
Victoria Power Networks

Sustainability Report

2023



NEW! COMPROMISE
health & safety





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About this Report

We are pleased to present our 2023 Sustainability Report for Victoria Power Networks. This report outlines material Environment, Social and Governance (ESG) risks and opportunities, our actions to address them, and our performance against the priorities and targets committed to in our *Sustainability Framework 2022-2026*. The framework outlined four ESG focus areas: safe and equitable workplaces, environmental and climate resilience, empowering communities and responsible governance.

The reporting boundary of our sustainability performance includes all operations in our control in the calendar year 1 January 2023 to 31 December 2023, unless otherwise noted. All financial data is presented in Australian dollars unless otherwise noted. Reference to 'VPN', 'the Company', 'we' and 'our' are to Victoria Power Networks Pty Ltd.

We prepared this report for all stakeholders with an interest in our business in line with global standards for disclosures on an annual basis. We welcome feedback and invite comments or enquiries to be sent to community@powercor.com.au.

Acknowledgment of Country

VPN acknowledges and respects the Traditional Owners as the original custodians of the lands and waters where we operate. We recognise First Peoples' unique rights as Traditional Owners and thank all Traditional Owners for continuing to care for Country and their deep spiritual connection to it. VPN honours Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

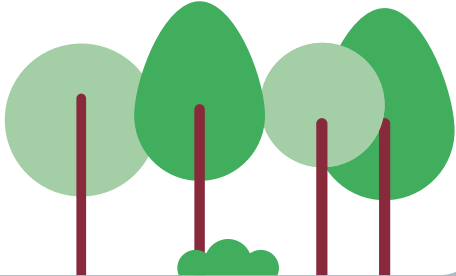
2023 highlights from our sustainability journey



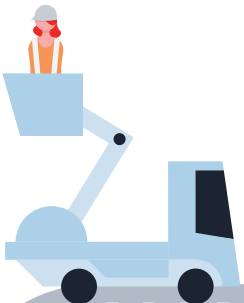
0 fatalities

25%

reduction in carbon emissions since 2019



Updated **modern slavery statement** adopted



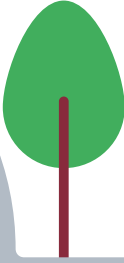
23%

women in management



Network climate resilience

plan developed



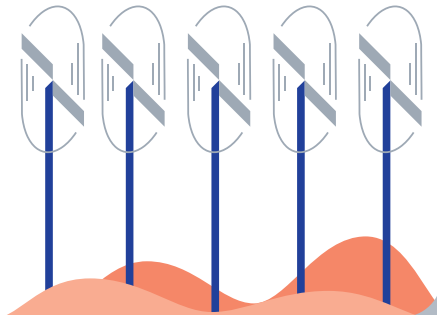


86% employee satisfaction with inclusion and diversity

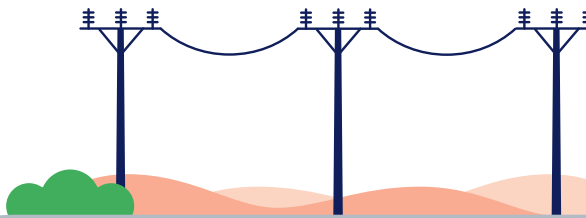


\$18.4 million

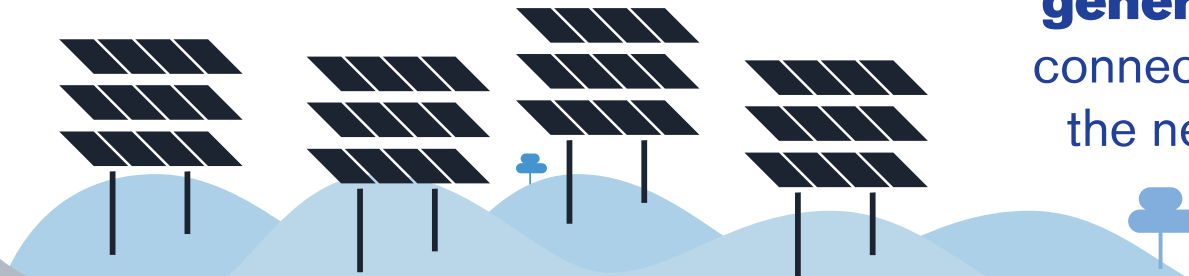
invested in technologies supporting the energy transition



83% employee satisfaction with health and wellbeing programs **up 4%** on last year



2.64 GW of renewable generation connected to the network



Leadership message



Tim Rourke
Chief Executive Officer



Peter Tulloch
Chairman

We are pleased to present Victoria Power Networks' 2023 Sustainability Report.

We provide this update at a time of rapid change in Victoria's energy landscape. As generation, distribution and consumption are transformed for a low emissions future, we are working closely with a wide range of stakeholders to help facilitate the transformation.

The growth of renewable energy, cost-of-living pressures and changing customer expectations are creating challenging conditions for businesses like ours. Against this backdrop, we are proud to report significant progress towards our *Sustainability Framework 2022–2026* targets. While we celebrate these achievements, we recognise there is more work to be done.

In this time of significant change, we have listened to our stakeholders and updated our material issues assessment to reflect their changing priorities. We will continue to reassess these priorities annually to meet evolving expectations and ensure our work is as targeted as possible.

We know that the last year hasn't been easy for many of our customers. To understand the challenges they face, we engaged people from across our networks as we develop our proposal for the 2026-31 regulatory period. From a First Peoples forum on Yorta Yorta country, to consultations with regional, rural and commercial customers, we heard that energy affordability and equity are standout issues. These insights reinforce our continued focus on delivering safe, reliable and affordable energy to the 1.27 million Victorian homes and businesses we service.

We pride ourselves on representing value for money. In fact, CitiPower is one of the most affordable networks in the National Electricity Market charging \$385 per annum in typical residential network charges, while Powercor is the most affordable network servicing regional and rural areas at \$491. In comparison, the New South Wales distributors charge households an average of \$624 annually, a 27% increase on Powercor's current fees. We want to ensure that no one is left behind as the energy transition progresses.

Now that net zero emissions targets have been legislated at a state and federal level, we have collaborated with government, other networks and the broader energy industry to facilitate the technological and system improvements to reduce emissions.

This year, we are pleased to announce a 25% reduction in Scope 1 and 2 emissions, and meaningful gains to the benefits and options we provide to customers as they connect rooftop solar, electric vehicles and other home energy assets to our networks. This was achieved with 2,641MW of renewable generation directly connected to the CitiPower and Powercor networks at the end of 2023, including 988MW of residential rooftop solar across 23,792 installations.

At its February 2024 meeting, the VPN Board endorsed a commitment to net zero Scope 1 and 2 emissions by 2050. Whilst the dependencies that underpin it were acknowledged, the Board supports management in making this commitment in support of Federal and State Government objectives and for the benefit of the communities in which we operate.

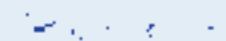
Recognising that improving our sustainability extends beyond reducing our environmental impact, we are pleased to report that our commitment to creating a welcoming and inclusive workplace is delivering benefits for our people. As we expand the range of activities on offer, our employees have reported record levels of satisfaction in our annual employee opinion survey.

This focus on inclusion and diversity is improving the way we engage with First Peoples. In 2024, we look forward to releasing CitiPower and Powercor's inaugural Reconciliation Action Plan. This important milestone will facilitate improvements in the way we recognise First Peoples, build mutually beneficial relationships and engage with communities as we operate and modernise our assets.

We appreciate you taking the time to read our Sustainability Report and look forward to sharing our progress on these initiatives over the year ahead.



Tim Rourke
Chief Executive Officer



Peter Tulloch
Chairman

About Victoria Power Networks

Victoria Power Networks (VPN) is the consolidating parent of the group of companies that owns and operates two regulated electricity distribution networks, and offers unregulated energy solutions to customers.

CitiPower – the distribution network for Melbourne’s central business district and inner suburbs which boasts the highest customer density in the country. In the National Electricity Market, CitiPower ranks second for total productivity and is the lowest cost electricity network for customers based on network charges for residential customers approved by the AER for the 2023 financial year.

Powercor – the distribution network for regional and rural communities in western and central Victoria and Melbourne’s outer western suburbs. The diversity of this region ranges from some of the fastest growing urban communities in Victoria to sparsely populated agricultural districts and some of the state’s most prospective areas for renewable energy generation. Powercor is the leading rural distribution network in the country based on both low costs to customers and expenditure efficiency.

Energy Solutions (trading as Beon) – a leader in the development of large-scale renewable energy generation, as well as electricity transmission infrastructure and assets.

Our teams are located across Melbourne and western Victoria, with 14 depots accommodating field-based teams and a corporate head office in Melbourne.



Key facts

CitiPower and Powercor

Number of employees: **2,083**

Number of customers: **1.27 million***

Total area serviced: **145,808 km²***

Length of distribution network: **82,033 km***

Number of poles in network: **660,251***

Power distributed: **16,446 GWh****

Beon

Number of employees: **138**

Total renewables constructed: **1.2 GW**

* Figures as at June 2023

** July 2022 - June 2023

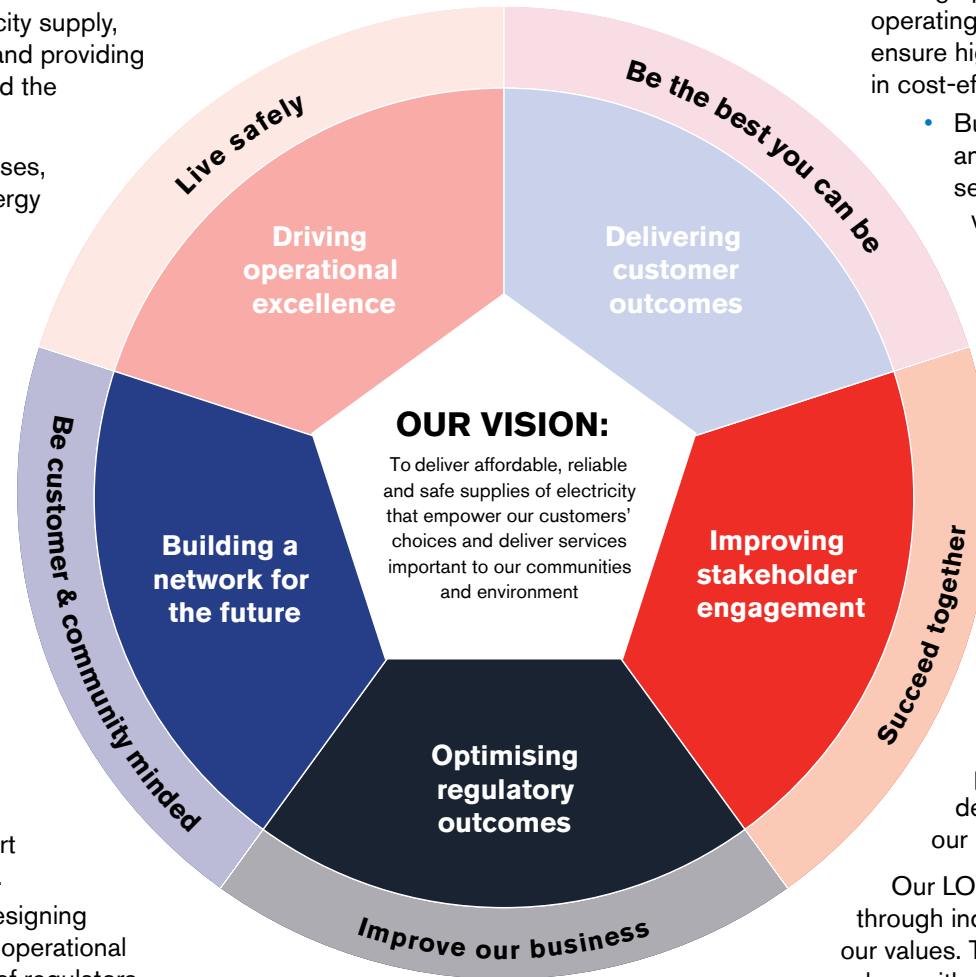
Our vision and values

Our corporate strategy is anchored by a vision to deliver an affordable, reliable and safe electricity supply, while empowering customer choices and providing important services for communities and the environment.

This vision has evolved as our businesses, and the role of our networks in the energy supply chain, have transformed. With customers at the centre of what we do, we balance our traditional role providing reliable electricity with our emerging responsibility to enable a clean energy future.

Five strategic drivers form the basis of our corporate planning:

- Delivering customer outcomes: continually improving our service standards and resources to enable customer choice and make it easy to work with us.
- Improving stakeholder engagement: listening and responding to the needs of all customers and stakeholders, so we can deliver solutions that support communities and economic growth.
- Optimising regulatory outcomes: designing financial plans in collaboration with operational teams to balance the expectations of regulators, shareholders, customers and stakeholders.



- Driving operational excellence: efficiently operating and maintaining our network to ensure high standards of reliability and safety, in cost-effective ways.
 - Building a network for the future: evolving and adapting our infrastructure and services to enable emerging technologies, while remaining competitive in the local market.

In working to achieve business objectives, our teams are united under a commitment to five key values that define the behaviours that ensure our high-performance culture. They are:

- live safely
- be the best you can be
- succeed together
- improve our business
- be customer and community minded.

