

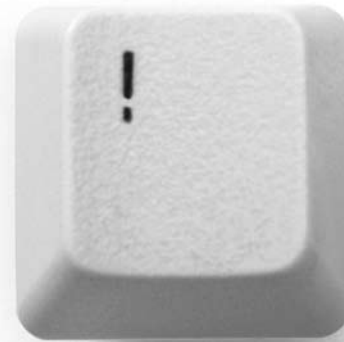
By choosing not to professionally print our Triple Bottom Line (TBL) report and only making it available in an electronic format, we have avoided contributing to a number of environmental issues:



The following pages illustrate the steps taken to calculate an estimate of the greenhouse gas emissions that would have been generated by the production, consumption and disposal of the paper required to produce the Energetics TBL Report, if it were professionally printed.



9099MJ energy



We calculated that throughout the life-cycle of the required 270kg of paper, 9099MJ of energy would have been consumed.





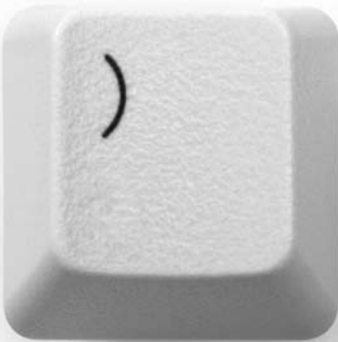
Scope of the Report:

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This report covers Energetics’ key operations within Australia. We have offices in five Australian capital cities with a head office in Sydney, NSW. Energetics has used the GRI (Global Reporting Initiative) G3 guidelines to guide the development of this report, which has been self-declared at a rating of C. This is the first Energetics Online Sustainability Report and we intend to provide transparency on sustainability issues annually using the GRI’s guidelines.

For purposes of transparency, Energetics has chosen to report on all aspects and indicators over which the company has direct operational control and, where possible, on aspects and indicators over which the company has indirect influence.



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Organisational Governance

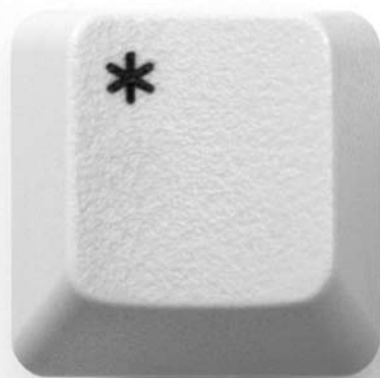
Energetics Pty Ltd (EPL) is a wholly owned subsidiary of Energetics Group Holdings Pty Ltd (EGHPL). EGHPL was formed to acquire the shares of EPL as a result of a management buy-out, completed on the 2nd August 2006

The buy-out team comprised a consortium of senior managers from Energetics Pty Ltd, including the company's CEO, Mr. Tony Cooper, and its founder, Mr. Jonathan Jutsen, together with Accretion IV Fund, a private equity fund managed by Accretion Investment Management Pty Ltd.¶

The directors of EGHPL are: Mr. Peter Chapman, Mr. Anthony Duncan, Mr. Tony Cooper and Mr. Jonathan Jutsen.¶

Accretion Investment Management is a manager of private equity portfolios for institutional investors. It provides a differentiated business model that combines proven hands-on operational management expertise with active private equity management experience. For further information visit www.accretion.com.au.¶

Energetics is a private company that does not report to the Australian Stock Exchange. The financial disclosures included in this report are for the company's financial reporting period from 1st April 2006 to 31st March 2007. Energetics financial year is referred to as 'Year Ending March 2007' or 'YEM07'. The company is not involved in any subsidiaries or joint ventures.¶



Energetics' Integrated Business Solutions

Since its inception in 1984, Energetics has been very active in helping government, and many of Australia's leading companies, respond to environmental challenges, for example, combating rising energy costs, reducing greenhouse gas emissions, complying with government legislation, responding to water shortages and so on.¶

Energetics is Australia's largest integrated energy, greenhouse and sustainable solutions provider. By influencing the way in which major contributors to climate change manage their impact on the environment, we can help these organisations answer pertinent questions:

- **How will climate change impact the way we currently do business?**
- **What will a 60% emission reduction by 2050 mean to my business?**
- **What impact will a carbon-trading scheme have on my business?**
- **How can I justify my business in a sustainability context going forward?**
- **How can I respond to the large variety of State and Federal environmental legislation?**

Our unique end-to-end solutions continue to help our clients through substantial cost reductions, improved efficiency, financial benefits, new marketing opportunities and significantly enhanced corporate reputations.¶

The majority of Energetics' products and services are delivered within the Australian market, but Energetics also services the international market, predominantly through our product sales. The majority of these international contracts are held with clients based in New Zealand and America. 95% of the company's revenue is from Australian clients with the remainder through international contracts.¶

A full list of our services and products can be found at www.energetics.com.au.¶



The Board is actively engaged in the review and measurement of progress against our plans, objectives and external benchmarks. This is achieved through formal monthly Board meetings where detailed reports on the operating and financial performance of the business are reviewed and discussed. Members of the executive team present to the Board on a rotational basis on various aspects of the business. In order to enhance the Board's awareness of business issues in interstate offices at least one meeting is held outside NSW each year.■

"Our success will largely be driven by two factors: our ability to deliver services and products, which add value to our clients' business activities, and the development and expansion of our human resources."

The Board is committed to providing high quality and meaningful reports to our stakeholders. The company's annual financial statements are audited and provided to shareholders, our bankers, and the relevant statutory authorities. However, the Board is committed to going beyond the normal statutory and commercial reports and strongly supports the production of this initial sustainability report. We see it as an integral part of our longer term quest to achieve sustainable growth and the rewards that it will provide to both our direct stakeholders and the broader community.■

Peter Chapman, Chairman

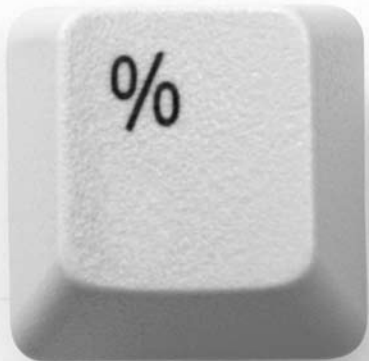
Chairman's Report: A World of Change

YEM08 has represented the start of a new and exciting era for Energetics. In August 2006 the Energetics business was acquired by twelve members of the management team and the Accretion IV Fund, a private equity investor. The company is governed by a Board of Directors comprising two non-executives and two executives including Tony Cooper, CEO of Energetics.■

The objective of the shareholders and the Board is to grow the business in a sustainable fashion over a five year timeframe. This will provide appropriate rewards to shareholders and employees, and will make a positive contribution to the efforts of the community at large to address the economic and social challenges of climate change. Our success will largely be driven by two factors: our ability to deliver services and products which add value to our clients' business activities, and the development and expansion of our human resources.■

The Board is focused on ensuring the company has long-term strategic plans in place that will deliver sustainable growth. Behind this overall strategic objective is an annual business planning process to identify the actions required to service existing clients, acquire new clients, develop our existing human resources, and increase our executive team.■

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Economic Performance

Energetics enjoyed strong revenue and EBIT* growth in YEM07: our revenue growth was 32%, net profit growth 29.5% and liabilities decreased by 18.8%. The percentage increase, as seen in Net Profit, was impacted by the write-off of inter-company loans and the related sale of our United States operation during YEM07. No financial assistance was received from the State or Federal Governments for the financial year ended 31st March 2007.¶

* Earnings before interest and taxes.

