



---

Victoria Power Networks

---

# Sustainability Framework

2022 — 2026





*This page: CitiPower crews working in the early morning to inspect and maintain pits and underground assets in and around Melbourne's central business district.*

# Table of contents

<b>CEO message</b>	<b>05</b>
<b>Strategic framework</b>	<b>07</b>
<b>Focus areas</b>	<b>08</b>
— Safe and equitable workplaces	
— Environmental and climate resilience	
— Empowering communities	
— Responsible governance	
<b>Our approach</b>	<b>18</b>

**We own and operate electricity distribution networks servicing 1.2 million customers while also enabling the renewable generation essential to transition to a clean energy future.**

CitiPower and Powercor distribute electricity across 65% of Victoria and are among the most efficient and lowest cost to customer suppliers in the National Electricity Market. CitiPower owns and operates the network that serves 334,000 customers in the central business district and inner suburbs of Melbourne. Powercor covers a service area including regional and rural areas in central and Western Victoria plus Melbourne's outer western suburbs, supplying electricity to around 868,000 customers.

Beon Energy Solutions (Beon) is a leader in the development of large-scale renewable energy generation nationally. The team has extensive expertise in designing, constructing and maintaining solar and wind farms, as well as developing electricity transmission infrastructure and assets.

Victoria Power Networks is 51% collectively owned by CK Infrastructure Holdings Ltd (CKI) and Power Asset Holdings Ltd (PAH). The remaining 49% is held by Spark Infrastructure. CKI and PAH are members of the Cheung Kong Group and these two companies are listed on the Hong Kong Stock Exchange.

*Cover image & this page: Beon team members on the roof of Crown Melbourne Entertainment Complex where they installed 300kW of solar generation.*

## CEO message



**Sustainability has always been the foundation of who we are as a business. The very nature of what we do demands that we take a long-term view to building and managing infrastructure that can sustain safe and reliable electricity services.**

This inaugural Sustainability Framework therefore provides an overview of how safety, environmental, social and governance considerations align with our corporate planning to ensure we meet the expectations of customers and a wide range of stakeholders.

It comes at a time when these expectations are changing rapidly. For CitiPower and Powercor, the transformation of the electricity market and consumer appetite for technologies such as solar, batteries and electric vehicles, positions our networks as a crucial gateway to a clean energy future. For Beon, demand for the construction of renewable energy generation has never been greater as support for emissions reduction targets grows.

We are committed to reducing our emissions and are forecasting a 30% reduction of carbon emissions from our network businesses by 2030.

Our Sustainability Framework consists of four priority areas for action:

- **Safe and equitable workplaces:** prioritising the health, safety and wellbeing of our people and the communities we operate within. This includes their physical safety and psychological safety which is nurtured through a comprehensive approach to Inclusion and Diversity.
- **Environmental and climate resilience:** proactively reducing the environmental impact of our businesses while also building network resilience to the effects of climate change and increasing cyber threats.

- **Empowering communities:** enabling customer choices for how they generate, store, use and sell energy to support the transition to a clean energy future.
- **Responsible governance:** sustaining our disciplined, risk-based approach to managing sustainability as part of our corporate governance and regulatory systems.



These focus areas directly align with the strategic framework that guides our businesses annually, illustrating the great extent to which sustainability is embedded in our culture, planning and operations.

In this way, sustainability is now shaping our continued transformation as a future focused and customer centric organisation that generates broad benefits for the communities we serve.