Each year we reward those whose performance is an outstanding demonstration of our values through our Living our Values Awards (LOVA).

Our LOVA People of the Year are recognised through individual and team awards for each of our values. The alignment of our strategic drivers and values with our Sustainability Framework is evident in many of the outstanding achievements recognised under the LOVA program.



Our approach to sustainability

Our *Sustainability Framework 2022-2026* outlines four focus areas. They are based on internal strategic priorities and the perspectives of external stakeholders, which are revealed through a range of engagement activities.



Safe and equitable workplaces

Prioritising the health, safety and wellbeing of our people, and the communities in which we operate.



Environmental and climate resilience

Proactively reducing the environmental impact of our business while also building network resilience to the effects of climate change.



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.

The framework was approved by the Executive Management Team and endorsed by the VPN Board. The implementation of the framework is led by our Head of Health, Safety and Sustainability in collaboration with executives from across the business through the VPN Environmental, Social and Governance (ESG) Steering Committee up to the Board of Directors (refer to responsible governance on page 42).

The alignment of actions under the framework with the business strategy is further embedding sustainability into our core business activities. Similarly, the material issues and committed metrics defined by our framework are directly relevant to identified business risks and established policies. This process enables sustainability related risks to be identified, assessed, monitored, managed and reported.

Materiality assessment

Material issues initially identified in 2021 have been reassessed as part of an annual process of review. This seeks to track changes in previously identified issues and identify any new issues within our macro environment that are of high interest to our stakeholders or our business.

The 2023 review incorporated desktop analysis, internal discussions, and the findings from extensive engagement with stakeholders as part of our networks' Electricity Distribution Price Review (EDPR) process. In particular, the material issues analysis has for the first time considered direct input from First Peoples' communities, advocates representing customers in vulnerable circumstances and commercial and industrial customers.

These inputs included:

- finance sector feedback in relation to developments in the International Sustainability Standards Board (ISSB) Standards
- reports on the supply chain for large scale solar panels, including componentry sources and production process sustainability
- changes to the Security of Critical Infrastructure Act 2018 in light of privacy breaches and cyber attacks reported in Australia
- findings from Customer Advisory Panel events and customer workshops, surveys of community members, and engagement with consumer advocates and the Victorian Government

- federal legislative change and regulatory action to incorporate emissions reduction within the National Electricity Objectives
- Victorian and Commonwealth Government consultation on topics associated with the energy transition, including the Australian Energy Regulator (AER) Gamechanger report on vulnerability and state engagement on electrification, system security and network resilience
- results of direct engagement with First Peoples' communities to inform the Reconciliation Action Plan, including feedback received through the CitiPower Powercor First Peoples' Advisory Committee established in 2023
- corporate reporting under the National Strategy to Achieve Gender Equality and Women's Economic Equality Taskforce
- questions received during the year from investors and other interested parties in relation to various sustainability-related topics.

This comprehensive review has not identified any new material issues that need to be considered in our planning. However, there have been two significant changes.

Firstly, five topics are now rated as having a higher level of materiality than the previous assessment, reflecting a general uplift in expectations and interests among stakeholders. As a result, the commentary in this report has an expanded focus on these issues. The issues are summarised in Table 1:











- Financial, risk and corporate governance is now rated as increasingly material.
- Enabling customer energy choices; Respect for First Peoples (in previous framework this was identified as respect for Indigenous communities); Electrification and innovation; and Environmental protection and resource conservation have been assessed as highly material.

Secondly, the definition for our approach to Respect for First Peoples has been changed through consultation with the CitiPower Powercor First Peoples' Advisory Committee. This new definition is shown on page 32 and better reflects the intent of our Reconciliation Action Plan.

The review also reconsidered the alignment of our material issues with the United Nations Sustainable Development Goals (SDGs). Within our Sustainability Framework, we recognised these goals as a worldwide call for action to protect our planet and create better living conditions for everyone. We therefore initially sought to demonstrate how VPN is acting locally to contribute to this global quest. Feedback from the VPN ESG Committee indicated a preference to focus only on SDGs where we believe we can make a material impact.

Subsequently, we undertook a re-mapping exercise to assess all 17 SDGs against our material issues as well as their relative importance to our business and the industry, which examined how our actions were supporting the subgoals for each of the SDGs. As a result, the number of SDGs has reduced from 13 to 7.

Table 1. Summary of material issues assessment

Focus area	Alignment to UN Sustainable Development Goals	Scale of importance to VPN and stakeholders		
		Material	Highly material	Increasingly material
Safe and equitable work places	 	<ul style="list-style-type: none"> Workplace diversity, equity and inclusion 	<ul style="list-style-type: none"> Workplace safety Health and wellbeing 	
Environmental and climate resilience	   		<ul style="list-style-type: none"> Environmental protection and resource conservation 	<ul style="list-style-type: none"> Network resilience Climate change
Empowering communities	  		<ul style="list-style-type: none"> Public safety Enabling customer energy choices Electrification and innovation Energy equity Respect for First Peoples 	
Responsible governance		<ul style="list-style-type: none"> Sustainability management and governance Responsible supply chain Workplace behaviour and employee conduct 		<ul style="list-style-type: none"> Financial, risk and corporate governance Cyber, privacy and data security



Safe and equitable workplaces

Our approach

'Live Safely' is one of our core values and is reflected in everything we do. We strive to eliminate high consequence and near miss incidents which could result in serious injury or fatalities.

VPN continues to build a workplace that is diverse and inclusive. We value our people by helping them reach their full potential in an inclusive environment – where people feel valued, trusted, authentic and have high levels of psychological safety. Our Inclusion and Diversity Strategy includes a focus on gender diversity, First Peoples' engagement, flexible working conditions, cultural diversity, LGBTIQ+ inclusion and education, and advocacy for people with disability.



Material issues

Workplace safety:

The safety of our people is our highest priority.

Health and wellbeing:

The health and wellbeing of our employees, including their mental health, is important to their satisfaction and a key factor in their safety.

Workplace diversity, equity and inclusion:

We are committed to a work environment where all our people feel valued, trusted, authentic and have high levels of psychological safety.

Progress against targets

Fatalities

🎯 2026 Target:	0
✓ 2023 Performance:	0

Significant (high potential) incidents

🎯 2026 Target:	0
➔ 2023 Performance:	1

Employee satisfaction re: wellbeing and mental health (Employee Opinion Survey)

🎯 2026 Target:	75% favourable
✓ 2023 Performance:	83% favourable

% Women in employment

🎯 2026 Target:	25%
➔ 2023 Performance:	22%

% Women in management roles

🎯 2026 Target:	22%
✓ 2023 Performance:	23%

Inclusion and Diversity Index Outcomes (Employee Opinion Survey)

🎯 2026 Target:	75% favourable
✓ 2023 Performance:	86% favourable

🎯 Target ✓ Delivered in 2023 ➔ In progress

Highlights

95 people benefited from a refreshed **Parental Leave policy**

Satisfaction with wellbeing and mental health programs **up 4%**

Highest ever representation of women in our apprenticeship program

593 people used the Wellbeing Subsidy

5,620 HSE conversations and interactions completed

Workplace safety

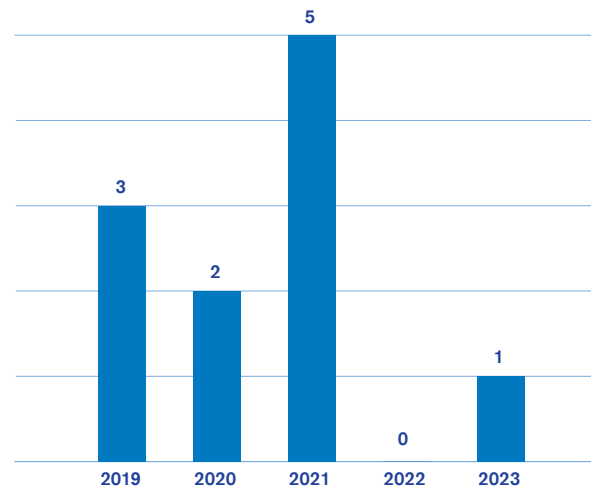
Our people work in challenging conditions. Live electricity infrastructure, inclement weather and high-pressure environments have the potential to create hazardous situations, so we take steps to prioritise safety every day.

If a safety incident occurs, we have systems in place to mitigate the chances of it happening again. We use a classification framework to rank any safety incident or near miss based on its potential to cause harm – not just the actual impact. Our safety management focuses on eliminating significant incidents that have the potential to cause permanent disability or death by implementing robust controls for high-risk activities, whilst also learning from lower classified events.

To continually improve the safety of our workplaces, we have robust processes to anticipate risks and prevent hazardous situations from arising.

In 2023, there were six days of external surveillance audits of our ISO certified Health, Safety and Environmental Management System undertaken by Added Value Assessor, encompassing the Market Street Office, Beon operations, and Kyneton, Burnley, Mildura, Bendigo and Maryborough depots. The auditors found no areas of non-conformance when assessing against the Occupational Health and Safety Management Standard ISO45001:2018.

Graph 1. Significant (high potential) incidents 2019-2023 (Number of incidents)



Demonstrating our safety values in 2023

- 5,620 HSE conversations and interactions undertaken
- 917 HSE inspections completed
- 2,177 HSE hazards and near misses reported

In 2023, VPN reported one significant safety incident, which was classified as a Class 4. The incident related to a reverse polarity during pole replacement work. No one was injured and work has been undertaken to address the cause of this incident to mitigate any reoccurrence.

Following the delivery of a bespoke hazard awareness training program in 2022, we were pleased to be recognised for the program at the 30th National Safety Awards of Excellence as a finalist for the Best Workplace Health and Safety Training Program.

Human Factors Program

CitiPower and Powercor have implemented a Human Factors Program aimed at enhancing safety, efficiency and hazard identification within our operations. Human factors provide an understanding of peoples' capabilities, limitations and behaviours, and incorporate these insights into the design of the environment to reduce the risk of errors. The program equips our field teams to recognise potential human factor triggers and mitigate them effectively. An initial stage involved 500 employees from 14 offices and depots, placing an emphasis on hazard awareness and the four key areas of human error. By focusing on these areas and implementing strategies to minimise associated risks, we have proactively addressed potential issues. In a subsequent stage, four toolbox talks were conducted to reinforce the human factors principles discussed during work group and toolbox meetings, so they could be integrated into our organisational culture.

Health and wellbeing

To provide a working environment that supports the mental, physical and emotional health of our people, this year VPN added new activities to our health and wellbeing program.

2023 Health and Wellbeing calendar



In 2023 we:

- launched the Wellbeing Champions Network to encourage more people to participate in activities on offer
- doubled the length of personal health check appointments to 20-minutes to provide time for analysis and discussion with a qualified practitioner
- provided training to Peer-to-Peer Support Group volunteers to equip them with the skills and confidence to help their colleagues with discussions about mental health, personal and work concerns
- relaunched the Employee Assistance Program to increase awareness of the importance of reaching out for support when it is needed, which delivered a 65 per cent increase in uptake
- rolled out healthy vending machines at sites in Brooklyn, Geelong and Burnley to encourage healthier nutritional choices.

To raise awareness of important issues, our people also participated in externally led initiatives, including:

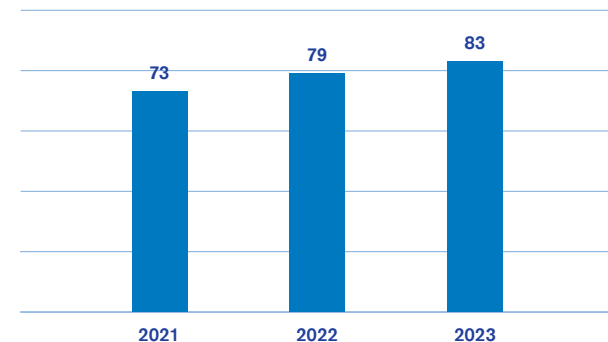
- Push-up Challenge:** 434 participants raised more than \$30,000 for mental health and suicide prevention.
- Breast Screen Victoria:** Hosted webinar about breast cancer in Victoria, including risk factors, early detection and the importance of being 'breast aware'.
- R U OK? Day:** Morning teas, a webinar, afternoon teas and BBQs highlighted the value of checking in on those around us.

Psychological safety

We recognise that workplace safety extends beyond physical hazards. To help our people manage mental health pressures and improve resilience, we have launched three new programs:

- Managing Mental Health for People Leaders:** Provided mental health and inclusion training for people leaders within the business.
- Mental Mindset:** Thirty-two sessions focused on ways to grow our resilience, manage the internal versus external locus of control, address loneliness and educate on the importance of relationships.
- Psychosocial Safety Working Group:** Ten VPN employees joined a group helping to support the understanding of psychosocial risks in the workplace and engage in the process of assessing and managing these risks in line with proposed new Victorian psychosocial health regulations.

Graph 2. Employee satisfaction RE wellbeing and mental health (Employee Opinion Survey) 2021-2023 (%)



Workplace diversity, equity and inclusion

We embrace the things that make our people unique. We recognise they bring their own experiences, abilities and character to their work, which is an asset for our business and the communities we serve.