Revenue

+32%

Operating Expenses

-22.1%

Employee Benefits

+53.9%

Net Profit

+229.5%

Assets

+20.2%

Liabilities

-18.8%

Shareholder's Equity

+49.6%

No. Employees

+43.14%

Risks, Impacts & Opportunities

Energetics has experienced substantial expansion in YEMO7, growing quickly from a small to a medium sized business.■

One of the many challenges in such growth is that informal policies and practices that were previously part of the intangible knowledge base of the organisation need to be formalised.■

While some policies such as OH&S have been well developed in Energetics for many years, other policies, such as Work Life Balance, have not been formalised.■

To rectify this we embarked on a development and consultation process throughout Australia involving employee representatives from all parts of the business. This has assisted management ensuring that all policies developed are relevant and practical for employees.■

This financial year represents a catch-up year for Energetics in many ways.

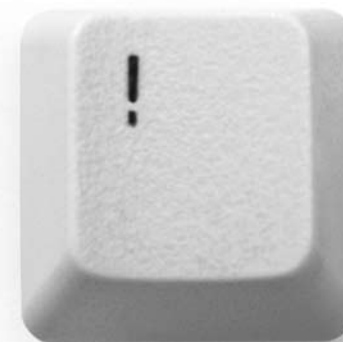
In YEMO8, we are implementing a new Management Information System (MIS). This will assist all areas of our business to share knowledge, track information and data to better manage our business, and aid us in the production of our next sustainability report. The implementation of this system will represent a monumental change in our business going forward.■

We are aware of the potential risk for Energetics in the protection of our client's reputation and confidential information. In YEMO7, there were no substantiated complaints regarding breaches of customer privacy or losses of customer data.■

In YEMO8, to further ensure no future losses of customer data, we are investing in the AGS 1042*. The AGS 1042 is an auditing guidance statement reporting on control procedures at outsourcing entities. It will provide Energetics with a statement on the robustness of our control systems and procedures; and enable clients to reduce the scope of the audits they perform on our EnTERPRIZE.EM® data and systems when they are required to verify the source of data for their annual sustainability reports. Though some verification will still be required, the audit scope will be substantially reduced.■

As Energetics continues to grow, it is inevitable that we begin to work with many large and highly competitive companies who operate within the same industries. To manage any potential conflict of interest, these clients have dedicated account managers who sign non-disclosure agreements on these accounts. No single account manager will be assigned to two companies competing in the same industry.■

* Auditing and Assurance Guidance Statements



The production of hard-copy reports impacts directly on the deforestation/consumption of timber (plantation or old growth) and related biodiversity loss, land degradation and habitat destruction.

Key Stakeholder Groups: Our Employees

Energetics is justifiably proud of its staff. Their commitment and passion for what they do has driven the service to our customers to new levels in the past year.

Attracting and retaining an innovative and dynamic workforce is a challenge we enjoy, even in times when the employment market is stretched to meet the high demands of the commodities boom. We are confident we can meet this challenge.

The Energetics workforce is split into seven broad categories: Directors, Senior Management, Principal Consultants, General Management, Senior Consultants, Energy Consultants and Administration. Energetics engages full-time, part-time and casual staff, and all are engaged via workplace agreements. Our employment categories do not relate to any specific Awards.

In YEM07, the executive team consisted of nine executives (six males and three females - 66.67% to 33.33% respectively) including two male directors. Energetics employed 74 employees (inclusive of the executive team).

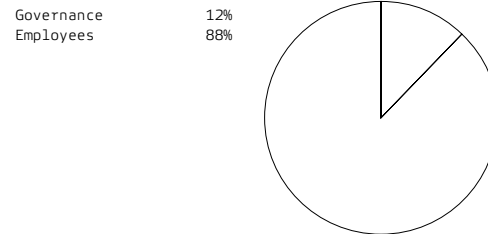
The total number of employees leaving Energetics was 19 resulting in an organisation-wide turnover rate of 25.68%.

Turnover Rates by Category

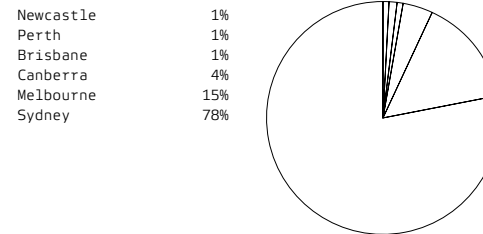
Age Group	%turnover	Region	%turnover
18-25	30.77%	Sydney	12.50%
26-35	15.38%	Melbourne	33.33%
36-45	10.53%	Brisbane	0.00%
46-65	13.64%	Perth	100.00%
		Canberra	0.00%
		Newcastle	0.00%
Sex	%turnover		
Male	20.41%		
Female	17.65%		

Turnover % is calculated as:
 $\frac{\text{Total no. of employees leaving the organisation}}{\text{Total no. of employees at YEM07}} \times 100$

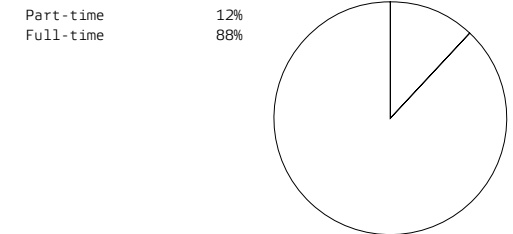
Ratio of Governance to Employees



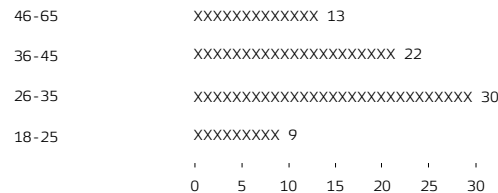
Staff by Region



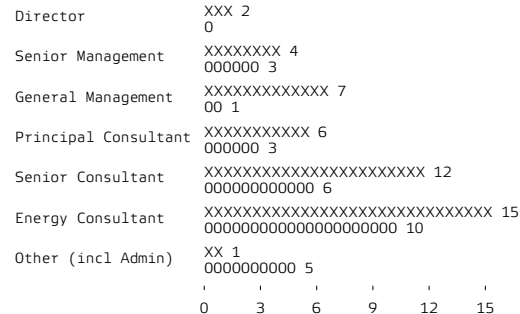
Work Patterns



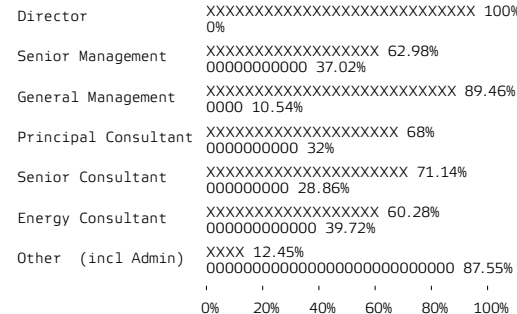
Employees by Age



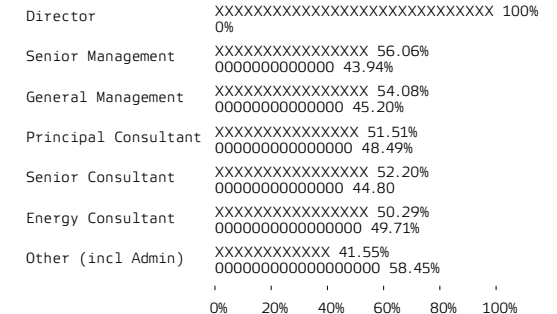
Number of Employees in Each Category (X=Male O=Female)