**Tim Rourke**  
Chief Executive Officer

**1.2**  
Million  
Customers



**98,116km**  
Of powerlines  
and cables

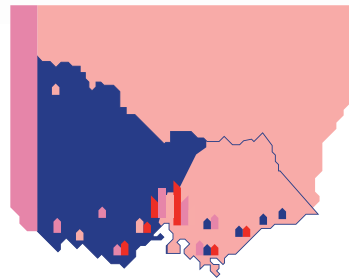


**188,881**



Customers with  
rooftop solar installed

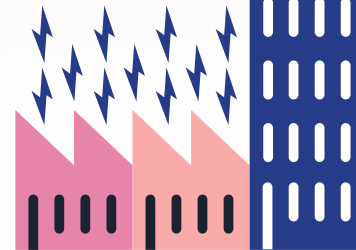
**145,808km<sup>2</sup>**  
Region supplied



**2,094**  
Employees

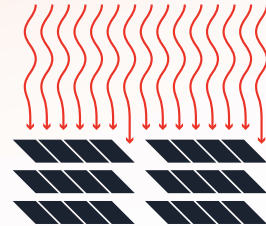


**16,076**  
Gigawatt  
hours  
distributed

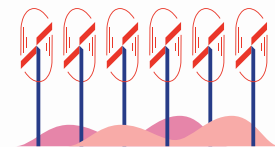


**2,291MW**   
Of installed renewable  
generation capacity on  
distribution networks

**1.9**  
Million



Solar panels  
installed in large-  
scale solar farms



**2,404MW**  
Of wind and  
solar projects  
constructed

# Strategic framework:

## Driving operational excellence

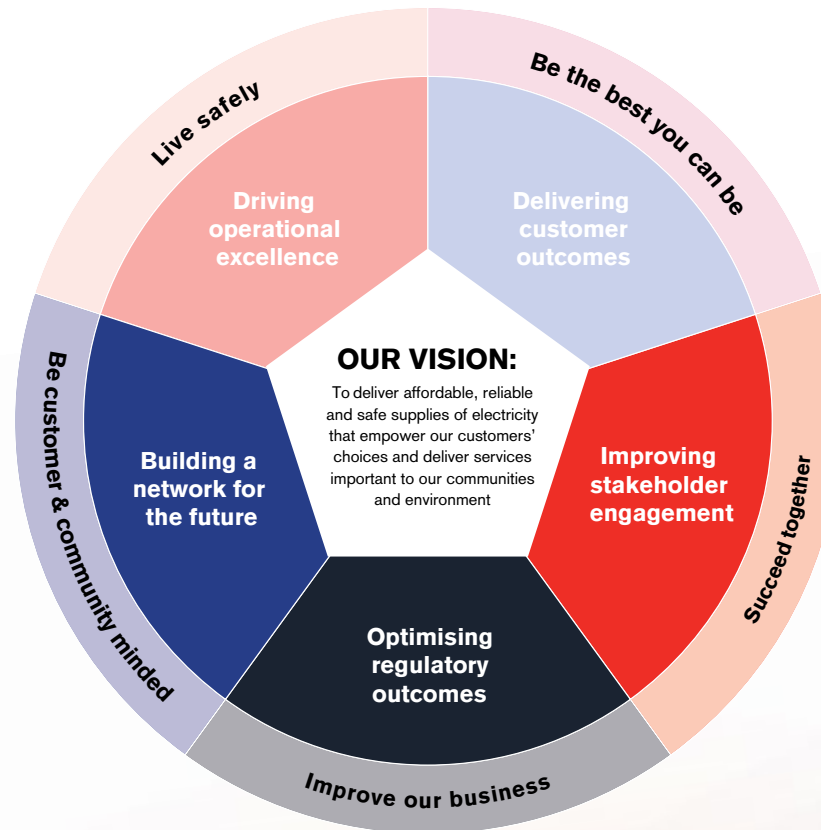
Our networks' operational performance is measured and incentivised by how well we sustain highly reliable electricity supplies. We assess network resilience by how many customers are impacted and the duration of unplanned power outages. We aim to minimise both these factors by continually improving asset design, inspection and management. Beon's expertise in the construction of renewable energy generation is known for its efficiency, quality of delivery and effectiveness in generating localised benefits through procurement and employment opportunities.

## Delivering customer outcomes

Our network customers tell us they value safe, reliable and affordable electricity supply most. Increasingly, they're also deciding to invest in new energy technologies based on a desire to reduce energy costs and their environmental footprint. Our networks perform a critical role as an enabler of these choices and distributor of renewable energy generated by our customers.

