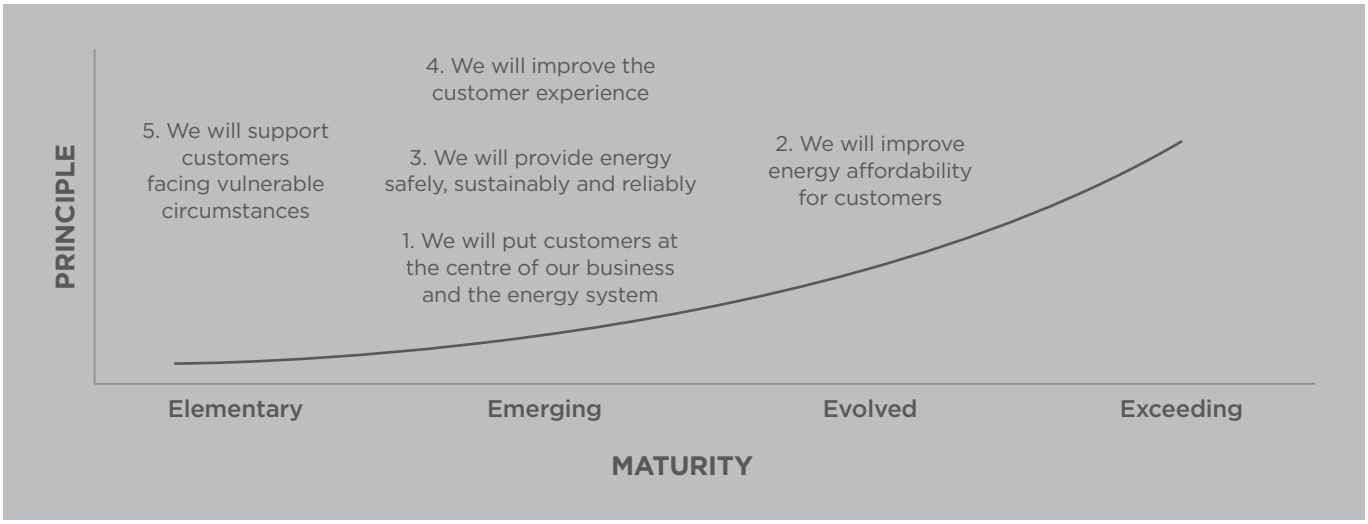
As a young organisation with a rapidly changing project development, asset operations, customer and stakeholder context in FY21, we can also see that our greatest opportunities to improve lie in embedding a customer-centric approach to providing energy safely, sustainably and reliably.

In addition, as a business with no direct customers in FY20 and looking to supply to large commercial and industrial energy users, we are yet to decide how to best live Principle 5. During FY21 one of our key tasks is to understand the extent to which our investment in projects and asset operations - that power local businesses and jobs - supports customers facing vulnerable circumstances including those in that position for the first time due to the COVID-19 pandemic. Although our contact with small business and residential customers is currently limited, we do have relationships through the energy supply chain and the connections made in the communities local to our assets and projects. Throughout FY21 we will consider opportunities to support those experiencing vulnerability, including through partnerships with other industry players or community organisations.

In FY21, we will decide our target maturity levels for each of the Principles. The process will involve defining what each principle in action will look like for CleanCo and our stakeholders. Our commitment to putting all the Principles into action, and maturing over time, means that we will progressively embed and integrate our approach into our operating model.

We will collaborate with other generators to establish contemporary and consistent metrics which we can record and report on to provide tangible evidence of our progress in establishing CleanCo as a customer-focused, clean energy generator.

PERFORMANCE AGAINST THE ENERGY CHARTER MATURITY MODEL

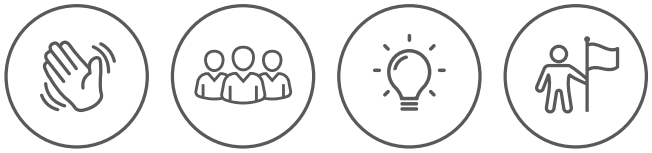


PRINCIPLE 1

WE WILL PUT CUSTOMERS AT THE CENTRE OF OUR BUSINESS AND THE ENERGY SYSTEM

We have self-assessed our current maturity level against Principle 1 as: Emerging

During FY20, CleanCo decided on its four (4) values which guide our people and our actions.



Genuine **Collaborative** **Curious** **Courageous**

Our values have been a foundation as we have grown CleanCo. We have recruited people who exhibit strong alignment with our purpose and values, including the willingness to collaborate with external stakeholders and design our business around our customers. As we continue to build out and mature our governance framework, including all our policies and processes, customer-centricity is the key design principle.

We have met with many potential commercial and industrial customers and external stakeholders during the year to understand customer and other stakeholder needs and expectations. We have built a small and highly capable customer team with extensive knowledge of Queensland's energy industry, focused on tailoring solutions to meet individual customer energy requirements. We will maintain that focus into the future, leveraging our foundation assets to firm energy from large-scale wind and solar projects at a competitive price for our customers.

The CleanCo Board is committed to the highest ethical and governance standards and to act in the best interests of its stakeholders. Our corporate governance and culture are the foundations of our success.

In FY21, led by our Board and executive leadership team, we will focus on ensuring governance arrangements and business decisions are oriented towards understanding the outcomes our customers want and designing our products and services to achieve those outcomes in a sustainable and responsible way.