Employee Total Salaries by Ratio (X=Male O=Female)



Employee Average Salaries by Ratio (X=Male O=Female)



Performance and Review

Employees are regularly engaged in an informal two-way review process to obtain managerial feedback on their progress, and also for management to obtain feedback from employees. They also receive six-monthly and annual formal appraisals.¶

In YEMO7, Energetics' CEO, Tony Cooper, also asked the members of the executive team to provide a ranking of his performance in relation to specific criteria including:

- **Ability to motivate others;**
- **Change management;**
- **Coaching and mentoring;**
- **Communication (listening & speaking);**
- **Customer service;**
- **Negotiating;**
- **Performance management;**
- **Planning and goal setting;**
- **Recruitment, hiring and retention; and**
- **Stress management.**

All members of the executive team were also reviewed by fifteen random and anonymous staff on a number of criteria, as a team and individually, including:

- **Role / function of executive team members;**
- **Key performance indicators (KPIs) of executive team members;**
- **Visibility of executive team members and interaction / communication with staff; and**
- **Team work / customer service of executive team members.**

Feedback from these reviews has been analysed and in YEMO8, the executive team is working through a series of one-on-one and team coaching sessions with an external leadership professional to improve on criteria.¶

Company-wide Communication

Even though we are relatively flat in structure, we have recognised that the meetings, informal networks and conversations that have previously kept employees informed of the latest issues are no longer enough.¶

Over the next twelve months we will be increasing internal communication to ensure that the strategic direction and values of the organisation are understood and applied in all of our stakeholder relationships.¶

Our employees have told us that they would like more information from the executive level to help them play a major role in defining the strategy and direction of the company. As a result, Energetics has put in place a series of reporting and feedback mechanisms to give everyone a clear line of sight. The reporting and feedback mechanisms start at board and executive level and infiltrate all levels the organisation.¶

Over the next twelve months we will be increasing internal communication to ensure that the strategic direction and values of the organisation are understood and applied in all of our stakeholder relationships.

Employees partake in weekly team meetings in every location. Feedback or recommendations are communicated through these team meetings and discussed further at weekly regional manager meetings. If issues are not resolved at this level, the feedback is taken further to the weekly executive meetings and then to the monthly board meetings, where shareholders convene. On a monthly basis, there is a company-wide meeting where executives present on their areas of the business. All employees are asked to attend this meeting and encouraged to submit questions for the executive team.¶

Each executive team member also meets on a weekly or fortnightly basis one-on-one with the CEO for more detailed strategic planning sessions. These meetings help the CEO oversee management issues, risks, opportunities and compliance with all international standards.¶

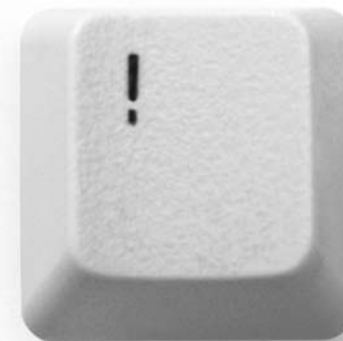
In addition to meetings, all employees are able to provide recommendations via performance reviews and general open-door consultation with the executive team and the CEO.¶

Training and Development

Our employees have told us that they would like more practical and professional training to help them maintain their employability in the growing market place, and to continue to be ahead of the game in the advice that they provide to our clients. Energetics has significantly increased its training and development budget. In the past year the increase has been an impressive 243% per employee.¶

In YEMO7, we did not have formal tracking systems in place to document employee hours spent on training. With the implementation of the new management information system, there will be records and statistics available for our next report.¶

Employees have highlighted that there are opportunities to capture and transfer intellectual property and knowledge across the team. The company is implementing a management information system, and other mechanisms, during YEMO8 to assist and take advantage of one of Energetics' core strengths: its people, their knowledge and intellectual property.¶



The production of hard-copy reports impacts directly on air pollution from pulping / processing plants e.g. release of Sulphur Dioxide & Nitrogen Oxide

An 'Organic' and 'Learning' organisation, Energetics provides a stimulating environment for personnel that are committed, energised and passionate about their careers, the environment and the industry. With innovation paramount to business success, employees are encouraged to regularly explore new solutions. Energetics is an equal opportunities employer with employees representing many different cultures and nationalities.■

Technical knowledge is crucial to Energetics success, and individuals with unique skills are regularly invited to share their expertise through team training sessions. The company supports employees undertaking specialised development courses and relevant qualifications. Currently there are three employees with PhDs, fifteen with Masters degrees, a large proportion with MBAs or double degrees, three employees that are Chartered Professional Engineers while the remainder hold appropriate degrees and/or diplomas.■

Technical knowledge is crucial to Energetics success, and individuals with unique skills are regularly invited to share their expertise through team training sessions.

In YEM07, the company employed two human resources professionals, and we recently employed a training professional within the HR department to formalise training and succession planning.■

Work-life Balance

Energetics' work culture is fun loving, hard working and motivating. While focusing on profitable outcomes, the company gives equal importance to the personal interests of staff and their families.■

The company is supportive of the many employees with family, sporting and personal commitments.

The company is family inclusive with events and activities organised to include partners (e.g. Christmas parties). Children are also frequently welcomed within our offices and there are systems in place allowing employees to work from home. Energetics has also adjusted some employee roles to suit particular family commitments.■

The company is supportive of the many employees with family, sporting and personal commitments. Some employees with families have negotiated part-time working hours and/or alterations to their job description to better fit with family commitments. Energetics has agreed to allow some staff to take extended leave for personal projects. For example, one employee recently took nine months leave to set up a business overseas, and another took extended leave on two occasions to represent Australia in Canoe Polo in Europe. Energetics also supports staff members who are active in charity events with donations. Six Energetics' employees (8%) have been with the company for over ten years.■

Working at Energetics

In order for the company to meet its annual targets, a formal tracking system measures weekly billing application rates of staff against individual and company targets. Responsibility is deferred to employees, with Regional Manager and Principal Consultant support, to meet individual targets.■

All employees are included in a financial rewards program based on performance metrics including individual sales targets, key performance indicators and overall company performance or EBITDA*. In 2000, Energetics also introduced the 6-Star Award for outstanding customer service to both employees and clients. Recipients are rewarded with a financial payment and a certificate that is displayed in Energetics' office foyer. Since its inception, fifty-three 6-Star Awards have been presented. In YEM07, 15 employees were awarded a 6-Star.■

The individual professional skills of its employees differentiate Energetics from larger environmental consultancies. Many employees are industry-leading specialists and recognised globally for their unique expertise. As a relatively small niche business, a key part of Energetics' brand and image strategy is to promote its highly qualified and experienced specialists, and balance this with the promotion of the company's award winning innovative services and products.■

The individual professional skills of its employees differentiate Energetics from larger environmental consultancies.