## Building a network for the future

The electricity market's transformation has seen the role of networks evolve from traditional supply services



*The corporate strategy for Victoria Power Networks is anchored by its vision and delivered through five key drivers of change and opportunity. How these are delivered is guided by our team's commitment to upholding five values. These define the behaviour expected of our high-performance culture.*

to a new responsibility as Distribution System Operator. While we're already performing these functions, we're investing in technology and innovation to expand our capabilities to meet the market's future needs. This includes seamlessly integrating all forms of distributed energy resources such as solar, batteries and electric vehicles.

## Improving stakeholder engagement

We listen to the needs and expectations of a broad stakeholder range, including customers, to ensure we deliver the right solutions while supporting communities and economic growth. Our approach to sustainability draws on an extensive body of research and analysis capturing this external input. Within our operations, engagement is embedded in our processes to respect the interests of customers and stakeholders including the First People of our land.

## Optimising regulatory outcomes

Our businesses are subject to an extensive range of regulatory and licence conditions including obligations to customers, the environment, our employees and communities as well as incentives for outstanding performance. Within the distribution networks, our cycle of five-year regulatory periods challenges us to anticipate and plan for future industry and market trends being driven by consumer demand and stakeholder interests.

## Focus area 1. Safe and equitable workplaces



**Zero fatalities or significant incidents**



**25% of the workforce are women**



**75% satisfaction with inclusion and diversity outcomes**

The health, safety and wellbeing of our people, and the communities in which we operate, is at the core of our values and remains our number one priority.

Our robust and internationally certified health and safety management system defines a broad range of initiatives, which supports all employees returning home safely every day. It includes:

- The development and management of safe working procedures.
- Diligent identification of hazards and risks and attention to learning from hazard reporting, safety incidents and near misses.
- Equipping leaders with the resources necessary to promote safe behaviours.
- Extensive learning and development programs to build capability and address the human factors that can lead to safety incidents.





Madi Whyte, Lineworker and winner of the Most Outstanding Apprentice Award, Northern Region, 2021.

Following challenges associated with the COVID-19 pandemic, an even greater emphasis is now being placed on promoting mental health and wellbeing, whilst maintaining our dedication to reducing serious and preventable safety incidents.

In 2021, our Inclusion and Diversity Strategy was expanded from a gender equality focus to also consider Aboriginal engagement, flexible working conditions and inclusion for LGBTIQ+ communities, cultural diversity and people who identify with a disability.

This aims to create an organisation where all our people feel valued, trusted, authentic and have high levels of psychological safety. We will measure the success of this strategy through our annual Employee Opinion Survey (EOS) which tracks employee satisfaction.

### Material issue: Workplace health and safety



The health, safety and wellbeing of our people is our highest priority.

Measure	Baseline 2019	Target 2026
Fatalities	0	0
Significant (high potential) incidents	3	0
Employee satisfaction re wellbeing and mental health (EOS)*	N/A	75% favourable

### Material issue: Workplace equity



We are committed to a diverse and inclusive work environment in which people treat each other with dignity and respect.

Measure	Baseline 2019	Target 2026
% females in employment	21.3%	25.0%
% females in management roles	15.0%	22.0%
Inclusion and Diversity Index outcomes (EOS)**	N/A	75% favourable

N/A: Not applicable as these questions were not part of the 2019 Employee Opinion Survey

\* Wellbeing and mental health: A specific question on satisfaction with the programs and benefits provided to help maintain wellbeing and mental health was introduced in the 2021 Employee Opinion Survey. \*\*Inclusion and Diversity Index: A series of 8 questions covering a range of related matters was introduced in the 2021 Employee Opinion Survey.





## Focus area 2. Environmental & climate resilience

As local and state governments and communities commit to achieving net zero emissions by 2050, we are also implementing strategies to reduce emissions from our operations.