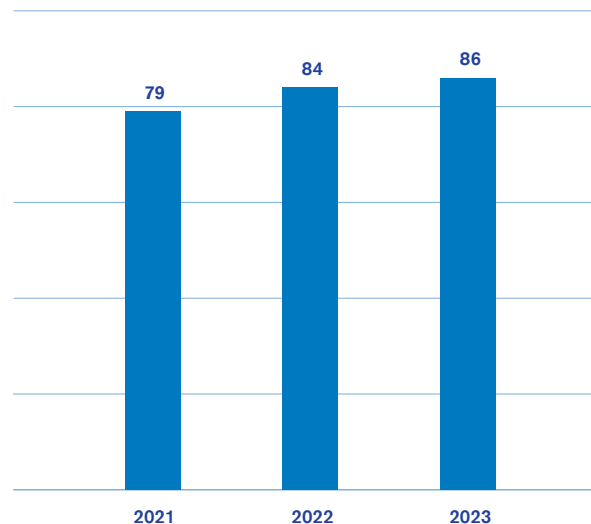
Our Inclusion and Diversity (I&D) Policy outlines our overarching commitment to providing a work environment that supports individual differences, including articulating the responsibilities of senior team members. The supporting I&D strategy provides guidance in four priority areas: inclusion, gender diversity, First Peoples engagement and flexible working.

Please note: Our report on actions to support First Peoples engagement is included in the 'Empowering Communities' section of this report.

2023 Employee Opinion Survey key findings

- the Inclusion and Diversity index improved by 2% to 86%
- 87% of people believe the business encourages and promotes diversity of backgrounds, talents and perspectives
- 82% of people feel supported to achieve their career ambitions
- 91% of people feel their workgroup treats each other with fairness, respect and consideration

Graph 3. Employee Opinion Survey Inclusion and Diversity Index 2021-2023 (%)



This year, we refreshed our Parental Leave Policy to better support employees that choose to have a family. The policy removes the waiting period to access Parental Leave benefits, providing superannuation contributions during both the paid and unpaid portions of parental leave (up to 52 weeks). This change will benefit the retirement savings of women, who make up the majority of primary carers.

Recognising that flexibility is important to our people, we also simplified the process for managers to make appropriate working arrangements with their teams.

For employees nearing the end of their working life, we improved late career options and refreshed the resources available to assist their transition to retirement. In 2023, this included a new brochure and a series of workshops.

For people beginning their career with us, we introduced new measures to reduce bias in hiring practices and build inclusion. These included trialling Artificial Intelligence (AI) driven software to identify bias in interviewers and developing a hiring manager toolkit on inclusive hiring practices.

CASE STUDY:**Cultural events calendar**

To recognise and support the diversity of our people, we celebrate significant days on the cultural calendars of different communities.

Festivities began in January, where we celebrated Luna New Year, welcoming the Year of the Rabbit with a performance from JGK Lion and Dragon Dance at Market Street. The lion dance is believed to bring joy, happiness, good luck, good health, longevity and prosperity.

In March, we celebrated Harmony Week by dressing in orange and sharing photos of ourselves with information about our backgrounds and why we think diversity is important to Australia. We also invited our people to contribute to a collaborative playlist that celebrated music from our various heritages.

In April, we held an Eid al-Fitr celebration with delicious gözleme, samosas and baklava. The event was scheduled for the week after formal Eid celebration, in recognition of many employees choosing to mark the end of Ramadan with their families.

Finally, in November, we marked Diwali, the Hindu Festival of Lights, with a delicious traditional lunch. As well as Indian delicacies, there were opportunities to be inked with beautiful henna designs and create Rangoli – a form of Indian folk art.



Gender equality

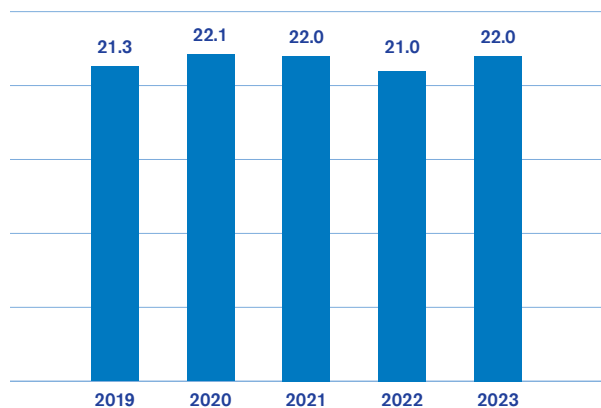
VPN is committed to increasing the representation of women in our business and leadership positions.

In 2023 we provided our annual response to the Workplace Gender Equality Agency (WGEA) survey and submitted our pay gap data. Under the Australian Government's 2023 legislative changes, WGEA will make the pay gap data publicly available in early 2024.

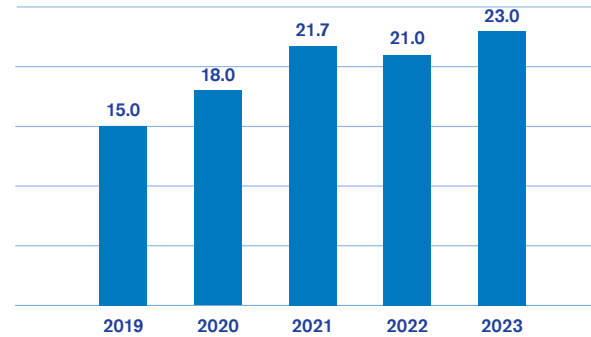
We introduced new measures to prevent sexual harassment or discrimination. This included the introduction of a Sexual Harassment Policy and implementation of the 'Inclusion in Action' program, which provided sexual harassment education for leaders.

We also released the 'Understanding and Preventing Sexual Harassment in the Workplace' online training module, which is required to be completed by all VPN employees.

Graph 4. Women in employment 2019-2023 (%)



Graph 5. Women in management roles 2019-2023 (%)



To encourage more women to consider a career with our business, we:

- Put our apprenticeship program out to market earlier than in previous years, resulting in the highest ever female representation at each stage of the process. In 2023, six women were hired through the apprenticeship program for commencement in early 2024.
- Delivered the Women's Pre-apprenticeship Scholarship Program, which focuses on supporting women, non-binary and gender diverse students to undertake a Certificate II in Electrotechnology. The program provided 12 scholarships for students to study at TAFE and ten scholarship recipients went on to apply for our apprenticeship program.
- We joined Empowered Women in Trades; a new collaboration partnering with 'try a trade' day in girls' schools. Through this, we were able to attend school roadshows around the state and present to more than 1900 students.

We were proud to be recognised for our efforts to improve the representation of women in our business. As a Work180 endorsed employer, we recently participated in their Diversity, Equity and Inclusion (DEI) assessment and were pleased to be rated in the top 10% of all endorsed employers.



LGBTIQ+ inclusion

VPN provides an inclusive environment that celebrates the diversity of our people. To support this focus, VPN's pride network, Sparkle, led a program of education and networking activities throughout 2023.

In addition to celebrating and supporting the LGBTIQ+ community through Wear it Purple Day, International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT) and Pride, VPN took practical steps to help everybody feel comfortable and included.

- Enabling a Microsoft Office 365 feature to give employees the option to share their pronouns on their user profile.
- Securing membership with Pride in Diversity. As part of the new membership, a session for all Field Leaders was held to provide LGBTIQ+ education and actionable steps leaders can take to promote allyship and team inclusion.

First Peoples' engagement

Our 2023 Employee Opinion Survey found that 1% of our workforce identifies as Aboriginal and/or Torres Strait Islander. Our dedicated First Nations Engagement working group continues to support initiatives to continuously improve our work to respect, recognise and build effective relationships with First Nations people.

In recognition of the need to improve the way we work with First Peoples communities across our network, we provided additional resources to expand the team dedicated to First Nations engagement. Work to improve our engagement with First Nations communities is guided by Reconciliation Action Plan, which is in place for Beon and due to be launched in 2024 for CitiPower and Powercor. For more information see page 41.



CASE STUDY:

Beon recognised for First Nations engagement on Avonlie Solar Farm

Beon is committed to making positive contributions to the communities where we operate. In recent years, this has prioritised the engagement of local Aboriginal and Torres Strait Islander communities in large-scale renewable energy developments.

Before Beon broke ground on the Avonlie Solar Farm in southern New South Wales, the team engaged the Wiradjuri people in the early stages of the project. As a result of these efforts, 38 First Nations people were employed on the project.

Beon helped people to overcome barriers to employment, facilitating applications for photo ID, Medicare cards and the Unique Student Identifiers needed to obtain a construction ticket to work on the project.

Beon also funded the installation of rooftop solar systems on the local Gundyarri Corporation and five Aboriginal community-owned homes.

Since the completion of the solar farm, the majority of First Nations team members have found new employment in the local area.

For its efforts to build close working relationships with First Nations communities, Beon was a recognised in the Clean Energy Council's 2023 First Nations Engagement Awards.



Environmental and climate resilience

Our approach

Our businesses manage extensive infrastructure, both above and below ground, which is exposed to the effects of climate change. Forecasts for increasingly extreme weather conditions are influencing our approach to asset management, maintenance, and construction.

At the same time, we recognise our responsibility to protect the environment for future generations and reduce carbon emissions in line with state and national targets. We achieve this in three ways – by supporting the increase of renewable energy generated and distributed; by reducing the direct and indirect carbon emissions from our business operations; and by executing an internationally certified environmental management system that governs our activities.



Material issues

Network resilience:

We design, 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.

Climate change:

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

Environmental protection and resource conservation:

We are conscious of our environmental footprint and therefore manage and where possible, reduce our impact on the natural environment.

Progress against targets

Carbon emissions

Reduce direct and indirect carbon emissions, including distribution line losses (based on 2019 baseline).

🎯 2030 Target: 30% reduction on 2019 baseline of 1.2mt CO₂-e

➔ 2023 Performance: 25% reduction to 0.891mt CO₂-e

Climate resilience and reliability

Outperform targets for average minutes off supply per customer for unplanned outages – System Average Interruption Duration Index (SAIDI)

🎯 Powercor 2026 Target: 124.0 minutes

✓ Powercor 2023 Performance: 95.7 minutes

🎯 CitiPower 2026 Target: 24.7 minutes

✓ CitiPower 2023 Performance: 20 minutes

Environmental protection and resource conservation

ISO14001 Environmental Management System

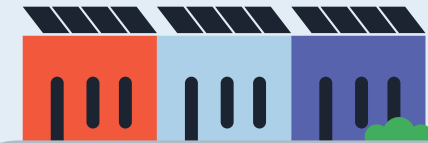
🎯 2026 Target: Certified

✓ 2023 Performance: Certified

🎯 Target ✓ Delivered in 2023 ➔ In progress

Highlights

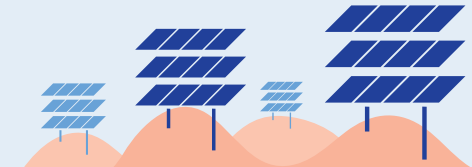
Outperformed network reliability targets



Limited assurance completed on carbon and waste data



Created dedicated **environmental planning and heritage** function



2050 **carbon emissions modelling** completed



Achieved **25% reduction** in Scope 1 & 2 carbon emissions since 2019

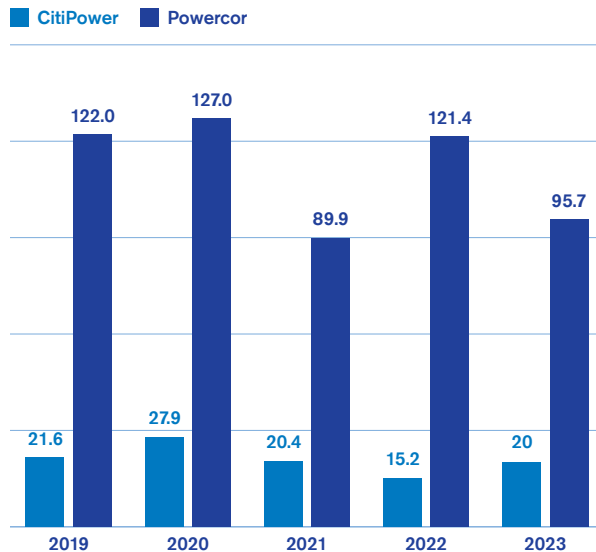


Network resilience

We are pleased to report continued improvement in our reliability metrics, demonstrating the results of investments made to improve network performance.

As shown in graph 6, CitiPower and Powercor customers were without power due to unplanned outages for 20 minutes and 95.7 minutes respectively in 2023; well below the regulated target of 24.7 and 124.0 minutes. Our consistent outperformance over the past four years has been achieved through an active focus on reliability, proactive identification of risk areas and the deployment of industry leading technology.

Graph 6. CitiPower and Powercor reliability index (SAIDI) 2019–2023 (minutes)



Our framework to continually improve network resilience involves plans that protect our people, assets, facilities and systems, while minimising the impact to our customers and communities.

We are taking action in three key areas: preparation, adaptation, and customer resilience.

Preparation initiatives focus on hardening assets most at-risk to floodwaters and bushfires. This includes fire-proofing poles, zone substations and other assets in at-risk locations and taking steps to reduce the impact of floods.