In the reporting period of YEM07, Energetics introduced a clause in all employees' Terms and Conditions of Employment that related to any form of corruption. During YEM07, no incidents of corruption were found. Any form of corruption found within Energetics would be taken extremely seriously and likely involve instant dismissal of active parties.■

Energetics offers employee benefits to cover all full-time and part-time employees. Benefits include:

- **Leave entitlements (pro-rata for part-time employees) e.g. Annual, Sick, Long Service and Parental;**
- **Staff Development; and**
- **Bonuses.**

Temporary employees are usually engaged for short periods of time, either to assist with unexpected workloads or specific projects. These employees are paid an agreed hourly rate and a recruitment agency is involved in helping to set market rates. As these temporary staff members or 'casuals' are paid directly by the recruitment agency, all regulatory staff benefits are provided through their agency wage.■

As required by Australian legislation, 100% of Energetics' employees are covered by a superannuation plan.■

Currently no employees are covered by collective bargaining agreements. No operations have been identified in which the right to exercise freedom of collective bargaining may be at risk.■

The minimum notice period required by either an employee or Energetics is dependent on the individual situation. Typically, one month's notice is required by Energetics (via redundancy), or an employee (via resignation). A notice period of one week would be required by either party during a set and agreed probation period. In cases where an instant dismissal is warranted by Energetics, no notice from Energetics is required. For situations where an employee is under-performing to their specific key performance indicators, the company takes the employee through a counselling process, and gives two written warnings before dismissal, should performance not improve.■

* Earnings Before Interest, Taxes, Depreciation and Amortisation

Occupational Health and Safety

Energetics takes the well-being and health of its employees very seriously. There have been no occupational diseases to date except for common colds and / or influenza. In YEM08, the company has committed to offering employees the influenza vaccination. There have been no recorded incidents of occupational diseases off-site.■

Energetics has yet to implement training regarding serious diseases. In line with other scheduled OH&S training, Energetics is committed to ensuring that all employees are fully trained in diseases in the workplace and at client sites.■

Energetics has remained fairly injury free to date. There have been no fatalities in the history of the organisation.

All employees working on client sites are trained in relevant State-compliant occupational health and safety codes. Courses meet State government regulations concerning induction training for the building and construction industry. Upon successful completion of the course, employees are legally qualified for entry to building and construction sites. In YEM07, there was only one incident where an Energetics employee recognised a site to be unsafe, and declined to conduct the commissioned audit until measures had been implemented to make it OH&S compliant.■

Currently, there are no committees established to investigate and monitor occupational health and safety issues. However, the committees will be formed in YEM08 and will consist of 50% management and 50% employee representatives.■

Energetics has remained fairly injury free to date. There have been no fatalities in the history of the organisation. Due to the minute number of injuries, there are no detailed health records except for sick leave and workers compensation leave accounts. Files on injury management will start to be collated for YEM08. Energetics experienced 2,119.1 hours of absenteeism during YEM07. Of these days, only three were utilised due to workers compensation leave. The remaining number of days was due to general sick leave.■

No Energetics' employees have notified the company of any union memberships so we have not yet liaised with any trade unions on health and safety topics.■

Recruitment of Employees

Recruitment remains a challenge for Energetics and is the biggest single issue affecting the company's successful growth. For YEM08 Energetics has entered into an agreement with a recruitment agency to manage all recruitment. The recruitment agency has placed one of its staff on secondment with Energetics, two days per week, to fulfil the company's overwhelming recruitment needs.■

Recruitment remains a challenge for Energetics and is the biggest single issue affecting the company's successful growth.

All senior management have been hired at a local level to date. Energetics has rarely recruited applicants who have already expressed plans of relocation. Recruitment records, however, indicate that applicants have not been asked to relocate as part of the conditions of employment.■

Staff are encouraged through a financial reward system to refer friends and family as potential employees. A Human Resources representative interviews all applicants before they are considered for a second interview (usually with the hiring manager or current position holder).■

An Equal Opportunities Employer

Details on minority groups or diversity have not been tracked in the past. Energetics is compliant with Equal Employment Opportunities (EEO) and employs a variety of different nationalities. In YEM07, there was no training held for employees on policies and procedures concerning human rights, though Energetics complies with Australian legislation on these matters.■

Our minimum entry-level wages are above the minimum wages payable in Australia and our employees are all paid at market levels.■

Whilst Energetics actively encourages a discrimination-free workplace, there were two instances of harassment in YEM07. Both instances were addressed in a confidential and fair manner between Human Resources, the line manager and the employees. There has not been any evidence of a re-occurrence. Energetics is committed to ensuring a harassment-free workplace and will be implementing additional strict policies on these issues to continually enforce Energetics' serious view on harassment.■

Key Stakeholder Groups: Our Customers

Energetics continues to work with Australia's top 200 organisations across most sectors and in partnership with government. The majority of the company's clients are large organisations with energy, green-house and / or sustainability reporting requirements.■

Some of the sectors that Energetics works with are: Government (Commonwealth, State and Local at agency and apparatus levels); industry associations; NGOs; construction; education; water and energy utilities; finance; food and beverage; health; manufacturing; mining; pulp and paper; packaging; printing; property; recreational; retail; telecommunications; transport; television and radio.■

Customer Engagement

We are constantly updating and improving our customer interaction. To promote continuous improvement Energetics has, for many years, been surveying clients on further ways to enhance our customer care. The feedback we obtain helps the company plan strategically and manage growth. Results are also used to monitor and improve performance at a company, divisional, regional and employee level. Feedback is also used in the staff appraisal process to improve personal service delivery.■

Through our monthly surveying process, clients have provided formal feedback on the delivery of our services and products. In the last financial year, attention was drawn to three key areas for improvement in our services:

- **Accuracy and clarity of reports;**
- **Understanding client objectives; and**
- **Delivery.**

The '**accuracy and clarity**' of reports have not met client expectations. To address this, we have improved our peer review process. The Energetics' structure has been altered to relieve senior staff of direct project management duties. This gives them more time to focus on quality results through a more robust peer review process, while also providing mentoring to staff. We are also investing in training for employees to improve their report writing skills.■

To improve our staff's ability to '**understand client objectives**', we introduced a series of key account management training workshops. However, we appreciate that such skills can only be improved when put into practice, so more junior staff now accompany senior staff to client meetings, ensuring that they can learn on the job. Clients have also recommended that more site visits and face-to-face communications would improve our ability to understand their objectives.■