PRINCIPLE 2

WE WILL IMPROVE ENERGY AFFORDABILITY FOR CUSTOMERS

We have self-assessed our current maturity level against Principle 2 as: Evolved

CleanCo's mandate is to increase competition, place downward pressure on wholesale energy prices and improve electricity affordability.

We commenced trading in the NEM on 31 October 2019. Since then, our low-emission energy assets have generated 1,232,697MWh into the NEM. We have increased the utilisation of our foundation assets, dispatching our portfolio at a capacity of 27.6% during summer 2020 which was a 58% improvement on 2019. The additional generation during peak contributed to improved electricity affordability in Queensland.

We have focused on operating the Wivenhoe Pumped Storage Hydro effectively, pumping during the middle of the day to soak up excess solar generation and generating during peak demand periods.

We have used our combined cycle gas-fired power station, Swanbank E, to translate low gas prices into low cost electricity, particularly during peak periods. By using the assets in this way, we are supporting the sustainable delivery of a reliable energy supply.

Our trading operations are the most mature element of our business. From the outset, our investment decision framework has been directed to investing in commercially sound, customer-led, new renewable developments that we have tested to ensure they will deliver what our potential customers want. We take account of full supply chain costs. We are tailoring our customer offerings.

In FY21, we hope to win our first retail customers. Many potential commercial and industrial customers have their own sustainability targets and we must remain competitive on pricing and offer tailored solutions to ensure our direct customers and the people of Queensland receive the benefits of affordable, reliable clean energy.

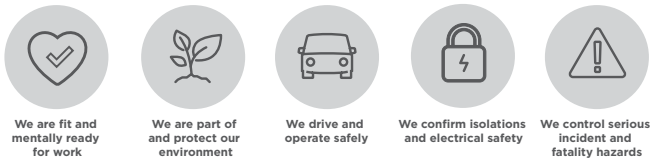
PRINCIPLE 3

WE WILL PROVIDE ENERGY SAFELY, SUSTAINABLY AND RELIABLY

We have self-assessed our current maturity level against Principle 3 as: Emerging

For Principle 3, our changing context is a large part of our story. As we take on operatorship of the foundation assets and start to construct Karara Wind Farm, there is much more to do to systematically integrate safety, environmental management, sustainability, social performance and stakeholder engagement into our business and the decisions we take each day.

We have developed a set of Health, Safety and Environment (HSE) Fundamentals for CleanCo. These are HSE principles which guide our behaviours to ensure we are genuine in our pursuit of HSE excellence and our HSE Policy objectives.



While the HSE Fundamentals align to our operations and risks, they intentionally focus on higher order controls and are relevant for all CleanCo team members.

Our foundation assets were operated on our behalf by Stanwell and CS Energy from 31 October 2019 to 30 June 2020. In FY21, we will collaborate with other generators to establish common metrics to support consistent reporting. In FY21 we intend to report on:

- Safety - Total Recordable Injury Frequency Rate (TRIFR)
- Sustainability - CO2 intensity, environmental enforcement actions
- Reliability - plant performance

We will continue to integrate the management of environmental, social and governance matters with financial and operational matters. We will define our target maturity level for a range of environmental, social and governance matters including each of the Energy Charter Principles.

PRINCIPLE 4

WE WILL IMPROVE THE CUSTOMER EXPERIENCE

We have self-assessed our current maturity level against Principle 4 as: Emerging

In FY20, we did not have any direct customers, however through our activities we have contributed to electricity affordability for all Queenslanders.

We have been working with several potential commercial and industrial customers with a view to developing bespoke solutions for their energy needs. This model of working closely with our customers to understand their needs and tailor products to suit lends itself to an exceptional approach to customer care. We are acutely aware that energy users are looking for more flexibility and tools to manage their energy costs. Our contracts and approach will ensure that we meet customer expectations on a range of issues, including customised data sharing that enables our customers to make the best-informed decisions as they manage their energy needs.

CleanCo has a complaints management process in place, however we have not received a complaint during FY20.

In FY21, we will build our customer servicing capabilities to support our first retail customers, keeping flexibility and the capability to tailor our offerings to our customers' needs front of mind.

PRINCIPLE 5

WE WILL SUPPORT CUSTOMERS FACING VULNERABLE CIRCUMSTANCES

We have self-assessed our current maturity level against Principle 5 as: Elementary

CleanCo is not intending to directly serve small business or residential customers. However, we acknowledge that people in the communities in which we operate may be vulnerable. We support our local communities through employment and local supplier opportunities. Our projects - the Karara Wind Farm, MacIntyre Wind Farm and Western Downs Green Power Hub - will support over 800 jobs in regional Queensland and inject over $500 million into local economies.

During FY21, in determining our approach for putting principle 5 into action, we will consider:

- The extent to which our investment in new renewable projects may support people experiencing hardship through the engagement of small regional businesses and creating jobs
- Whether we should partner with other industry players, charities or community service organisations to support those experiencing vulnerability
- The extent to which funds available for community investment should be directed to people facing hardship
- The impact that a focus on affordability may have on the wider community experiencing hardship, particularly given the strain COVID-19 has placed on household finances and corresponding increased focus on bills, including these for energy.

Contact:

Natasha Patterson - Head of Corporate Sustainability | E: natasha.patterson@cleancoqld.com.au