Our **adaptation approach** ensures new assets are rated, designed and located according to future climate risks; predominantly wind strength and temperature. Our Geographic Information Systems (GIS) are now loaded with identified climate risks to ensure they are considered in network planning.

Customer resilience programs improve communication and engagement to advise on ways to prepare, respond and recover to extreme weather events. We are also exploring how resilience may be further developed through collaborative assets such as stand alone power systems and microgrids.

Physical climate hazards and risks

To support network resilience planning, specialist infrastructure consulting firm, AECOM, was engaged to undertake a quantitative assessment of climate risks to our assets and operations. This assessment was commissioned by the five Victorian electricity distribution networks, which includes CitiPower and Powercor.

The scope of works referenced two Representative Concentration Pathways¹ (RCP 8.5 for high concentrations of greenhouse gases and RCP 4.5 for moderate emissions scenario) and included:

- identifying climate hazards and risks to network assets and customers
- collating climate hazard and network asset data
- assessing relative exposure of assets to hazards across the network.

The climatic hazards considered were extreme rainfall, bushfires, extreme heat, average temperatures, extreme wind, lightning, drought, sea level rise, humidity, atmospheric carbon dioxide (CO₂) and solar radiation.

The study provided projections for 2030, 2050 and 2070, which are needed for the long design life of electrical assets. The key findings for the RCP 8.5 climate scenario are summarised in table 2.

¹ A Representative Concentration Pathway is a greenhouse gas concentration trajectory adopted by the United Nations Intergovernmental Panel on Climate Change (IPCC).

Table 2. Summary of physical exposure to climate hazards for each electricity network for RCP 8.5 (AECOM)

Hazard	CitiPower	Powercor
Extreme rainfall (flooding)	Projected changes in heavy rainfall are uniform across the area. Areas of greater asset exposure include Albert Park, St Kilda East, Prahran and Fitzroy.	Changes in heavy rainfall are projected to be greatest within Barwon Southwest, in particular the Otway Ranges. Areas of greater asset exposure include Shepparton and Mulwala, Swan Hill to Bendigo, north and east of the Grampians and large portions of Geelong and Colac.
Bushfires	No areas of significant exposure.	Areas of greater asset exposure include Bendigo, Ballarat, Stawell, the Otway Ranges, northwest of Portland and south of Red Cliffs.
Extreme heat (heatwaves)	Frequency and severity of extreme heat days are relatively uniform across the area.	Areas of highest projected days are located north of Horsham and northwest of Kerang.
Extreme wind (as determined by intersection with vegetated areas)	Areas of higher exposure are associated with vegetation along the Yarra River between Abbotsford and Richmond, and Merri Creek north of Abbotsford.	Areas of greater asset exposure include the region surrounding Ballarat, Gisborne and Castlemaine and the Great Otway National Park.
Sea level rise	Areas of greater asset exposure include parts of Port Melbourne, Southbank, Docklands and Albert Park.	Areas of greater asset exposure include locations with Point Lonsdale, Great Otway National Park, Port Campbell, Peterborough and Portland.

The results have been captured within a Network Climate Resilience Plan, which documents hazards and long-term controls. A second phase of work is underway to provide a more detailed assessment of climate risks to assets and operations, specifically focused on flood, bushfire and community resilience.

Investing in reliability and safety

Following the damaging storms in July and October 2021, the Department of Energy, Environment and Climate Action (DEECA) funded studies into the energy resilience of impacted towns, then allocated grants to provide backup energy systems for those communities. This includes microgrids in Daylesford and Trentham within the Powercor network.

Additionally, Beon was engaged by DEECA to build twelve stand-alone power systems. These systems collectively added 180kW/346kWh of battery storage, 116kW of solar and 178kW of diesel generation to our networks.

To help our assets withstand extreme weather, we have constructed permanent levees at zone substations in Mooropna and Castlemaine. During major floods in October 2022, Powercor was forced to turn off both substations when floodwaters breached temporary protections.

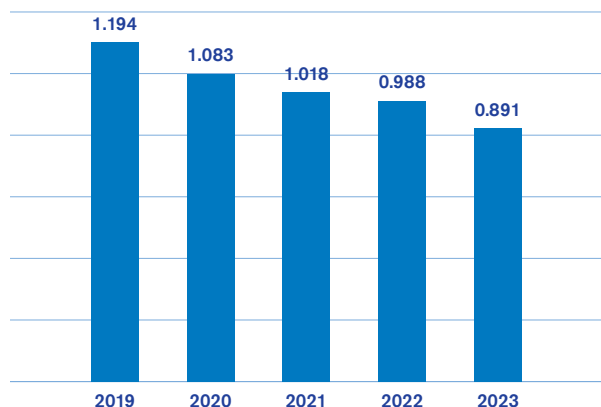
Climate change

2023 Energy and Emissions Report

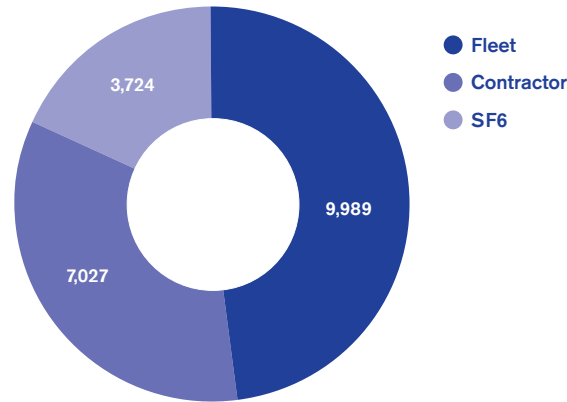
Under the National Greenhouse and Energy Reporting (NGER) Act (2007), VPN is required to submit an Energy and Emissions Report annually to the Clean Energy Regulator. The NGER scheme calls for companies to report total Scope 1 and Scope 2 greenhouse gas (GHG) emissions. VPN engaged RSM to complete a Limited Assurance audit over the 2022/2023 NGER submission, which was received without qualification.

Our 2023 Energy and Emissions Report demonstrated a 25% reduction in total GHG emissions against 2019 baseline levels to 0.891 Mt CO₂-e. VPN is tracking ahead of forecasts to achieve our 30% 2030 targeted carbon emissions reduction.

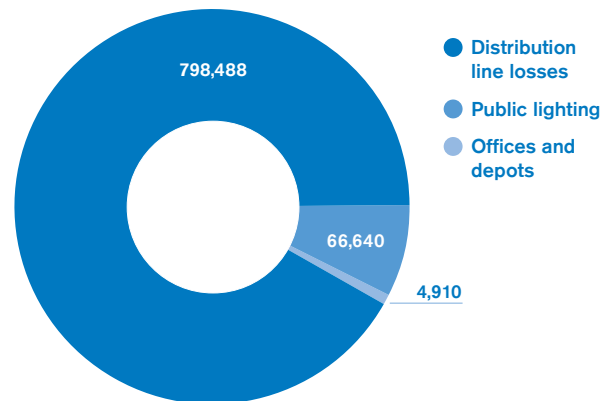
Graph 7. Scope 1 and Scope 2 carbon emissions 2019–2023 (mt CO₂-e)



Graph 8. Scope 1 carbon emissions by source 2023 (t CO₂-e)



Graph 9. Scope 2 carbon emissions by source 2023 (t CO₂-e)



Consistent with previous years, Scope 1 and Scope 2 emissions respectively represent 2% and 98% of total emissions as shown in graphs 8 and 9.

Scope 1 emissions include fuel usage for fleet, mobile plant and generators, and Sulphur Hexafluoride (SF6) leakage from switch gear.

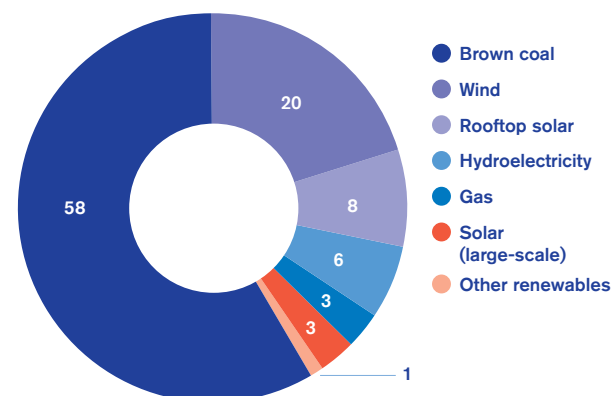
Key factors driving the change in carbon emissions are the decarbonisation of the electricity supplied by our network and a decrease in electricity consumption for public and security lighting. These factors relate directly to the two key contributors of Scope 2 emissions; network losses, public and security lighting.

Network losses describe the energy lost as it moves through our distribution network and is influenced by the generation mix, voltage and amount of electricity distributed; the distance between the generation source and customers; and climatic factors such as air temperature.

The associated carbon emissions due to system losses are falling as the generation mix of energy distributed changes in favour of more renewables.

By enabling greater penetration of residential rooftop solar, as well as large-scale renewable connections, the carbon associated with each unit of electricity we distribute falls. Reports from the Victorian Government show that during the 2023 financial year, energy generated by rooftop solar systems contributed more than double the amount of power generated by large-scale solar generators (see graph 10).

Graph 10. Victorian electricity generation sources 2022-2023 (%)



Source: Department of Environment, Energy and Climate Action

Other activities to further reduce our carbon footprint include:

- a large-scale solar and battery (1.25 MW DC / 1150 MW AC) system at Powercor's Brooklyn depot will offset of 648 tonnes of carbon emissions per annum
- four electric and two hybrid vehicles will replace six diesel vehicles, providing an anticipated reduction of 15.6 tonnes of carbon emissions per annum
- installation of 50 kw DC EV rapid charger systems and hybrid chargers at the Bendigo, Ballarat, and Geelong depots.

Carbon modelling review

A refreshed 2050 carbon model was developed in 2023, taking into consideration significant changes in government policy and industry development since the business' original carbon emission projections were completed in 2021.

The modelling forecasts VPN Scope 1 and Scope 2 carbon emission trajectories to 2050, based on different scenarios. The model aligns with the revised targets set by the Victorian Government and scenarios developed for the Australian Energy Market Operator (AEMO) Integrated System Plan.

The model projects emissions may increase slightly between 2023 and 2030 due to both the limited commercial availability of low-carbon alternatives for heavy fleet and the widespread use of SF6 in long-life assets related to network safety and resilience objectives.

Decarbonisation of Scope 2 emissions is largely influenced by the achievement of the Victorian Government's Victorian Renewable Energy Targets (VRET), which were strengthened in 2022.

The VRET target now mandates 65% of electricity generation to be sourced from renewables by 2030, which lifts to 95% by 2035. The Victorian Government also aims to achieve net-zero emissions by 2045.

Our revised carbon model factors in the VRET and AEMO scenarios, as well as business forecasts to consider four alternative scenarios:

- Business as usual: reflecting the expected trajectory based on current investment patterns.
- Aggressive decarbonisation: assuming a faster decarbonisation of Scope 1 and higher than expected renewables penetration.
- Modest decarbonisation: assumes a modest step up in investment in Scope 1 alternatives and that VRET goals are met.
- Conservative decarbonisation: under which Scope 1 decarbonisation forecasts and VRET targets are not achieved.

All alternatives result in at least a 98% reduction in Scope 1 and Scope 2 emissions by 2050 based upon a 2019 baseline.

As referenced on page 7, at its February 2024 meeting, the VPN Board endorsed a commitment to net zero Scope 1 and 2 emissions by 2050.

Climate-related financial disclosures

As a part of our commitment to transparency and climate disclosures, VPN developed a roadmap in 2023 to report in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

During 2023, the Internal Financial Reporting Standards released the first two International Sustainability Disclosure Standards. Additionally, the Australian Treasury published a climate-related financial disclosure consultation paper related to the sequencing of standardised, internationally-aligned requirements for disclosing climate-related financial risks and opportunities in Australia.

Each of these frameworks are structured around four thematic areas:

- governance
- strategy
- risk management
- metrics and targets.

A summary of the key activities and progress to meet future reporting requirements is included and will be updated once the Australian climate-related financial disclosure reporting obligations are launched.

Table 3. Climate-related financial disclosures program update

Category	Activity	Detail	Progress
Governance	Climate-related financial disclosures oversight	Report on climate-related disclosures program to management and Board ESG Committee on regular basis.	Completed
	Board's oversight of climate-related risks and opportunities	Publish an ESG Committee Charter including clear definition of ESG Charter Committee's roles, responsibilities and purpose in terms of climate-related risks and opportunities.	Due 2024
Strategy	Define climate-related risks, opportunities and scenarios	Refer page 29.	Completed
	Update carbon emission modelling	Refer page 27.	Completed
	Develop quantitative climate scenario analysis	Conduct modelling to assess financial impacts of climate-related risks and opportunities. Consider impacts on supply chain and other business areas.	Due 2024
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks	Refer page 45 and 29.	Completed
	Integrate climate-related risks into business enterprise risk register	Integrate climate-related risks and opportunities into the enterprise risk register, and other relevant business unit risk registers for ongoing monitoring and management.	Due 2024
Metrics and Targets	Scope 1 and 2 carbon emissions reporting – Limited assurance	Refer page 26.	Completed
	Scope 1 and 2 carbon emissions reporting – Full assurance	Undertake and achieve full assurance audit status of Scope 1 and 2 carbon emissions data.	Due 2024
	Scope 3 carbon emissions reporting	Establish a methodology for our business to commence reporting on these emissions from 2024.	Due 2024
	Scope 3 carbon emissions reporting – Limited assurance	Undertake and achieve limited assurance audit status of Scope 3 carbon emissions data.	Due 2024
	Review long term carbon target	Review and define long term carbon target, considering the outcomes of the carbon modelling.	Due 2024
	Explore Science Base Target Initiative (SBTi) alignment and target setting	Explore business requirements to setting and aligning to an SBTi target.	Due 2024

Climate-related risks and opportunities

In 2023, we worked with KPMG to develop our climate-related risk and opportunities register. Through internal consultation with various teams (including finance, risk, regulation, electricity networks, procurement and property) and benchmarking against similar businesses, potential financial risks and opportunities to our systems, assets, and infrastructure were identified and mitigations defined.