One of our key indicators, '**Delivery**', refers to our ability to deliver on time and to meet client deadlines. We realise that this ranking is a direct reflection of the growth in our industry and the shortage of staff in some areas of our business. These staffing challenges place pressure on many of our leading consultants and compromise their ability to deliver many projects within short timeframes. As with YEM07, we are continuing to place urgency on recruiting the best people through YEM08 and are continuously seeking opportunities to improve our service delivery.■

Energetics also engages many of its largest clients in regular one-on-one feedback. Through this more informal feedback, our clients have also told us that they see us having a strong advisory role, helping them reduce their impact on climate change, not only in the direct services that we provide to them, but also in our ability to share relevant and timely market information with them. We continue to respond to our clients' needs for information and education through our strong informative and educational marketing initiatives providing stakeholders with sound, quality and timely advice around leading topics that are likely to impact on policy or business.■

In YEM07, Energetics took the decision to participate in the 2007 BRW - St. George Client Choice Awards. The BRW - St. George Client Choice Awards has established itself as Australia's leading measure of outstanding service provided by professional services firms. In many of the areas measured, Energetics outperformed other organisations in the consulting engineering category. We were proud to be declared one of 35 finalists from a total of over 100 eligible firms.■

We continue to respond to our clients' needs for information and education through our strong informative and educational marketing initiatives providing stakeholders with sound, quality and timely advice around leading topics that are likely to impact on policy or business.

Energetics is also using the customer feedback to improve our surveying methods to clients in YEM08. In addition, we have recognised the need to invest in the development of an online customer survey and will be completing this in YEM08.■

Building Customer Loyalty

A fundamental key to the success of Energetics' business strategy has been the growth of our Key Accounts. These are accounts that commission a number of different services throughout Energetics' business, with many having large sustainability programs that span a number of years. By strengthening these relationships, Energetics has secured a solid foundation from which to build on in the future. Within many of these relationships, Energetics is viewed as an extension of their business where clients can draw on a wealth of experience and expertise to respond to the many demands placed on them through climate change.■

A fundamental key to the success of Energetics' business strategy has been the growth of our Key Accounts.

Government clients have also utilised our advisory services to help define policy and regulation on the subject of climate change. As such, we are not only well positioned to help drive the political agenda on environmental sustainability through policy and regulation changes. We assist organisations to respond to these regulations as opportunities, not just compliance. In YEM07, Energetics did not provide financial or in-kind contributions to any political party.■

Educational & Informative Communication

The key to Energetics' marketing strategy is providing independent and topical market information to clients at key points throughout the financial year. This means that the company spends little on advertising, promotion and sponsorship as it sees maximum value in delivering its marketing campaigns through educational communications.■

On a regular basis (typically every month) Energetics sends a newsletter to its clients highlighting pertinent and up-to-date topics in the market. A 'broadcast database' has been set up as part of our website to deliver these communications to clients. Energetics' website is updated on a weekly basis with market information around topics such as greenhouse, environment, energy, National Energy Market and deregulation reforms, the renewables industry, international news on sustainability, water and business and the economy. ■

Key Energetics' specialists regularly attend and present at conferences. Energetics also runs informative events and briefings for clients and employees on relevant industry topics. In YEM07, we booked cinemas in Sydney and Melbourne to screen Al Gore's 'An Inconvenient Truth' to our clients, employees and their partners.■

We also hold educational seminars for our stakeholders. In YEM07, Energetics held two sets of briefings in Sydney and Melbourne to educate clients on the Federal Government's Energy Efficiency Opportunities Program and Carbon Markets. To help Energetics gauge what other topics clients would like to have us address in briefings, and also to identify areas for improvement when delivering the briefings, we regularly survey attendees.■

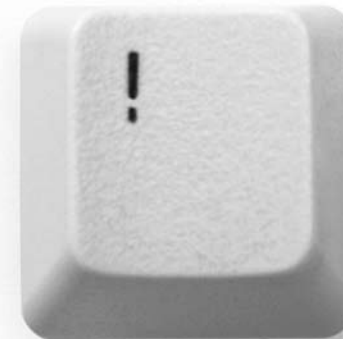
In keeping with anti-spam laws and regulations, all electronic communications with our stakeholders enables recipients to unsubscribe from our mailing list. In YEM07, only 0.02% of total recipients chose to unsubscribe from our database.■

Managing Client Reputation

For many of our clients, the enhancement of their company's reputation continues to motivate the implementation of sustainable business practice. We have non-disclosure agreements in place with many of our clients to ensure that, before we publish any information in the public domain, clients have the right to approve the release and content of that material.■

Energetics has upheld a long-standing clause in our standard terms and conditions of employment for all employees that prohibits them from disclosing any confidential information to any third party, including other Energetics staff who do not have a need to know, business competitors of Energetics or any other person (this includes media).■

To strengthen this condition, in YEM07, we also put in place a media policy that clearly stipulates to all employees their responsibility to protect client information in the public domain and to ensure that, if the opportunity should arise to publicly promote our clients, correct approval procedures are adhered to. In YEM07, there were no violations to any non-disclosure agreements.■



The production of hard-copy reports impacts directly on the consumption and contamination of water in the wood-chip pulping and bleaching processes. Pollution is of particular concern where chlorine is used for bleaching.

Key Stakeholder Groups: Our Shareholders

Energetics has 13 shareholders (excluding Accretion) that have chosen to invest funds in the company. The objectives for Energetics shareholders are:

- **Long term sustainable returns on investment;**
- **Demonstrated risk management practices;**
- **Transparent reporting mechanisms; and**
- **Sound dividend flow.**

Energetics shareholders remain independent in that, although they hold roles in management within Energetics, they exercise no extra power over high level board decisions for the company. Their roles as employees of Energetics and as shareholders of the company remain entirely separate.¶

In YEM07, a key decision of the shareholders was to forgo some profits to invest in the company's development of staff, systems and intellectual property to further enhance and differentiate the customer experience.¶

In the past, shareholders have been provided with an annual financial report. By producing the company's first sustainability report, it is hoped that further transparency is provided to shareholders on financial, environmental and social indicators.¶

Key Stakeholder Groups: Our Suppliers

The decision of any organisation to embark on managing its supply chain is a momentous one. New management systems and processes need to be implemented extensively, and robust agreements between contractors and suppliers are required to change the way in which the partnership operates.¶

Although Energetics began this journey in YEM07, at present not all suppliers have been assessed for their sustainable and human rights practices, though many have been asked to disclose their OH&S practices.¶

In YEM07, Energetics developed a procurement policy with guidelines and procedures for new and existing suppliers. Over the reporting period, we have developed preferred contractor forms and reviewed Energetics' major procurement elements.¶

In YEM07, Energetics developed a procurement policy with guidelines and procedures for new and existing suppliers.