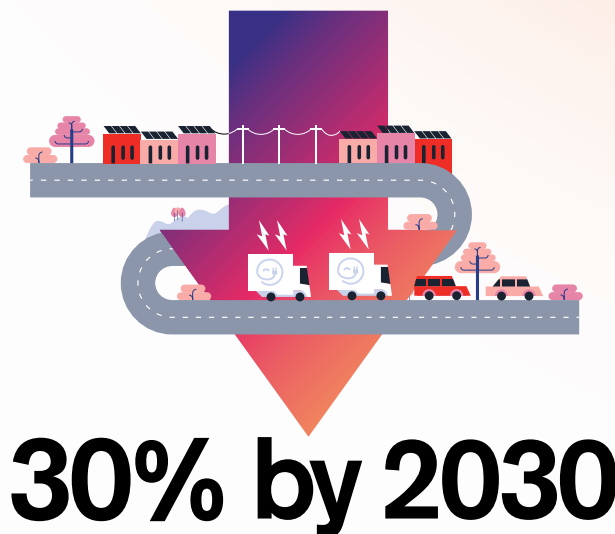
Our target is to achieve a 30% reduction in carbon emissions by 2030 compared to 2019 levels.

Distribution line losses from our networks are the source of 89% of our carbon emissions. By enabling greater penetration of residential rooftop solar as well as large-scale renewable connections, the CO<sub>2</sub> associated with each unit of electricity we distribute falls.

In addition, we're reducing the environmental impact of our operations through improved network efficiency, environmental protection initiatives, waste and recycling and adoption of Zero Emissions Vehicles.

Meanwhile, the resilience of our networks to the impacts of climate change is a high priority. The regions we operate in are characterised by high bushfire risk and susceptibility to climate change impacts such as extreme wind and storms and rising sea-levels.

Our asset management plans provide a long-term approach for how we invest in and manage our infrastructure in this context. Increasingly, they depend on technology for control operations, despatch, communications and supply chain management, making a rigorous cyber security program essential for sustaining our businesses.



**Reduction  
in carbon  
emissions  
on 2019  
levels**



**Performance  
better  
than  
regulated  
standards**

From a customer perspective, the benefit of this work is felt in highly reliable power supplies. We aim to reduce both the number of customers affected and the duration of any power outages occurring due to either planned works or unplanned reasons like animals or vegetation hitting the lines.

This is reflected in targets set annually for our networks by the Australian Energy Regulator. Each year, we aim to outperform the targets set by the regulator. These targets vary by network and reflect the differences between a rural network where the average powerline is 137km long in Powercor, and CitiPower’s metropolitan network with shorter powerlines and supply systems with a double backup in place.

### Material issue: Network resilience



We design, augment, maintain and manage our networks to maximise their resilience to the effects of climate change and to sustain high levels of supply reliability for our customers.

Measure	Baseline 2019		Target 2026	
	Powercor	CitiPower	Actual:	Regulated target:
Outperform targets for average minutes off supply per customer for unplanned outages (SAIDI)*	<141.0 mins	<28.5 mins	122 mins 21.6 mins	Powercor: <124 mins CitiPower: <24.7 mins
Number of critical cyber security breaches on our networks’ operational technologies	Zero breaches		Zero breaches	

\*SAIDI - System Average Interruption Duration Index – Targets for the 12-month average power outage duration for each customer as regulated by the Australian Energy Regulator. The targets and actuals represent aggregated results as they are measured by variables including whether they relate to urban, regional or rural feeders.

### Material issue: Climate change



We are committed to reducing carbon emissions to actively contribute to achieving net zero emissions targets.

Measure	Baseline 2019	Target 2030
Reduce both direct and indirect carbon emissions including distribution line losses as reported through the National Greenhouse and Energy Reporting (NGER) scheme.	1.2m tCO <sub>2</sub> -e	30% reduction by 2030

### Material issue: Environmental protection and resource conservation



We execute an internationally certified program of works through which we comply with legislative obligations and govern a program of work to manage, and where possible reduce, our impact on the natural environment.

