

Climate Change Strategy 2007 – 2012

Our Strategic Climate Change Objective

Implement balanced and effective climate change responses which deliver growth in shareholder value.

Our Climate Change Areas

Research and Development + Climate Adaptation + Policy and Regulation + Generation Investment

Our Aims

Contribute to, and participate in, climate change research

- + Continue funding of appropriate research entities which will advance industries' and governments' management of climate change matters.
- + Increase Stanwell's knowledge base.

Work collaboratively with industry to research new technologies

- + Contribute to collaborative research and development proposed by industry associations.
- + Retain membership to industry research organisations.
- + Review technological improvements in renewable energy.

Provide industry leadership in the development of clean coal technologies, in cooperation with the Queensland Government

- + Support the research, development and demonstration of new clean coal technologies.
- + Investigate alternate carbon capture technologies.
- + Where feasible, establish joint ventures with industry and/or government.

Assess the climate change potential

- + Use available models to assess potential climate change effects on the localities of existing assets.
- + Use available models to assess potential climate change effects on proposed project/acquisition localities.

Identify the climate adaptation risk on existing or proposed assets

- + Develop a Stanwell climate change risk assessment framework for our assets.
- + Assess the climate change risks to our assets.

Identify our portfolio's risk mitigation measures including:

- + Avoidance
- + Research and development
- + Education
- + Asset modification
- + Plant specification changes
- + Insurance
- + Regulatory change

Implement mitigation measures associated with high risk climate adaptation risks

- + Development and implementation of site specific climate change adaptation plans within operational and asset life and business growth plans.

Work with Shareholders and industry associations to develop climate change policy positions and practical legislative outcomes

- + Consult with Shareholders to establish appropriate business climate change policy positions.
- + Establish an optimal Stanwell emissions trading position relative to our portfolio.
- + Actively participate in government consultation on climate change policy matters, including emissions trading and plant efficiency measures.
- + Actively work with industry associations to develop climate change policy positions and legislative inputs that are aligned to Shareholder and Stanwell business needs.
- + Guide policy/legislative development to enable a sound environmental outcome.

Incorporate regulatory (carbon) mechanisms into business processes

- + Position Stanwell for the implementation of an emissions trading scheme, including associated carbon products markets.
- + Consider the impact on asset values of our existing portfolio.
- + Investigate an alternate revenue stream to obtain carbon credits.
- + Investigate the development of a carbon offsets portfolio.

Maintain and improve the carbon efficiency of existing generation portfolio

- + Incorporate a carbon constraint assessment into plant modification plans.
- + Revise asset life plans with consideration of the relative carbon intensity under an emissions trading scheme.
- + Adopt the most carbon efficient and feasible technologies as a part of plant maintenance programs.
- + Upgrade the carbon efficiency of plant, where feasible.
- + Review and identify fuel strategy implications for existing plant.
- + Evaluate the acquiring/ownership of carbon capture assets/tenure.
- + Evaluate and implement, where feasible, energy efficiency and certified carbon neutralisation programs for non generation plant activities.
- + Participate in voluntary government generation efficiency improvement schemes.

Modify or adapt existing portfolio to withstand changes to climate

- + Asset life plans revised to include appropriate levels of plant adaptation, including temperature variation and storm events.

Grow our generation portfolio

- + Invest in the most efficient and feasible generation technologies.
- + Incorporate a carbon constraint assessment into all new project and plant modification business plans.
- + Where feasible, design new thermal plant to be carbon capture ready.
- + Evaluate the acquiring/ownership of carbon capture assets/tenure.
- + Continue growth of generation portfolio.

Our Guiding Principals

- Be safe
- Be responsible
- Be commercial
- Achieve together
- Shape the future

2012 Business Outcomes

Research, Development and Demonstration

- = Significant contribution to RD&D clean coal technology programs.
- = Support of State Government clean coal technology project(s).
- = Improvements in generation technologies reviewed and incorporated into project planning.

Climate Adaptation

- = Climate change adaptation plans in place for existing plant.
- = Climate change adaptation measures incorporated into plant/project design modifications.
- = Monitoring of localised climate change effects undertaken.
- = Appropriate insurance measures in place.

Policy and Regulation

- = Business carbon market positions developed.
- = Continue to actively participate in Shareholder consultation and industry forums on climate change related matters.
- = Appropriate influence of changes in regulatory regime in line with diverse portfolio.

Generation Investment

- = Carbon constraints factored into business growth and plant modifications.
- = Business evaluation of carbon offset investment.
- = Reduced portfolio carbon (emission) intensity.

Energy Market and Business Systems

- = Requirements of corporation's accounting, contract management and reporting systems determined and appropriate measures put in place.
- = Credit risk implications assessed and mitigation measures determined.
- = Human resourcing requirements reviewed and adjustments determined.
- = Trading strategy developed.
- = Business operating in relevant markets.
- = Trading a range of products within relevant markets.
- = Benefits of operating in carbon related markets being realised.
- = Energy efficiency and feasible carbon neutralisation programs for non generation plant activities in place.