Examples of where we have applied this policy over YEM07 include: insurance and superannuation, HP web-hosting, our travel agent, procurement of 80% recycled Australian-made paper and purchased equipment, such as recyclable projectors. We have also made some significant procurement decisions around the purchase of green electricity, carbon offsets and leasing greener facilities, where possible, to help reduce our environmental impact. (Further information on this is available in the environmental section of this report.)¶

A key area affecting Energetics' ability to improve some areas of environmental performance is the leasing agreement for our Sydney office space. In YEM07, we extended our Technology Services division into a further half floor, having outgrown the space on the main level. We are committed to our lease until 31st October 2009 and are bound to the terms of the lease agreement, e.g. 'make good' clauses at the end of the lease.¶

Our lease terms currently inhibit us from implementing some sustainable improvements, thereby preventing us from making our tenancy more environmentally efficient, e.g. lighting and water. We would like to be able to meet employee and client expectations for a healthier working environment and to operate out of a sustainable building. Though we have tried to influence our landlords in YEM07, we have had little movement in a direction that is sustainable for the future, or one that fits with our core values as an organisation. We have identified this as an impediment for our organisation to improve additional areas of our environmental sustainability.¶

No policy exists for preferring locally based suppliers, however of our suppliers in 2006/07 (by expenditure), the majority (87%) were based in New South Wales with the remainder based interstate in New Zealand or in the United States of America. Within the top 50 suppliers, over 95% of expenditure went to Australian-owned companies.¶

Key Stakeholder Groups: Our Business Community

We have listed our community stakeholders as they pertain to our operations, as industry associations where we have membership, and Non-Governmental Organisations:

- Tertiary Education Facilities Management Association (TEFMA)
- Energy Supply Association of Australia (ESAA)
- Australian Energy Performance Contracting Association (AEPCA)
- Energy Users Association of Australia (EUAA)
- Australian Water Association (AWA)
- Institute of Engineers Australia (IEAust)
- Facility Management Association (FMA)
- Environment Business Australia (EBA)
- Australian Business Council for Sustainable Energy (BCSE)
- Property Council of Australia (PCA)
- Australian Institute of Energy (AIE)
- Green Building Council of Australia (GBCA)
- Signatory to 3CBDs Greenhouse Initiative
- Signatory to Greenhouse Challenge Plus Programme
- Partner to Green Capital
- The Media

We have made strategic decisions to join these organisations as members or partners. Furthermore, a number of Energetics' employees sit on external committees for many of the associations listed below:

- **Our Marketing Executive is a formally nominated member of marketing committees for the GBCA (Green Building Council of Australia) and 3CBDs Greenhouse Initiative*.**
- **Our Principal Consultant, Sustainable Buildings is also on the technical steering committee within the GBCA.**
- **Our Practice Area Leader for Energy and Resource Efficiency is on the board of AEPCA.**
- **Our Executive Director and Founder of Energetics, is a Director of EBA and many of our employees are individual members of the Institute of Engineers, Australia.**

Educational & Informative Communication

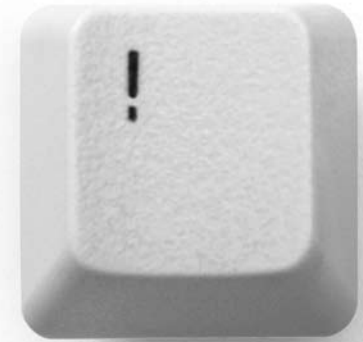
Energetics' relationship with the media follows an educational and informative communications strategy. Over the past three years we have built strong relationships with many leading climate-change journalists. They now regularly contact Energetics to gain comment from spokespeople on a range of subjects.¶

Over the past three years we have built strong relationships with many leading climate-change journalists.

We have recently begun monitoring our public relations value, and in the first quarter of YEM08 financial year, the company's PR Value reached a total of \$127,000 (the space obtained through editorial versus advertising). Energetics has been quoted on topics relating to sustainability in the following newspapers: The Australian Financial Review, The Australian, The Sydney Morning Herald, The Age and The West Australian.¶

Energetics has also received coverage in these magazines: BRW, WME, Ethical Investor, Fast Thinking, Virgin Blue's Voyeur, and many industry e-newsletters. To read recently published editorials, please visit our website: http://www.energetics.com.au/newsroom/media_releases.¶

* The 3CBDs Greenhouse Initiative is a partnership between City of Sydney, North Sydney Council, Parramatta City Council and the Department of Environment and Climate Change.



The production of hard-copy reports impacts directly on waste generation through manufacturing off-cuts, by-products & packaging e.g. ink cartridges.

Environmental Performance Indicators

Environmentally, Energetics continues to lead by example and 'walk the talk'. This is evident in our enduring active involvement in, and commitment to, a number of energy / greenhouse reduction programs (Energetics was the first energy / greenhouse consultancy to become a member of the Greenhouse Challenge Plus Programme in 1998), and our emissions intensity reduction since joining these programs.¶

Energetics was the first energy / greenhouse consultancy to become a member of the Greenhouse Challenge Plus Programme in 1998

While we have a relatively small environmental footprint compared to our clients, we have substantially reduced this footprint through the activities of Energetics' dedicated internal environmental team: the 'E-Team'. Some of the E-Team highlights over YEM07 include:

- **Purchasing 100% GreenPower™ for our Sydney and Melbourne offices (where we have direct control over the purchasing decision);**
- **Implementing energy efficiency measures;**
- **Implementing employee behavioural change campaigns across our major offices;**
- **Committing to becoming carbon neutral by YEM08; and**
- **Offsetting remaining emissions, including flights and waste.**

History of Percentage Greenhouse Gas Abatement

Over the last two reporting periods, Energetics has continued to grow significantly, not only in revenue, but also in personnel numbers, to keep up with the high demand from our market.¶

In YEM07, we recorded a 43.14% growth in personnel compared with a 24% growth in employee numbers over YEM06. This large growth has not only caused a higher utilisation of our offices but has also resulted in an expansion of Energetics' office locations. In YEM07, we increased our total operating space by 30.04%. This included the expansion of our Sydney office (132 Arthur Street, North Sydney) from Level 7 (L7) to include half of Level 11 (L11), and we began leasing office space in Perth.¶

Our electricity consumption in YEM07, relative to YEM06, has increased by 7.86% due to the personnel and operational space increases mentioned above. Despite this, the company's energy consumption per employee and per m² has decreased by 24.64% and 17.05% respectively. This decrease is the result of the implementation of energy efficiency and behavioural change measures alone.¶

With electricity emission reductions through our energy efficiency measures, and our GreenPower™ purchase (see 'Procurement of 100% GreenPower™ below), our total operational emissions have decreased by 35.07%, or 51 tonnes CO₂-e.¶

The following sections of this report describe the innovative programs responsible for our reduced operational emissions footprint in YEM07.¶

Energy Efficiency Improvements

Throughout YEM07, Energetics' E-Team has implemented a number of energy efficiency initiatives that have produced impressive results for the company's overall greenhouse emissions reduction. The activities implemented by the E-Team have predominantly taken place in our NSW and Victorian offices, where most of our Scope 2* emissions arise.¶

Throughout YEM07, Energetics' E-Team has implemented a number of energy efficiency initiatives that have produced impressive results for the company's overall greenhouse emissions reduction.