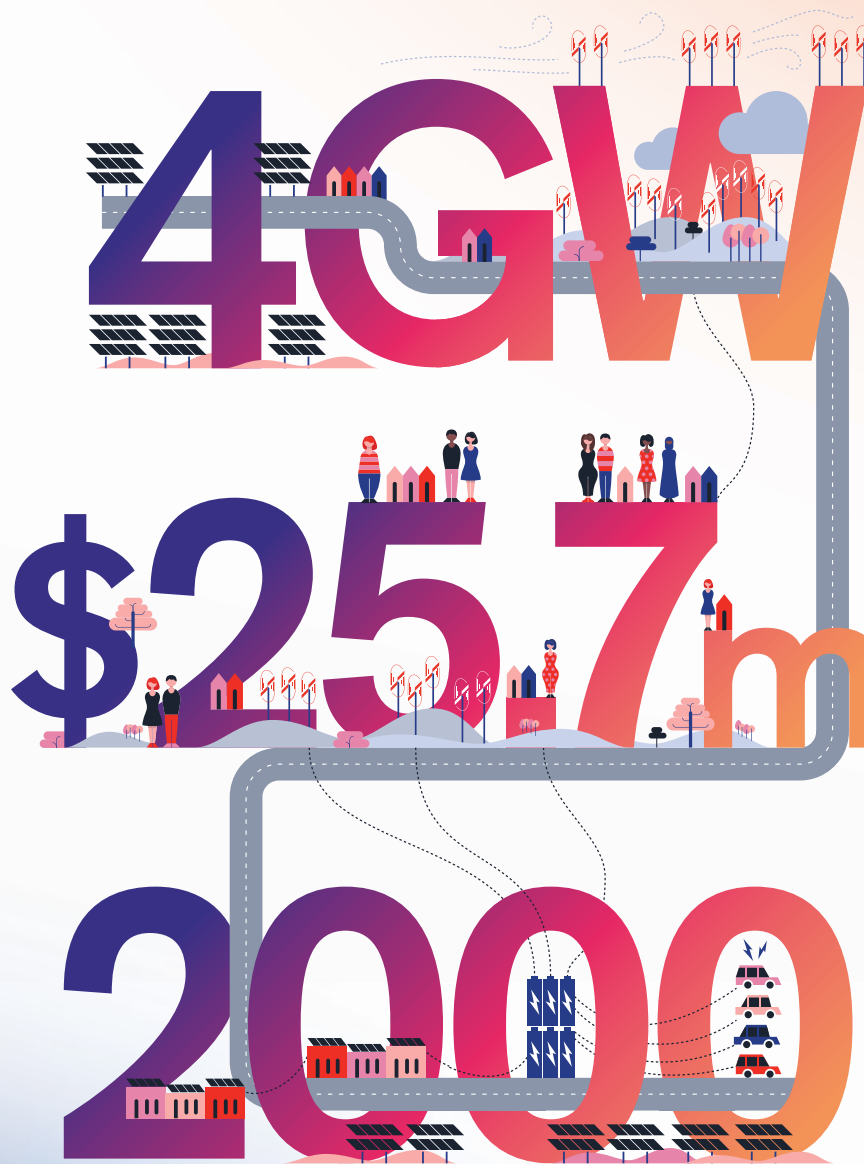
Measure	Baseline 2019	Target 2026
ISO14001 Environmental Management System certified	Certified	Certified

## Focus area 3. Empowering communities

Emerging products and technology are offering new choices for all customers – residential, commercial and industrial – in how they generate, store, use and sell energy. This has a significant influence on how we plan and manage our network operations.

The rapid increase in the proportion of customers with rooftop solar systems remains the dominant trend as customers seek to lower electricity bills, have greater energy independence and help the environment.

However, the emerging uptake of new energy-efficient appliances, energy storage options, electric vehicles and community-based energy projects, as well as government strategies to promote greater electrification of homes, fleets and industries, are all impacting on the supply and demand for electricity on our networks.