VPN have existing controls and processes in place to manage these risks and maximise opportunities. We are refreshing our programs based upon the outcomes of this work and reviewing new controls which form part of the EDPR proposals for the 2026–2031 regulatory period.

In 2024, these risks and opportunities will be further integrated into our Enterprise Risk Framework in order to provide ongoing effective management and mitigation actions.

Table 4. Climate-related risks

Category		Risk
Physical	Acute	Network or equipment failure due to climate change and extreme weather events.
		Increased risk to employee and contractor health and safety.
		Network operation, reliability and stability impacted by generation and transmission shift or failure.
Transitional	Market	Difficulty obtaining bushfire liability insurance.
		Decline in stakeholder trust due to failure in handling climate-related risk.
		Inability to identify and respond to changing customer-expectations and consumption behaviour.
	Policy and Legal	Insufficient Australian Energy Regulator revenue approvals to enable effective business response to climate change-related legislation/policy changes (including carbon pricing/tax).
		Changes in government expectations, policy and/or legislation affecting regulatory pass-through for climate-related risks and events.
	Reputation	Poor oversight or non-compliance with climate-related regulatory obligations.

Table 5. Climate-related opportunities

Category	Opportunity
Products and Services	Increased distribution infrastructure investment for energy transition and electrification-driven revenue growth.
	Increasing client demand for renewable energy solutions.
Policy and Legal	Strengthening of corporate brand and reputation.

Environmental protection and resource conservation

The business continues to operate under an ISO14001:2015 (Environmental Management) accredited management system, which drives improvement across our operations.

Managing oil-filled assets

There are over 90,000 transformers throughout the CitiPower and Powercor networks; each contain oil for insulation and cooling. We have been working to reduce the risk of leaks from these assets over 2023. Our actions have included:

- establishing a working group including representatives from environment, asset management and maintenance
- implementing improvements to asset inspection processes and proactively managing assets at risk
- updating our zone substation risk register
- refreshing the maintenance policy to incorporate environmental risks
- implementing a standard approach to spills management
- scoping and implementing capital upgrades at four of our highest risk zone substations
- drafting a new procedure to identify vulnerable substations, for roll out in early 2024.

Improving waste management

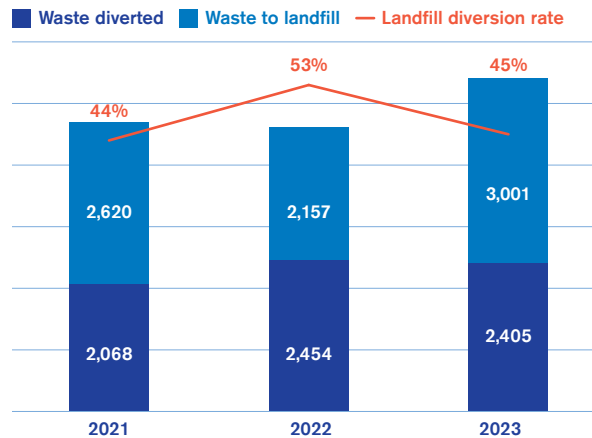
In 2023, VPN continued to focus on waste management, completing a Limited Assurance audit over our waste data to provide confidence of the results.

As shown in graph 11, there was an 17% increase in total waste generated which is due to the following key factors:

- increase in timber poles disposed as part of our pole replacement uplift program; and
- increase in operational and site activities leading to an increase in general waste.

Most of this additional waste was disposed to landfill which negatively impacted our diversion rate.

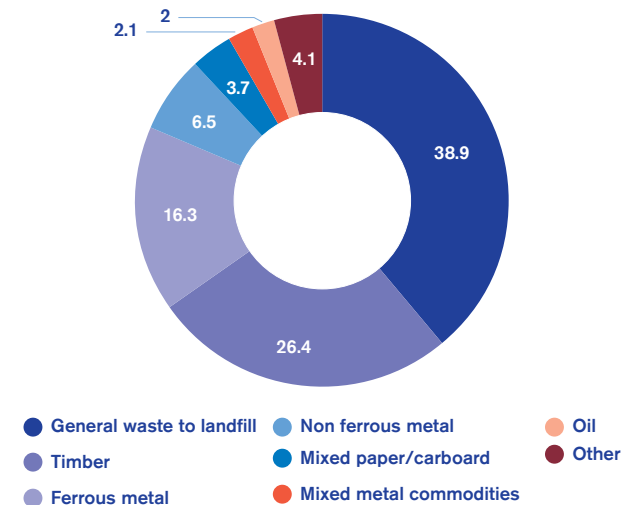
Graph 11. Waste generation data 2021-2023 (tonnes, %)



It is pleasing that the timber landfill diversion rate increased from 24% in 2021 to 40% in 2022 and 47% in 2023.

As can be seen in graph 12, general waste to landfill remains the predominant waste source by weight, which includes waste from construction, workshops, general areas, offices and kitchens. This also includes the residual fraction of some recycling streams and sanitary waste.

Graph 12. Waste composition 2023 (%)



As a significant contributor to landfill, we assessed options to use treated power poles as a fuel source and found it was technically viable. Commercial discussions are underway. Additionally, a human health and environmental risk assessment was completed, which considered other uses for treated poles. This work will continue into 2024.

In 2024, a deep dive into general waste to landfill will be undertaken with our contractors to improve segregation and diversion rates.

Biodiversity and cultural heritage

In recognition of the significance of biodiversity and cultural heritage risks in our operations, VPN established a new Environmental Planning and Heritage team during 2023 to provide in-house skills that were previously outsourced to consultants. The new team is supporting our project managers, designers and works planning teams in the following areas:

- improving knowledge in undertaking assessments
- providing advice during scoping works to reduce environmental impacts
- building relationships with our regulators (DEECA, local governments), Registered Aboriginal Parties and other approval agencies
- documenting a new Environmental Planning and Heritage Framework, which is currently being implemented.

To improve knowledge of relevant ecology and cultural heritage matters within the business, natural resource and heritage awareness sessions were also held across the business. The sessions reinforced the importance of undertaking due diligence to deliver effective natural resource management, using the various layers of reference information within our Map Insights tool. These processes also help to achieve appropriate approval processes in line with legislative requirements.

CASE STUDY:

Damaged solar panel recycling

Beon manages large numbers of solar panels across its portfolio of solar farms. Unfortunately, sometimes they are damaged during the construction and operation of the facilities.

To prevent old or damaged panels from being sent to landfill, Beon has committed to ensuring that its panels are recycled at the end of their useful life.

This allows the glass, silicone, aluminium, silver and other valuable materials to be recovered from the panels and repurposed for new products.

Australian solar panel recyclers are already using recycled glass in the place of natural sand in concrete, aluminium in building materials and the silver and other metals to make new panels.

Over the past two years, Beon has diverted almost 5,000 damaged panels from landfill. This is supporting the research and development of innovative recycling processes, while also ensuring that construction waste doesn't become a burden for the communities where solar farms are built.

While the solar panel recycling industry is in its infancy, it is predicted to boom in the coming decades as households and solar farms upgrade their systems and search for greater efficiency.





Empowering communities

Our approach

Being customer and community minded is at the core of what we do. To best understand the needs of these groups, we are committed to continually improving our stakeholder engagement, making it a strategic pillar that guides how we operate.

This work is supported by the fact our people are active in the communities where we live and work; from the city to regional and remote towns.

We capture stakeholder engagement within a broad range of operational planning that includes major projects, asset maintenance and new energy solutions, as well as our extensive regulatory processes.

This engagement seeks to listen to the needs, interests and preferences of stakeholders to support better decision making by our businesses in relation to project planning, product and service development, and customer communication.

Importantly, the potential for bushfires arising from our assets is ranked as our highest risk in our Enterprise Risk Management System, due to the catastrophic impacts these events can have on people and communities. It is therefore a major focus of attention, resources and investment annually.



Material issues

Public safety:

We protect the safety of the public from risk associated with the performance of our assets or when exposed to our operations within built environments.

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.

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.

Energy equity:

We are conscious of various forms of vulnerability (including geographic, financial, cultural or resource) which affect our customers' abilities to participate in the energy transition, receive equal reliability and quality of supplies or have equal opportunity to address energy cost pressures.

Respect for First Peoples:

We acknowledge, honour, and respect the rich histories, cultures, and rights of Australia's First Peoples. We are committed to creating and maintaining respectful, meaningful, and mutually beneficial relationships with First Peoples; Individuals, Communities, Trusts and Organisations across our networks.

Progress against targets

Renewable generation capacity

Total installed capacity of renewable energy generation on our networks

🎯 2026 Target:	4.0GW
➔ 2023 Performance:	2.64GW

Energy literacy

Customer participation in energy literacy programs.

🎯 2026 Target:	2,000 per annum
✓ 2023 Performance:	14,565

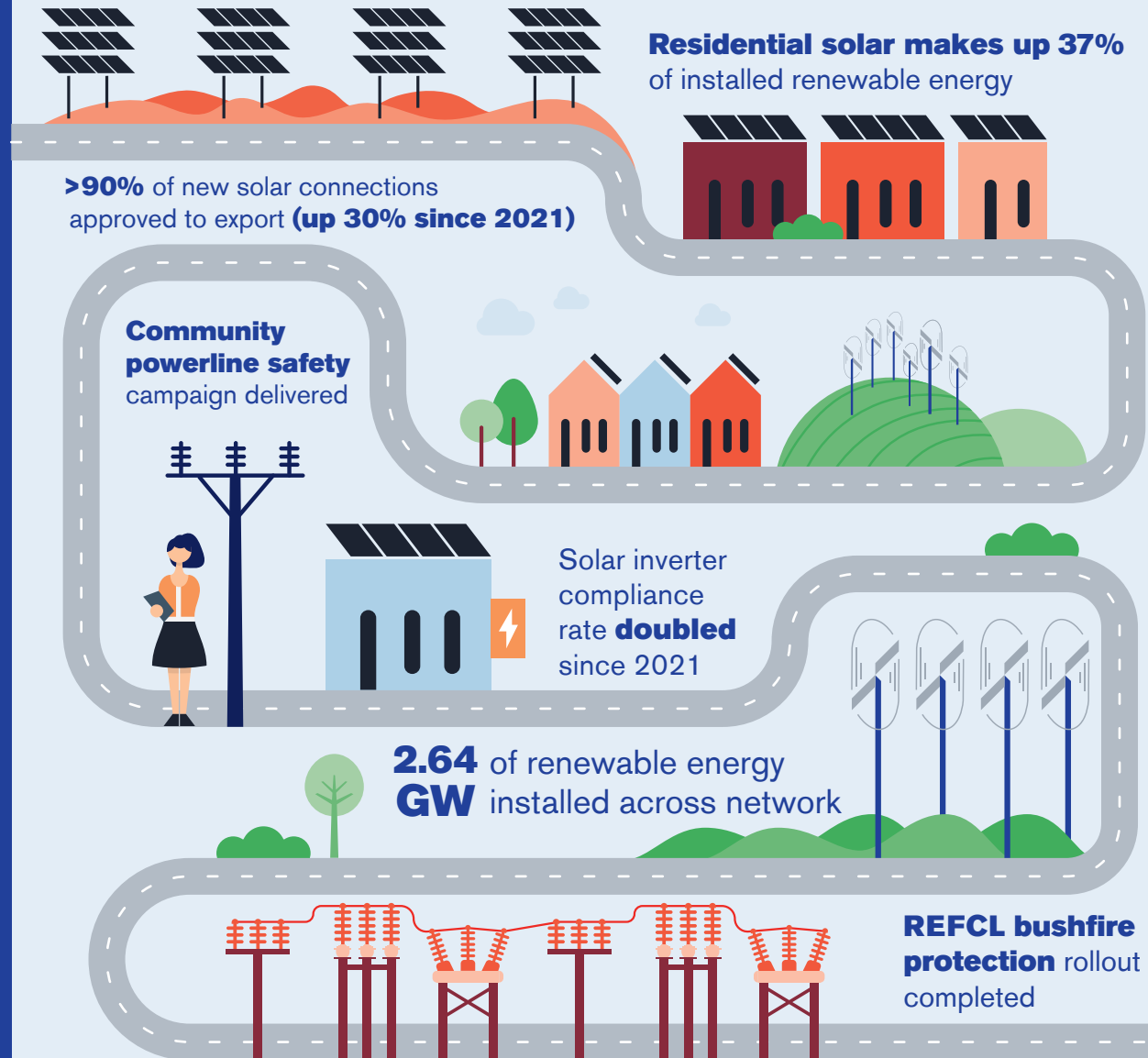
Innovation funding

Value of network and technology investments in innovation: \$25.7 million over 5 years.