At the beginning of 2004, due to the growth in staff numbers at Energetics' Sydney office, we relocated from a highly energy efficient tenancy (the first tenancy to achieve a 5-Star ABGR** rating) to a less efficient tenancy that achieved an ABGR rating of 3.5-Star when first assessed in August 2005. It has been difficult for Energetics to improve the star-rating of its Sydney tenancy without undertaking major upgrades where we have a relatively short lease period. In contrast, our Melbourne tenancy achieved a 4.5-Star ABGR rating in February 2007.¶

Energetics' E-Team in Sydney and Melbourne has continued to identify and implement energy efficiency measures that have contributed considerably to our electricity related greenhouse emissions reduction.¶

Energy efficiency measures implemented in Sydney:

- **Purchased energy efficient data projector, photocopier and printers;**
- **Installed 12 light switches in all individual office areas (including the kitchen and storage rooms). This brings the switch count to 17 versus 4 prior to installation;**
- **Ensured power-save software was activated on all equipment;**
- **Installed a timer on the kitchen water boiler;**
- **Changed 50W halogen reception lamps to 35W lamps;**
- **Implemented flat-screen replacement; and**
- **Moved 'Save-it-Easy' light fittings from the boardroom to utilities.**

Energy efficiency measures implemented in Melbourne:

- **Purchased energy efficient printer and photocopier;**
- **Installed timers on the kitchen water-chiller and the hot water urn to alter operating hours;**
- **Reprogrammed office comprehensive lighting control system;**
- **Replaced two cathode ray tube computer screens with flat screens;**
- **Audited computers to ensure full shut down;**
- **Shut down photocopier out of operating hours;**
- **Installed sleep mode on new photocopier; and**
- **Trialled shutdown on fans in server cabinet.**

* Scope 2 emissions account for energy that is purchased from off-site (primarily electricity, but can also include energy like steam).

** Australian Building Greenhouse Rating.

Procurement of 100% GreenPower™

Through the use of Energetics' internal Strategic Energy Procurement services, Energetics negotiated a contract to purchase 100% accredited GreenPower™ for its Sydney (L7) and Melbourne offices*. This means that 100% of the electricity purchased directly by Energetics' Australian offices is GreenPower™. Energetics is also looking to help staff buy accredited GreenPower™ for their residential electricity consumption. In addition to energy efficiency measures, Energetics' GreenPower™ purchase in YEM07 has resulted in a cut to greenhouse gas emissions of 35.07% or 51 tonnes - equivalent to taking about 11 cars off our roads.¶

Energetics' purchase of GreenPower™ does not span the entire reporting period of YEM07 as we began purchasing GreenPower™ for Sydney (L7) in September 2006 and for Melbourne in December 2006. Consequently, our purchase of GreenPower™ does not completely eliminate our consumption of stationary energy that is generated from fossil fuels for YEM07. Because of this, and following the implementation of energy efficiency measures and the purchase of GreenPower™, Energetics chose to offset the remainder of its operational emissions through the purchase of credits from the Origin Energy and Bendigo Bank offset programs.¶

Procurement of Carbon Offsets

In total, Energetics purchased 331t CO₂-e offsets. This included conservative estimates of emissions from flights, taxis and waste. In addition, energy consumption per m² from offices where energy is paid directly to the retailer (Sydney L7 and Melbourne) was extrapolated to determine emissions for offices where energy is paid indirectly through leasing agreements (Perth, Brisbane, Sydney L11 and Canberra).¶

We do not have a percentage comparison to YEM06 data as this is the first year that we have calculated emissions associated with flights and waste.¶

Improvement in Waste Management

In YEM07, the company began monitoring paper consumption in its Sydney and Melbourne offices. Both offices implemented recycling facilities for paper and measured a consumption of 1.56 tonnes of paper and recycled 1.56 tonnes. As mentioned above, the company also purchases 80% recycled content paper.**¶

Municipal waste in all offices and from marketing events was also monitored in YEM07. Municipal waste generated in all of our offices equated to a total of 2.68 tonnes and 0.12 tonnes through marketing events held in Sydney and Melbourne. As this is the first year that we have tracked waste, we are unable to provide a percentage difference from YEM06.¶

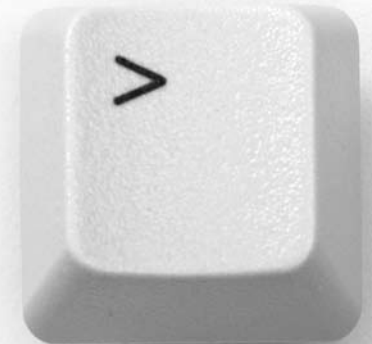
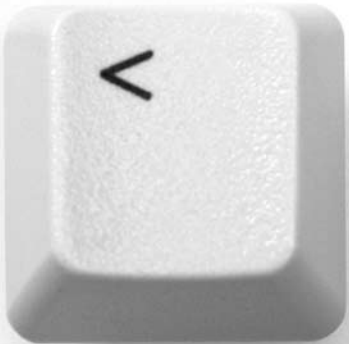
In YEM07, Energetics' L7 Sydney office trialled an indoor composting unit called 'Bokashi'. To date the system is working well and in YEM08 we expect to quantify municipal waste savings achieved due to the implementation of this system. The system will also be rolled out across select offices in YEM08.¶

Challenges with Water Management

In YEM07, Energetics' E-Team attempted to quantify a water-use baseline in its L7 tenancy in Sydney. To do this, the team explored the installation of sub-meters to determine water consumption arising from the company's largest area of consumption, the bathrooms. Due to old water pipes in the building, the landlord declined to take responsibility for maintenance and upkeep of the pipes if a fault occurred as a result of the installation of sub-meters. Therefore, without an accurate baseline we are unable to measure or quantify water savings made during the YEM07 reporting period.¶

* Sydney's L11 was not included in this purchase as we sub-lease this office space and, as such, do not have direct control over the purchasing decision.

** When researching 100% recyclable paper, supplies were available from UK or Sweden only. From the paper we do purchase, the 20% that is not recycled comes from Australian managed forests and includes off-cuts produced during the manufacture of paper rolls.



Behavioural Change Campaigns

When new and efficient technology is purchased, a large proportion of energy and emissions reduction is realised upon installation. However, many organisations do not recognise the further reductions that can be achieved by staff simply changing their behaviour in relation to the use of new technology.■

As such, Energetics' E-Team has set specific targets in relation to potential savings identified through behavioural change. Whenever the E-Team's technical specialists commit to installing new and efficient technology, that purchase decision undergoes a behavioural change screening to identify where additional savings may be achieved through behavioural change.■

Energetics' E-Team has set specific targets in relation to potential savings identified through behavioural change.