**Installed capacity  
of renewable  
energy generation  
on our networks**

**Invested in  
enabling customer  
choice and  
innovation**

**Customers  
participating in  
energy literacy  
education each  
year**



Customers in Melbourne's western suburbs (Hobson's Bay pictured) were the greatest contributors to a 16% increase in rooftop solar installations in Powercor in 2021.

To ensure the opportunities arising from this are fairly and equitably accessible to all customers, we support programs to build the energy literacy of customers, including those who are either financially or culturally vulnerable.

As part of our strategic drive to build a network for the future that enables these customer choices, we are investing in industry leading technology and innovation. This includes unique community-battery trials, the use of drones for aerial asset inspections, new forms of covered conductors for use in harsh conditions, and Rapid Earth Fault Current Limiters (REFCLs) that form a safety switch for high bushfire risk areas. We are also investing in technology and data management systems to support our expanding role as Distribution System Operators within the National Electricity Market.

From an operational perspective, our businesses also demonstrate the value of being customer and community minded by respecting the safety and interests of local communities including the First People of our land, and maximising our economic contributions through local procurement, employment and training.

### Material issue: Enabling customer energy choices



We enable choices in new technologies which help customers to manage their energy and empower them with knowledge to make the most of their investments.

Measure	Baseline 2019	Target 2026
Total installed capacity of renewable energy generation on our networks	1.75GW	4GW
Customer participation in energy literacy programs	292	2000 per annum

### Material issue: Electrification and innovation



We invest in innovation that enables greater electrification of our communities and the integration of distributed energy resources in all their forms.

Measure	Baseline 2019	Target 2026
Value of network and technology investments in innovation	\$4.0m	\$25.7m (over 5 years)

## Focus area 4. Responsible governance

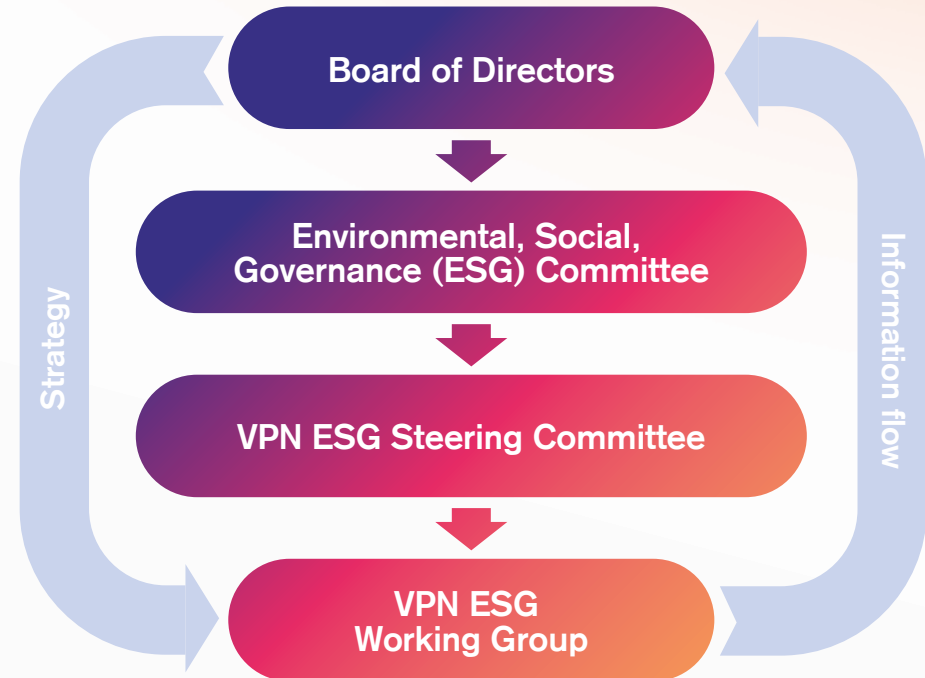
The Victoria Power Networks Board of Directors has overall responsibility for corporate governance and strategic direction for the businesses including our performance in sustainability. Working with the executive and senior management, it also helps ensure appropriate policies, procedures and systems are in place to manage risk, optimise business performance and maintain high standards of ethical behaviour and legal compliance.