🎯 2026 Target:	\$25.7m (over 5 years)
➔ 2023 Performance:	\$18.4m

🎯 Target ✓ Delivered in 2023 ➔ In progress

Highlights



Public safety

As a network operator, VPN is responsible for delivering a reliable, safe supply of energy to communities across the state. We use technology and robust processes to maintain our network assets, manage vegetation and mitigate the risk of bushfires.

With much of our work taking place in populated areas, we work closely with a wide range of stakeholders to protect the community from hazards and minimise disruption.

During 2023, we undertook stakeholder engagement activities for more than 100 field projects.

To prioritise community safety during extreme weather events, we focus on delivering the right message, at the right time, through the right channel, with sms notifications averaging within six minutes of an outage. We develop content that is clear, concise and tailored for each event and network. Our new safety campaign has supported customers through three simple steps; Be Safe. Be Smart. Be Ready.

CASE STUDY:

Keeping the community safe around powerlines

We work hard to prevent dangerous situations from arising across our networks. But with much of VPN's networks exposed to the elements, there are occasions when extreme weather, accidents and other unpredictable events create hazards for the communities we serve.

To keep people safe while our teams resolve issues, we undertook an awareness campaign to provide simple information on responding to power outages, floods, fallen powerlines and other potentially dangerous events.

The campaign encouraged people living in high-risk areas to proactively subscribe for SMS updates about issues that arise in their area.

In addition to radio advertisements, sponsored digital content, posters and flyers, the campaign promoted the Look Up and Live app, which allows energy users to report faults and learn how to manage risks around electrical infrastructure.

This year, the campaign partnered with the Victorian Farmers Federation, sharing a cautionary story from farmer Ron Weston, who survived electrocution when his crop sprayer struck powerlines on his Korong Vale property in north-west Victoria.



Bushfire prevention

Powercor provides electricity to communities in some of the highest bushfire risk areas in Victoria. Approximately half our infrastructure is within Hazardous Bushfire Risk areas, as identified by the Country Fire Authority (CFA) Fire Hazard Mapping Project.

We develop bushfire prevention systems to manage these risks, which are reported within our Bushfire Mitigation Plan and approved by Energy Safe Victoria.

As of May 2023, more than a third of Powercor customers across western Victoria are now protected by state-of-the-art technology aimed at reducing the risk of powerline-related bushfires.

Powercor completed the six-year year roll out of Rapid Earth Fault Current Limiter (REFCL) technology across more than 17,000 kilometres of powerlines in central, northern and western Victoria, ahead of its 1 May 2023 deadline.

The technology works like a large safety switch on the network, instantly cutting the power if a tree or other object strikes powerlines or a line hits the ground. The devices are installed in 22 zone substations in some of our networks' most high-risk bushfire areas and they have activated more than 6,000 times since they were switched on.

Now the REFCL project is complete, Powercor has delivered on all 2009 Victorian Bushfire Royal Commission recommendations relating to electricity distribution networks.

Alongside this work, we have continued to enhance the Fault Detection, Isolation and Restoration (FDIR) system and deploy next generation Automatic Circuit Reclosers on networks protected by REFCLs.

We continue to prioritise the management of vegetation near powerlines to reduce the risk of bushfires, with increased cutting of hazardous trees and by adding a third helicopter to the fleet.

The helicopters undertake the inspection work using Light Detection and Ranging (LiDAR) technology, which accurately identifies the location of vegetation requiring cutting. This information is interpreted by our experienced internal data analytics teams and used to advise specialist contractors who then cut vegetation away from powerlines.



Enabling customer energy choices

The energy transition is changing the way our customers generate and consume energy. Across our networks, our job is becoming more dynamic as Victorians install rooftop solar at record rates and more energy comes from distributed sources.

This is expanding the role of CitiPower and Powercor from an energy distributor to a Distribution System Operator (DSO), where we balance the various sources of generation and consumption to provide a reliable, balanced network.

Our changing role means that we are supporting customers to take control of their own energy generation and consumption. For many, this journey starts by installing rooftop solar, but is expanding into electrifying their homes and transportation as Victorians continue to move away from gas.

This changing energy landscape has been a focus as we consult with customers to inform our proposal for the 2026-2031 Electricity Distribution Price Review. In 2023, these consultations included customer and community forums across the networks, and for the first time, a dedicated First Peoples engagement forum with the Yorta Yorta community in Shepparton.

As our role as a network operator evolves, our relationship with our customers is also changing. We have an active role to play in facilitating their energy choices and balancing an increasingly complex energy system. A key responsibility is approving new solar connections and distributing the excess energy generated.

To unlock capacity for more households to export their surplus solar, we have invested in optimising the capacity of our network and will trial innovative new systems through 2024.

By the end of 2023, more than 90% of new CitiPower and Powercor residential solar customers were approved to export their excess solar to our networks; up from just 60% in early 2021. We have been able to provide pre-approval for new customers to export in less than ten minutes.

Graph 13. Total installed capacity of renewable energy generation on our networks 2019-2023 (GW)

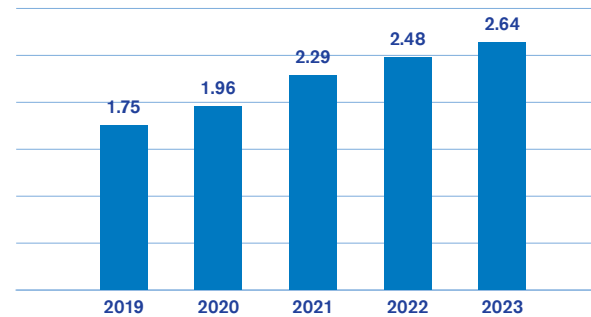
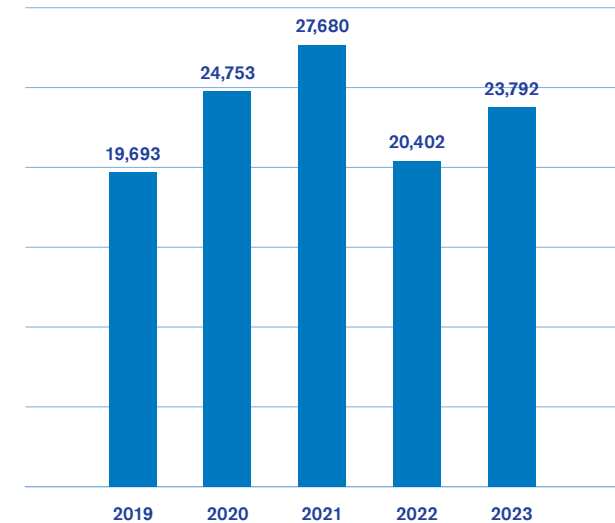


Table 6. Total installed capacity of renewables on our network 2023 (MW)

	CitiPower	Powercor	Combined
Generation type	MW	MW	MW
Residential Solar	84	904	988
Non-Residential Solar	32	333	365
Large-scale Solar	6	689	695
Large-scale Wind	0	593	593
Total	122	2,519	2,641

Graph 14. New residential solar connections 2019-2023 (Number of connections)



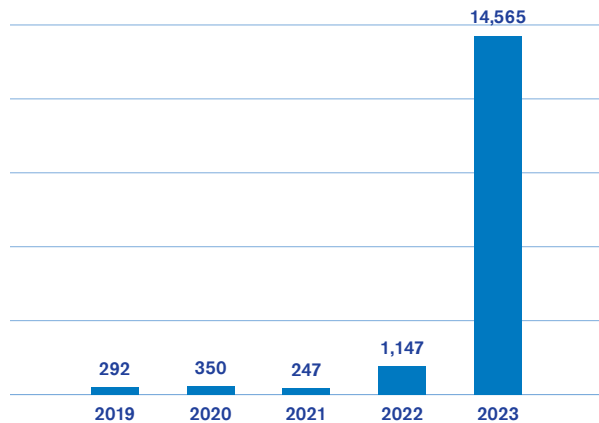
We improved compliance with mandatory “smart” solar inverter settings. Our data suggests an 80% compliance rate for new rooftop solar connections in this reporting period; a substantial improvement from below 40% in early 2021.

To support customers wanting to invest in rooftop solar, EVs and other Consumer Energy Resources (CER), we participated in Clean Energy Council and Electric Vehicle Council initiatives and sponsored the 2023 Electrify Boroondara Expo.

Energy literacy

VPN knows that providing accessible information is vital for our customers to achieve their energy priorities. Whether that's reducing energy costs, decarbonising energy usage, or investing in electrification or renewable energy technologies.

Graph 15. Customer participation in energy literacy programs 2019-2023 (Number of engagements)



To deliver on this commitment, provide our customers with the tools they need to understand their energy usage, including opportunities to benefit from new energy choices and save on their power bills.

We aim for key campaigns and communications to be accessible to the diverse communities that we service, including making information available in their language of choice. Our approach to the energy literacy campaign is continuing to evolve based on feedback received from consumers engaged in our Electricity Distribution Price Review consultation processes.

We know customers' needs are changing along with how they want to access information. To support this, VPN has broadened the definition of participation in energy literacy programs from face-to-face engagements to include any relevant energy literacy content offered either in person, through dedicated programs or digital channels resulting in click throughs to our dedicated website information. The change in definition has resulted in a significant increase in the number of engagements in 2023, up 13,418 on 2022.

CASE STUDY:

Shifting lifestyle trends boost Victorians' demand for energy

The transition to renewables is having a well-documented impact on the way our customers generate energy, but changes in consumption patterns are less understood.

To provide a glimpse of the future, VPN partnered with Monash University's Emerging Technologies Research Lab to engage with customers and forecast future household energy demand.

The Future Home Demand study revealed massive shifts in the way we are using power, which are predicted to accelerate over time. Through in-depth engagement with 36 households, and analysis of 1,325 customer survey responses, the Monash researchers documented 51 trends in our household energy use.

Amongst the trends were changes stemming from the electrification of our homes and transportation, growth in home-based work, the popularity of smart technologies, and changing expectations around the way we care for family and pets.

The project set out to empower Powercor and CitiPower to sharpen their forecasts, develop future business plans, and ensure the lights stay on as we navigate the largest energy transformation in a century.

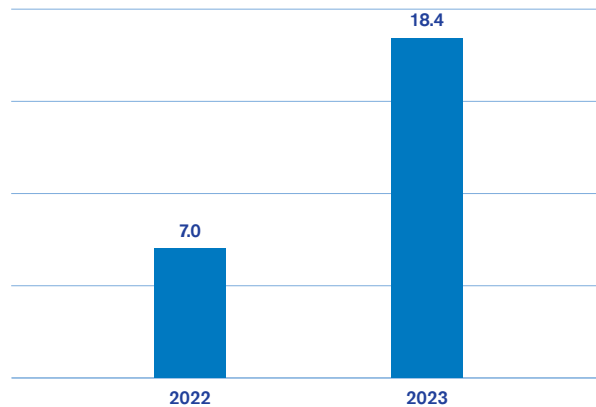
The findings will also help to inform VPN's regulatory proposal for the 2026-31 period.

Electrification and innovation

As the role of electricity distribution businesses evolves to support greater electrification, we are making significant investments in technology and innovation. The new systems we are developing are improving our organisational resilience and ensuring that we can meet our customers' changing needs.

In line with new licence obligations, UE is currently investing heavily to become a Distribution System Operator (DSO) to ensure we can efficiently manage the emerging minimum and maximum demand on then network while minimising impacts on our customers.

Graph 16. Investment in technology (per baseline*) 2022-2023 (\$m)



*the baseline was set on 2019 data \$4.0m

While Victorians continue to shift away from gas and embrace rooftop solar, electric vehicles and 'smart' household technologies, we have created a Dynamic Voltage Management Systems (DVMS) to optimise the voltage profile on our network in real-time.

The system will work alongside the smart meters operating in Victorian homes and businesses to provide greater control over energy usage. Smart meters are already helping energy users to embrace solar, battery storage and other behind-the-meter technologies, and benefit from innovative programs to manage their energy consumption.

Our work to prepare for greater electrification was brought into focus when the Victorian Government announced in July that new homes and government buildings (including schools, hospitals, police stations and public housing development) will be all-electric from January 2024. To support the transition, Minister for Energy and Resources Lily D'Ambrosio announced a \$10 million investment in a grants program to provide rebates for solar panels, solar hot water and heat pumps for new home buyers.

CASE STUDY:

Storing surplus solar in neighbourhood batteries

As more renewable energy connects to the network, we are supporting the installation of battery storage to ensure a stable, reliable and affordable supply of power at all times.

In February, we unveiled the first neighbourhood battery to be installed on Powercor's distribution network. Powercor's CEO Tim Rourke joined the Victorian Minister for Energy and Resources Lily D'Ambrosio to launch the battery, which is located in the rooftop solar hot spot of Tarneit in Melbourne's western suburbs.

The 120kW/360kWh battery will soak up surplus solar from households during the day and supply approximately 170 homes for up to three hours during peak electricity demand periods.