Thus, to achieve greater results in energy efficiency and waste reduction initiatives, the E-Team has introduced five behavioural change campaigns or 'E-Campaigns' throughout YEM07.■

The E-Team's 'Flick-the-Switch' awareness and behavioural change E-Campaign is a great example of encouraging staff to use new technology in order to achieve energy savings. In November 2006, Energetics installed 12 light switches in all individual office areas (including the kitchen and storage rooms) in Sydney (L7). To act as a 'prompt'* for staff to switch off lights when they are not occupying a room where a switch was installed, the E-Team mounted small laminated posters that read: "Flick the Switch".■

These posters were carefully positioned so as to be visible to staff members when leaving the room. Full E-Campaign posters were also placed around the office that read: "Don't be an Ostrich, Flick the Switch". By using 'norms'** the concept of an 'Ostrich' in this E-Campaign was adopted to encourage employees not to 'bury their heads in the sand' but to encourage their colleagues to behave in a more sustainable manner.■

All staff across Energetics (including interstate offices) were surveyed by the E-Team and asked to give their feedback on which campaigns were the most effective in changing their behaviours. A vast majority said that the "Flick the Switch" E-Campaign was the most successful and memorable.■

Energetics is using other E-Campaigns to increase office recycling, co-mingling and composting, such as the "Don't throw it out, sort it out" co-mingled recycling E-Campaign. Other campaigns included:

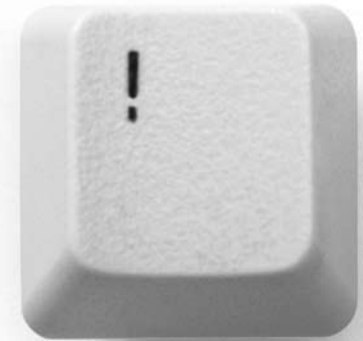
- "Don't toss 'em, squash 'em" to encourage employees to crush cans before throwing them into the co-mingled recycling bin;
- "Use Bokashi to digest the rest" encouraging use of the indoor composting unit;
- "Be a tree saver, recycle paper".

The E-Team has also used awareness posters to show employees the water savings that can be achieved by using the half-flush versus the full-flush option when flushing the toilet. The E-Team will implement robust water E-Campaigns throughout YEM08. Relevant E-Campaigns will also be rolled-out across all Energetics' major offices in the future.■

All E-Campaigns are accompanied by 'E-Facts' containing facts and figures in relation to the desired behavioural change. For example the 'Don't throw it out, sort it out' E-Campaign was accompanied by a separate poster with the E-Fact: "By recycling one aluminium can you are saving enough energy to run your television for three hours." Energetics made no environmental protection expenditures or investments through YEM07.■

* www.cbsm.com: 'prompts' are effective in reminding people to engage in sustainable behaviours.

** www.cbsm.com: 'norms' have a powerful influence upon the uptake of sustainable behaviour. They are used to encourage colleagues to look to the behaviour of those around them to determine acceptable behaviour.



The production of hard-copy reports impacts directly on the consumption of fossil fuels and subsequent release of greenhouse gases via electricity generation for manufacturing and printing processes, including manufacturing of inks, glues and paper and for transportation and distribution of raw, manufactured and waste materials.

Leading By Example

Energetics' corporate mission is 'to make a positive impact on the environment by supporting our business community to effectively manage their energy and related challenges'. Energetics prides itself on taking immediate action towards the reduction of its own greenhouse emissions, as can be seen by our active community participation including:

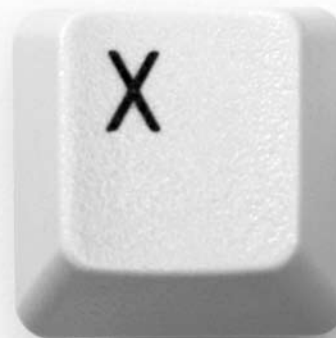
- **Signatory to the 3CBDs Greenhouse Initiative;**
- **Pre-selected by the Department of Energy Utilities and Sustainability to provide facilitation of Energy Performance Contracts to NSW Government Agencies;**
- **Board member of the Australasian Energy Performance Contracting Association;**
- **Signatory to the Commonwealth's Greenhouse Challenge Plus Programme since 1998;**
- **The first organisation to gain a 5-Star rating through the Australian Building Greenhouse Rating Scheme;**
- **Winner of four national energy awards;**
- **Winner of merit award from the Australian ICT Industry for EnTERPRIZE.EM®;**
- **Finalist in the BRW – St. George Client Choice Awards 2007;**
- **Finalist in Greenhouse Challenge Plus Award 2005 and 2007; and**
- **Finalist in Australian Small Business Champion Awards 2007.**

A number of Energetics' employees are also active on external committees for many industry associations.¶

Energetics lives and breathes its corporate values. As a team, all employees are committed to:

- **Customers as life-long partners;**
- **Providing partners with innovative and sustainable solutions;**
- **Delivering excellence;**
- **Respecting the experience and opinions of colleagues and partners; and**
- **Acting as an environmental role model for partners.**

The company's vision is to be recognised as the pre-eminent leader in Australian energy and related markets through innovation and the implementation of sustainable solutions.¶



Fines or Monetary Sanctions

During the YEM07 reporting period, there were no incidents of non-compliance with:

- **Regulations and laws;**
- **Regulations and codes of health and safety impacts;**
- **Regulations and codes for information and labelling;**
- **Laws and regulations concerning provision and use of products and services;**
- **Anti-competitive behaviour, corruption, anti-trust and anti-monopoly practices; and**
- **Advertising, promotion and sponsorship.**

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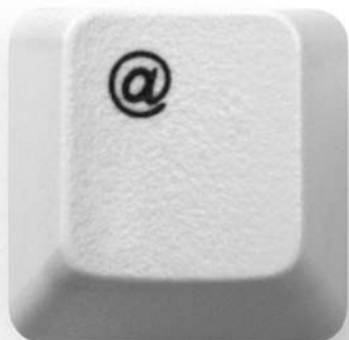
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www.energetics.com.au, which includes

a version of Energetics YEM07 Online

Sustainability Report.



The images in this report have been rendered using ASCII art. It is an artistic medium that relies primarily on computers for presentation and consists of pictures pieced together from the 95 printable (from a total of 128) characters defined by the ASCII Standard from 1967 and ASCII compliant character sets with proprietary extended characters (beyond the 128 characters of the 7-bit standard ASCII). The term is also loosely used to refer to text based art in general. ASCII art can be created with any text editor, and is often used with free-form languages. Most examples of ASCII art require a fixed-width font (non-proportional fonts, like on a traditional typewriter) such as Courier for presentation.

ASCII art had been originally developed around 1966, by computer-art pioneer Kenneth Knowlton, who was working for Bell Labs at the time. "Studies in Perception I" by Ken Knowlton and Leon Harmon from 1966 shows some examples of their early ASCII art.

One of the main reasons ASCII art was born was because early printers often lacked graphics ability and thus characters were used in place of graphic marks. Also, to mark divisions between different print jobs from different users, bulk printers often used ASCII art to print large banners, making the division easier to spot so that the results could be more easily separated by a computer operator or clerk.

The typeface used in this report is Etelka Monospace Pro by Frantisek Storm. It is a light weight Monospace font which saves on toner cartridges and is an extremely legible screen typeface.

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