All business risks, including sustainability related risks, are assessed, prioritized and managed under our internationally certified Enterprise Risk Management Framework.

The material issues and metrics defined by our Sustainability Framework are directly relevant to identified business risks and established policies. This is one of the ways we ensure sustainability related risks are identified, assessed, monitored, managed and reported.

This Sustainability Framework was approved by the Executive Management Team and the VPN Board.

The implementation of this framework is led by our Head of Health, Safety and Sustainability in collaboration with executive from across the business through the VPN Environmental, Social and Governance (ESG) Steering Committee. They will conduct an annual review of the materiality assessment, strategic measures and targets, coordinate the reporting on actions executed and results, and inform reporting to the Board ESG Committee on both progress and any recommended updates to our approach.





## Enterprise risk management framework

Risk	Policy
Catastrophic bushfire	Bushfire Mitigation Policies
Bushfire claims	Bushfire Risk Management Manual
Business continuity	Business Continuity Management Framework Manual
Environmental damage	Environment Policy
Health and safety	Health and Safety Policy
Information technology	Disaster Recovery Policy, IT Security Policy
Asset management	Asset Management Policies, Asset Maintenance Policies
Procurement	Purchasing and Procurement Policy, Modern Slavery Statement

### Material issue: Financial, risk and corporate governance



We maintain high standards of governance to monitor compliance with financial, legal and other obligations, and that we meet the expectations of our stakeholders in line with our policies and values.

Measure	Baseline 2019	Target 2026
Board and ESG Committee oversight of risk and compliance framework	5 Board meetings	5 Board meetings and 4 ESG Committee meetings annually
Holding our employees accountable to our values and Code of Conduct	Annual performance management process	Annual performance management process



*System Controller, Kane Osborne, in the Network Control Room which supports the safety of field operations, fault and emergency response to deliver high reliability for customers.*

## Our approach

**Sustainability is a critical consideration in how we responsibly manage our business. Accordingly, every operational and functional unit has a responsibility to integrate sustainability in their work practices, projects and programs.**

During 2021, we conducted a robust process to develop this inaugural Sustainability Framework through a working group that comprised of representatives from all business units.

Their first step was an extensive body of research and analysis to identify the needs, interests and priorities of our shareholders, customers and stakeholders. This involved the following actions:

**Consultation:** Engagement with external stakeholders to understand their views; bespoke customer research into priorities, trust and customer experience; and the outcomes of our Employee Opinion Survey.

**Research:** Desktop review of state and federal government policy and programs relevant to our sector and published references by third parties including consumer advocacy groups to reveal industry expectations.

**Benchmarking:** To understand the issues targeted by peers in Australia and the United Kingdom.

**Collaboration:** Participating in industry forums where ESG or sustainability policies, best practice approaches and global indices were discussed.

Discussions involving executive and leaders from across our business reviewed the material issues arising from this research against the priorities for our business, to define our four focus areas, actions and targets.

The time horizon for the achievement of our targets is 2026 unless otherwise stated. This aligns directly with the current 5-year plan for the business and our regulatory period as a distribution network service provider. Baseline data has been drawn from 2019, as recent performance has been influenced by the pandemic and therefore may not be an accurate representation.

An annual report on our sustainability performance will be issued publicly. We welcome feedback and input as this will support us to deliver on our objectives and continue to meet the needs of our customers, communities and other stakeholders.

Tennant Reed, Principal National Advisor, Australian Industry Group and member of our Customer Advisory Panel taking part in a meeting from his home office.



## For further information visit:

 [www.powercor.com.au](http://www.powercor.com.au) - [www.beon-es.com.au](http://www.beon-es.com.au)

 CitiPower and Powercor Australia

 CitiPower and Powercor

 Beon Energy Solutions

 @PowercorAust

 citipowerpowercor