Launching the battery, Minister D'Ambrosio said that neighbourhood batteries are helping Victorians to "be part of the renewable energy revolution".

"Tarneit has some of the highest levels of rooftop solar in Australia and a new neighbourhood battery will give them access to a secure cheap renewable energy supply right at the end of the street," Ms D'Ambrosio said.

We also announced that a community battery will be installed at Maldon in northwest Victoria, after Powercor secured a \$500,000 grant through the Commonwealth Government's Community Batteries for Household Solar program.



CASE STUDY:

Improving access to network data

CitiPower and Powercor are helping to enable community energy initiatives by improving access to data that informs decision making processes.

As more third parties seek to provide non-network solutions, and community-based organisations plan for climate emergency response, we are receiving additional requests for network data.

During 2023, we launched new digital services accessible for a variety of audiences. These were:

- consumption data: information on electricity consumed by residential, commercial and solar customers at a postcode and local government level
- network visualisation portal: a geographical map containing multiple layers of information about the capacity of the network including constraints
- network data request service: when information sought is not freely available through the services above, community stakeholders can submit a network data request form to lodge their needs.

Tracking the demand for different types of data is helping to inform our approach to national studies into the scope of data that will be expected to be provided by networks as action under the energy transition accelerates.

A working group has been established with the Victorian Government and AEMO to define and prioritise data needs including low voltage network visibility, electric vehicle information, consumer and network metrics. This complements features already offered to customer who can download and track their own usage.

Energy equity

We understand the importance of access to reliable, stable power for customers that live in regional and rural Victoria.

To scope our customers thoughts on these and other important issues, we hosted the Regional & Rural Community Summit in Creswick in June. Participants told us that improving network reliability, capacity, and power quality were interconnected and essential to addressing the service inequities faced by many regional and rural communities.

They stressed that improving network reliability and power quality were vital to sustain and encourage economic growth, urging a long-term vision to bridge the metro-rural performance divide. Access to three-phase power was also identified as an issue that needed to be addressed to improve access to new clean energy technologies, electrification and business growth.

In March, we held a First Peoples engagement session on Yorta Yorta Country in Mooroopna. The workshop identified energy equity and affordability as key priorities for the local community.

Insights gathered at the events will help to inform our regulatory proposal for the 2026-31 period.

We were proud to continue our relationship with Food and Fibre Great South Coast by sponsoring the Great South Coast Sustainable Energy Forum in July and establish a new partnership with the Victorian Farmers Federation (VFF). In the first year of the relationship, we were pleased to collaborate with the VFF on our Powerline Safety campaign (read more in the case study on page 34).





Respect for First Peoples

We understand the importance of working in partnership with First Peoples to support their aspirations as we make decisions that affect them.

Beon continued to work through the commitments made in their Innovate Reconciliation Action Plan (RAP), with key initiatives recognised through their delivery of the Avonlie Solar farm (see page 21 for case study).

The creation of a dedicated CitiPower and Powercor First Peoples Engagement Team has been an important step in developing our partnerships with First Peoples and their representative organisations. The team's work is supported by the establishment of a First Peoples Advisory Committee who have been consulted on the development of CitiPower and Powercor's inaugural RAP.

The draft RAP has been submitted to Reconciliation Australia and is expected to be finalised in 2024.

To learn about First Nations histories and celebrate their cultures, our people participated in NAIDOC Week and Reconciliation Week activities across Victoria.

We also became a member of the Aboriginal Chamber of Commerce, Kinaway. As part of the newly formed partnership, we sponsored Kinaway's Deadly in Melbourne expo and held initial workshops to identify opportunities to partner with First Peoples businesses throughout our supply chain.



Responsible governance

Our approach

A tiered governance system has been developed to oversee and manage our approach to Environmental, Social, Governance (ESG) issues and actions. This involves our Board, executive, senior management and operational personnel and utilises existing risk management, finance and procurement governance systems to ensure a high standard of compliance.



Material issues

Sustainability management and governance:

We provide effective governance of sustainability strategy and delivery at the highest levels within the organisation.

Financial, risk and corporate governance:

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

Workplace behaviour and employee conduct:

Employees act with integrity, treat each other with dignity and respect, and uphold our values.

Cyber, privacy and data security:

We proactively work to protect our network operational systems, company and consumer data and digital systems from cyber threats.

Responsible supply chain:

Effectively managing environmental and social risks within our supply chain by enforcing appropriate procurement policies.

Progress against targets

Board and ESG Committee oversight of risk and compliance framework

🎯 2026 Target: 5 Board meetings
4 ESG Board Committee meetings annually

✓ 2023 Performance: 5 Board meetings
4 ESG Board Committee meetings

Holding our employees accountable for our values and Code of Conduct

🎯 2026 Target: Annual performance management process

✓ 2023 Performance: Complete

Number of critical cyber security breaches on our networks' operational technologies

🎯 2026 Target: 0 Cyber breaches

✓ 2023 Performance: 0 Cyber breaches

🎯 Target ✓ Delivered in 2023 → In progress

Highlights



0 Bribery and corruption claims

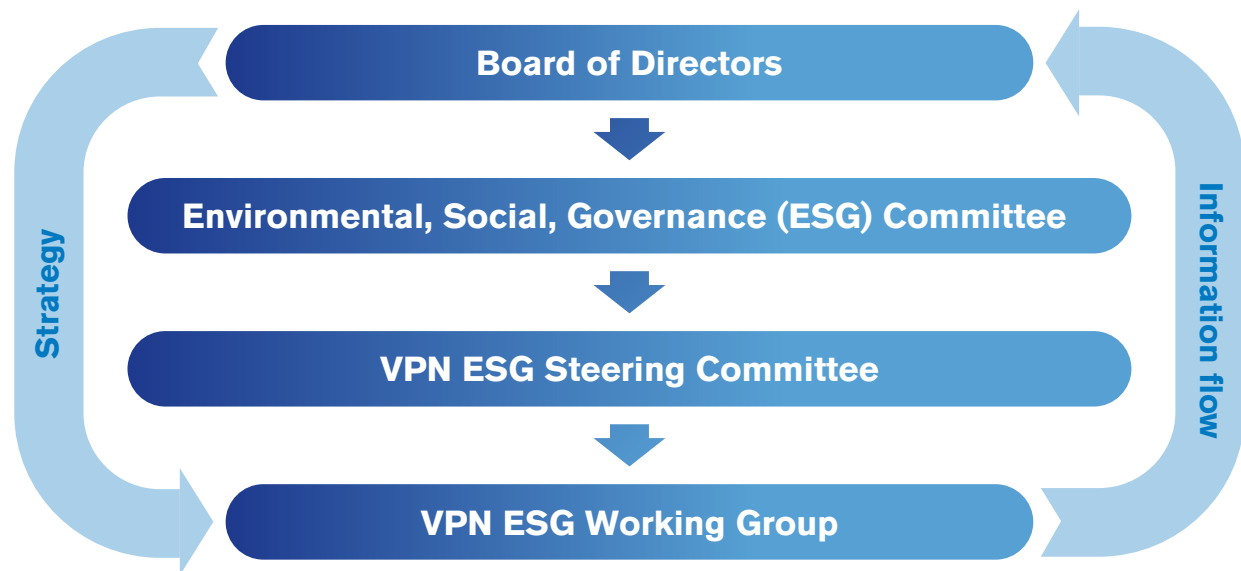
Sustainability management and governance

The **Board of Directors** is responsible for corporate governance and strategic direction for VPN, including our sustainability performance. The Board works with executives and senior management to manage risk, optimise business performance and maintain high standards of ethical behaviour and legal compliance. It holds responsibility for incorporating relevant sustainability and ESG matters into the company's purpose, governance, strategy, decision-making processes, risk management, and accountability reporting. The board met five times in 2023.

The **Environmental, Social and Governance Committee** of the Board plays a pivotal role in supporting the Board in fulfilling its duties and responsibilities. This involves overseeing the company's sustainability and climate strategy, and maintaining the effectiveness of, policies procedures and objectives which underpin this strategy. Additionally, the committee endorses ESG and sustainability targets and holds responsibility for receiving and assessing both audit reports and summaries pertaining to ESG and sustainability processes and programs. It reports to the Board on both progress and any recommended updates to our approach. The Committee met four times during 2023.

The **Environmental, Social, and Governance Steering Committee**, chaired by the General Manager of People, Culture and Legal, incorporates key members of the Executive Management Team tasked with managing the sustainability program. They are responsible for assuming primary ownership and accountability for the sustainability program, approving the sustainability strategy, materiality assessments, objectives and targets, and the publication of public reports. Additionally, they oversee the sustainability program's progress against set targets and allocate the necessary resources for its effective implementation. The committee is informed periodically by an internal dashboard which tracks and reports progress against our sustainability commitments and targets. The Committee met four times during 2023.

The **Environmental, Social, and Governance Working Group**, chaired by the Head of Health, Safety, and Sustainability includes representatives from different functional areas including customer, human resources, finance, and corporate services and collaborates to provide input on materiality assessments, prioritizing areas, and proposing objectives and targets. Additionally, the group integrates feedback from external stakeholders on sustainability issues, defines and implements sustainability initiatives, and provides the necessary data to fulfil both internal and external reporting obligations. The working group meetings are held quarterly.



Financial, risk and corporate governance

All business risks, including sustainability related risks, are assessed, managed and reported in accordance with our Enterprise Risk Management Framework and overseen by the Board Risk Management and Compliance Committee. Our Framework is based on ISO31000:2018 Risk Management – Guidelines and outlines the objectives and process for consistent identification and management of risks across the entire organisation. This enables centralised visibility and management of the company’s strategic priorities, finances and operations.

Our climate risk and opportunity register (refer to page 29) was aligned to our Enterprise Risk Management Framework and reported through to our ESG Steering Committee and ESG Committee.

During 2023, we continued to improve the incorporation and reporting of material ESG risks by:

- encouraging our business’ risk champions to have conversations on ESG matters as part of risk profiling activities
- initiating discussions on emerging ESG risks that may be material in the medium to long term
- supporting the business to ensure that projects, initiatives and key business activities include adequate consideration of ESG-related objectives, risks and opportunities.

Additionally, our business has been deemed ‘Critical Infrastructure’ under Commonwealth legislation (Security of Critical Infrastructure Act 2018), which aims to strengthen the security and resilience of Australia’s critical infrastructure by improving risk management practices and information exchange between industry and government.

The Department of Energy, Environment & Climate Action (DEECA) has also declared our electricity distribution network as ‘Vital Critical Infrastructure’ under Part 7A of the Emergency Management Act 2013. This places obligations upon us to ensure appropriate risk management practices are in place to maintain the resilience of our electricity distribution network.

Workplace behaviour and employee conduct

We recognise the importance of acting in a fair and responsible manner, with integrity and honesty.

We have no risk appetite for fraud and other deliberate breaches of financial controls. Our Fraud and Corruption Policy commits VPN to maintaining an anti-fraud culture in the organisation and outlines the business’ approach to preventing, detecting and investigating any suspected instances of fraud. This includes structural elements relating to fraud management and the associated control framework, as well as operational elements concerning responsibilities and required procedures. (Note: The use of the term ‘fraud’ includes bribery and corruption.)

Our Employee Code of Conduct describes the behaviours expected by our employees in alignment with our values.

The conduct of all employees is assessed against our five values as part of their annual performance review process.

We are committed to the protection of individuals who disclose information about illegal or improper conduct occurring within our business.

Our Whistleblower Policy encourages reporting of wrongdoing that is of a legitimate concern by providing a convenient and safe reporting mechanism and protection for people who make a disclosure. Details of how to report incidents are included in this Policy and on our website, including processes to report incidents through our independently run Speak-up Anonymous hotline.

Responsible supply chain

An updated Modern Slavery Statement was approved by the VPN Board in mid-2023. This includes an updated industry risk assessment which reflects the impact on changes to global supply chains and the availability of human capital since the COVID pandemic.

The three key risks are now categorised as:

- **Construction and engineering:** This sector relies on large and complex international supply chains as well as local and international labour, and sources goods and materials originating in regions with potentially weaker working conditions and regulations.
- **Electrical components and equipment:** This industry includes companies that supply electric cables and wires, electrical components or equipment not classified in the Heavy Electrical Equipment sub-industry. Similar to construction, this sector typically has long international supply chains for its raw materials manufacture and product assembly.
- **Human resources and employment services:** We typically source these services from Australian companies with local labour contracts. While these services are typically lower risk in Australia, the direct impact on people means this sector carries an inherent modern slavery risk. Suppliers in this industry provide business support services relating to human capital management including employment agencies, training, payroll and benefit support services, retirement services and temporary labour hire agencies.

Our supplier modern slavery self-assessment now targets 85% of our supply chain by spend. This survey found strong compliance with legislation and substantial improvement in understanding and awareness of our suppliers' requirements on themselves and their supply chains. Following the publishing of our Supplier Code of Conduct in 2022, it is apparent our suppliers have increased their visibility of supply chain risks and implemented measures to further improve their performance.

We have further improved supply chain risk management by introducing a new 'source to contract' information technology solution called 'Felix'. This is a comprehensive procurement and contract management solution designed specifically for the construction and utilities sector. It includes pre-qualification, sourcing and vendor management modules to assist in driving greater supplier compliance and improving our ability to review and manage supplier performance.

In addition, all purchase order terms and conditions have also now been updated to include anti-slavery and human trafficking requirements, covering all engagements with suppliers.

There were no modern slavery risks raised for remediation in our supply chain during 2023.

Cyber, privacy and data security

Our cyber security capability is continually improving to enhance the reliability and resilience of the network, protect consumer data, and respond to changes in our threat landscape.

During 2023, our cyber security strategy and assurance program of works focused on addressing risks most relevant to our organisation, improving the effectiveness and coverage of key security platforms and controls, and achieving compliance with mandatory government regulations for critical infrastructure cyber security.

The key initiatives delivered improvements in processes and technologies for identity management and communication networks. Our assurance program provided compliance with targets established under the Security of Critical Infrastructure (SOCl) act and incorporates independent review and assurance of the effectiveness of our security controls and response procedures. Other key activities included our annual participation in the Australian Energy Sector Cyber Security Framework (AESCSF) self-assessment and planning of our cyber security strategy and program refresh for the coming (2026 – 2031) regulatory period.

We continue to respond to new and emerging obligations under cyber security regulation, including:

- Commonwealth Department of Home Affairs Enhanced Cyber Security Obligations under the *Security of Critical Infrastructure Act*
- Victorian Government changes to the *State Emergency Management Plan Cyber Security Sub-Plan*.

We remain on track to meet compliance requirements within the timeframes set out under these new regulations.

There were no critical cyber security breaches of our network's operational technologies during 2023.

Sustainability metric performance summary

Focus areas	Metric	Unit	2019 – Baseline	2020	2021	2022	2023	2026 Target
Safe and equitable workplaces	Fatalities	No.	0	0	0	0	0	0
	Significant (high potential) incidents	No.	3	2	5	0	1	0
	Employee satisfaction re wellbeing and mental health (Employee Opinion Survey)	%	N/A ²	N/A ²	73	79	83	75
	Females in employment	%	21.3	22.1	22.0	21.0	22.0	25.0
	Females in management roles	%	15.0	18.0	21.7	21.0	23.0	22.0
	Inclusion & Diversity index outcomes (Employee Opinion Survey)	%	N/A ²	N/A ²	79	84	86	75
Environmental and climate resilience	Outperform targets for average minutes off supply per customer for unplanned outages System Average Interruption Duration Index – Powercor	minutes	122.0	127.0	89.9	121.4	95.7	124.0
	Outperform targets for average minutes off supply per customer for unplanned outages System Average Interruption Duration Index – CitiPower	minutes	21.6	27.9	20.4	15.2	20.0	24.7
	ISO14001 Environmental Management System certified	-	Certified	Certified	Certified	Certified	Certified	Certified
	Reduce both direct and indirect ¹ carbon emissions including distribution line losses based on 2019 baseline	mt CO ₂ -e	1.194	1.083 (-9%)	1.018 (-14%)	0.988 (-17%)	0.891 (-25%)	0.836 ³ (-30%)
Empowering communities	Total installed capacity of renewable energy generation on our networks	GW	1.75	1.96	2.29	2.48	2.64	4.00
	Customer participation in energy literacy programs	No.	292	350	247	1,147	14,565	2,000 (1,000 per network)
	Value of network and technology investments in innovation – over 5 yrs	\$m	4 ⁴	N/A ⁵	N/A ⁵	7.0 ⁴	18.4 ⁴	25.7
Responsible governance	Board meetings per annum	No.	5	5	5	4	5	5
	ESG Committee meetings per annum	No.	N/A ⁶	N/A ⁶	N/A ⁶	3	4	4
	Holding our employees accountable to our values and Code of Conduct	-	Annual performance management process	Complete	Complete	Complete	Complete	Annual performance management process
	Number of critical cyber security breaches on our networks' operational technologies	No.	0	0	0	0	0	0

¹ Indirect and direct carbon emissions based of *National Greenhouse Energy Reporting Regulations 2008* definition of Scope 1 and 2

² Not applicable as these questions were not part of the Employee Opinion Survey during that year

³ 30% reduction in carbon emissions by 2030 from a 2019 baseline

⁴ Aggregated spend on innovation and technology. 2022 data has been updated to align it with the full scope of the definition, post audit.

⁵ Not applicable as the target period for innovation investment is 2022-2026

⁶ Not applicable as the ESG committee was formed in 2022

Sustainability metrics definitions

Focus areas	Metric	Unit	Definition
Safe and equitable workplaces	Fatalities	No.	Number of workplace fatalities of VPN's employees or contractors working on behalf of VPN.
	Significant (high potential) incidents	No.	Number of incidents with a Maximum Credible Potential rating of '4' or '5' as defined by the VPN HSE Incident Management Procedure, where VPN has operational control.
	Employee satisfaction re wellbeing and mental health (Employee Opinion Survey)	%	Annual Employee Opinion Survey favourable score result on the question "The programs and benefits the business provides helps me maintain my well-being and mental health".
	Females in employment	%	% of females based on total head count of the organisation as at year end 2023.
	Females in management roles	%	% of females in management based on the total head count of management within the organisation as at year end 2023.
	Inclusion & Diversity index outcomes (Employee Opinion Survey)	%	Annual Employee Opinion Survey favourable score result for the Inclusion and Diversity Index category.
Environmental and climate resilience	Outperform targets for average minutes off supply per customer for unplanned outages System Average Interruption Duration Index – Powercor	minutes	Unplanned SAIDI (System Average Interruption Duration Index) is the sum of the duration of each unplanned sustained customer interruption (in minutes), divided by the Customer Base. Unplanned SAIDI excludes momentary interruptions (three minutes or less). – For Powercor.
	Outperform targets for average minutes off supply per customer for unplanned outages System Average Interruption Duration Index – CitiPower	minutes	Unplanned SAIDI (System Average Interruption Duration Index) is the sum of the duration of each unplanned sustained customer interruption (in minutes), divided by the Customer Base. Unplanned SAIDI excludes momentary interruptions (three minutes or less). – For CitiPower.
	ISO14001 Environmental Management System certified	-	VPN business is certified for ISO14001 Environmental Management System.
	Reduce both direct and indirect ¹ carbon emissions including distribution line losses based on 2019 baseline	mt CO ₂ -e	Indirect and direct carbon emissions based of National Greenhouse Energy Reporting Regulations 2008 definition of Scope 1 and 2.
Empowering communities	Total installed capacity of renewable energy generation on our networks	GW	All renewables on our network including residential and large-scale connections.
	Customer participation in energy literacy programs	No./annum	Number of customers engaged in digital and face-to-face initiatives related to energy literacy.
	Value of network and technology investments in innovation – over 5 yrs	\$m	Total aggregated investments in programs that support the business in exploring innovative demand management strategies, encompassing digital innovation and technology improvements, network automation, network analytics, and demand management projects, aimed at reducing costs for electricity consumers in future.
Responsible governance	Board meetings per annum	No.	A formal meeting of VPN board of directors.
	ESG Committee meetings per annum	No.	A formal meeting of VPN ESG Committee members.
	Holding our employees accountable to our values and Code of Conduct	-	Annual performance review completed, including the assessment against the business values, for all eligible VPN employees.
	Number of critical cyber security breaches on our networks' operational technologies	No.	A cybersecurity incident that results in significant impact and/or sustained disruptions to operational technology systems or an equivalent consequence.

Data assurance

RISK ADVISORY SERVICES



VICTORIA POWER NETWORKS PTY LTD - LIMITED ASSURANCE ENGAGEMENT REPORT - SUSTAINABILITY METRICS (CY2023)

Limited Assurance Engagement Report – Sustainability Metrics

March 2024

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INDEPENDENT LIMITED ASSURANCE REPORT TO THE MANAGEMENT AND BOARD OF DIRECTORS OF VICTORIA POWER NETWORKS PTY LTD

Introduction

RSM have conducted a limited assurance engagement for Victoria Power Networks Pty Ltd (“VPN”) on the Business Committed Sustainability Metrics (“**Subject Matter**”), pertaining to the period 1 January 2023 to 31 December 2023, disclosed in the VPN Annual Sustainability Report.

Information Subject to Assurance

The Subject Matter, as presented in VPN’s 2023 Sustainability Report, subject to assurance comprises the following:

Table 1: Business Committed Sustainability Metrics

Subject Matter	
Safe and Equitable Workplaces	
Number of fatalities	0
Significant (high potential) incidents	1
Employee satisfaction; Mental Health and Wellbeing (%)	83
Females in employment (%)	22
Females in management roles (%)	23
Inclusion and Diversity index outcomes (EOS) (%)	86
Environmental and Climate Resilience	
System Average Interruption Duration Index (SAIDI) - Powercor	95.7
System Average Interruption Duration Index (SAIDI) - CitiPower	20.0
Environmental Management System (EMS) 14001	Certified
Carbon Emission Reduction (MtCO2-e)	0.891
Empowering Communities	
Total installed capacity of renewables on our networks (GW)	2.64
Customer participation in energy literacy programs	14,565
Innovation funding (including DMIA & Digital) – over 5 years (\$m)	18.4
Responsible Governance	
Board meetings per annum	5
ESG Committee meetings per annum	4
Holding our employees accountable to our values and Code of Conduct	Complete
Number of critical cyber security breaches	0

Criteria Used as the Basis of Reporting

The Subject Matter has been reviewed against VPN’s 2023 internally established definitions and criteria (“**Criteria**”).



INDEPENDENT LIMITED ASSURANCE REPORT TO THE MANAGEMENT AND BOARD OF DIRECTORS OF VICTORIA POWER NETWORKS PTY LTD

Responsibilities of the Board of Directors and Executive Management

The Board of Directors and Executive Management are responsible for determining the criteria that is appropriate to meet their needs and for preparation and presentation of the Subject Matter in accordance with the criteria, in all material respects. This responsibility includes design, implementation, and maintenance of internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error.

In respect to this limited assurance engagement, VPN's responsibility was to provide access to relevant staff, documents and any other resources that assisted RSM in completing the scope and coverage of the engagement.

Our Independence and Quality Control

We have complied with the relevant ethical requirements for assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour.

Furthermore, RSM maintains, in accordance with Australian Standard on Quality Management 1 ("ASQM 1") *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* and Australian Standard on Quality Management 2 ("ASQM 2") *Engagement Quality Reviews*, a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to attention to indicate the Subject Matter has not, in all material respects, been prepared and presented in accordance with the Criteria, for the period 1 January 2023 to 31 December 2023. Our review has been conducted in accordance with ASAE 3000 "Assurance Engagements Other than Audits and Reviews of Financial Information" and ASAE 3410 "Assurance Engagements on Greenhouse Gas Statements" to provide limited assurance. Our procedures described below in this report have been undertaken to form this conclusion.

Inherent Limitations

There are inherent limitations in performing assurance - for example, assurance engagements are based on selective testing of the information being examined - and because of this, it is possible that fraud, error, or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the period that is the subject of the engagement and the procedures performed on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and sampling or estimating such data. We specifically note that VPN has used estimates or extrapolated underlying information to calculate certain amounts included within the greenhouse gas and energy metrics.

Use of this Report

This limited assurance report has been prepared for VPN. We disclaim any assumption of responsibility for any reliance on this report to any other persons or users, or for any purpose other than that for which it was prepared.

We disclaim all liability to any party other than VPN in respect of, or in consequence of, anything done, or omitted to be done, by any party in reliance, whether whole or partial, upon any information contained in this report. Any party, other than VPN, who chooses to rely in any way on the contents of this report, does so at their own risk.



INDEPENDENT LIMITED ASSURANCE REPORT TO THE MANAGEMENT AND BOARD OF DIRECTORS OF VICTORIA POWER NETWORKS PTY LTD

Summary of Procedures Undertaken

The procedures performed to reach our limited assurance conclusion included, but were not limited to:

- Conducting interviews with management to understand data sources, systems, processes and responsible personnel to capture the data relevant to the Subject Matter;
- Reviewing relevant documentation including VPN's Basis of Preparation, and relevant NGER legislation;
- Performing analytical and other review procedures over the Subject Matter including reviewing evidence on a sample basis;
- Conducting walkthroughs of the Subject Matter to source documentation;
- Testing the arithmetic accuracy of a sample of calculations of the Subject Matter;
- Reviewing the Subject Matter against the reporting criteria; and
- Reviewing user access and other key system and process controls as they related to the compilation of data or any calculations used.

Basis for Conclusion

RSM have conducted our limited assurance engagement under the requirements of the Australian Auditing and Assurance Standards Board's "Framework for Assurance Engagements", ASAE 3000 "Assurance Engagements Other than Audits and Reviews of Financial Information" and ASAE 3410 "Assurance Engagements on Greenhouse Gas Statements."

Conclusion

Based on the limited assurance procedures we have performed, and the evidence collected, nothing has come to our attention that causes us to believe that the Subject Matter (described in Table 1) for the period 1 January 2023 to 31 December 2023, has not been prepared and presented in accordance with the Criteria, in all material respects.

Signed

J ELKHISHIN
Director
RSM Australia Pty Ltd

Brisbane
13 March 2024





For further information visit:

www.citipower.com.au



www.powercor.com.au

www.beon-es.com.au



CitiPower and Powercor Australia



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