Ausgrid

FY22 SUSTAINABILITY REPORT

Working together...

...to achieve a **resilient, affordable, net zero** future

CONTENTS

ACKNOWLEDGEMENT OF COUNTRY

We acknowledge Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of this land and we pay our respect to their Elders past, present and future.

ABOUT THIS REPORT

Our sustainability report describes how we address the environmental, social and governance (ESG) issues that matter most to our stakeholders.

This report is structured around three key areas that encapsulate our ESG issues:

1. Customers and communities
2. Our people
3. Energy solutions

These areas guide Ausgrid's sustainability strategy and align with our values, purpose, vision and strategic priorities.

Ausgrid does not publish an Annual Report as it is jointly owned by AustralianSuper, IFM Investors and APG Asset Management (50.4%), and the New South Wales Government (49.6%). We choose to be transparent and have developed our sustainability reporting using internationally recognised frameworks to communicate our performance. We will continue to expand the scope of our disclosures as data quality and availability improves.

This report is produced in accordance with the core requirements of the Global Reporting Initiative (GRI).

An external assurance provider has not been engaged – Ausgrid has internal governance and processes in place (including Executive Leadership Team endorsement) to ensure that the information contained within this report is factually correct.
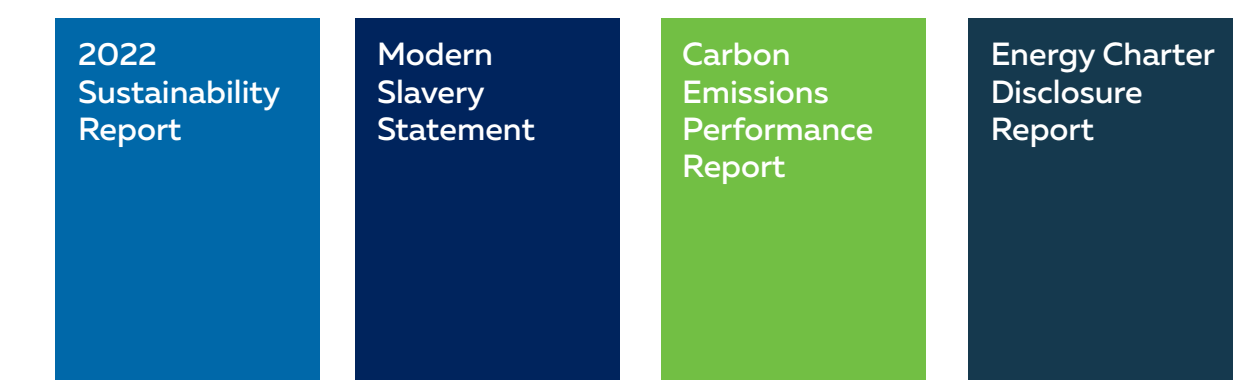
This is Ausgrid's fourth annual sustainability report and reflects our performance for the financial year from 1 July 2021 to 30 June 2022.

It does not include Ausgrid's affiliate, PLUS ES.

AUSGRID ANNUAL ESG REPORTING SUITE

2022 Sustainability Report

Modern Slavery Statement

Carbon Emissions Performance Report

Energy Charter Disclosure Report

We also provide several disclosure documents on specific ESG topics. Please refer to the Ausgrid website to access these publications.

CONTACT

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FY22 Highlights
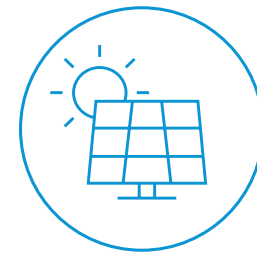
Customers and communities

Our people

Energy solutions

13%
point improvement in Customer Confidence Score from FY21

$21m
in incremental operational expenditure savings

0
environmental fines or prosecutions

0
significant disruptions to business operations due to staff illness

23%
improvement in Total Recordable Injury Frequency Rate (TRIFR) from FY21

0
no gender pay gap

24.9%
reduction in scope 1, 2 (excl line losses), and selected scope 3 emissions (target is 44% reduction by EOFY24)

14
JOLT electric vehicle charging stations installed

0.61
System Average Interruption Frequency Index (SAIFI) (average number of service interruptions to each customer over the year)

~12m
malicious, phishing and spam emails blocked

CEO's message

Working together to achieve a resilient, affordable, net zero future.

The energy industry is at a defining moment, bringing great opportunities for our communities, business, and people.

This year, Ausgrid released a new business strategy and vision to lead us into an exciting period in the Australian energy industry as it transitions to a net zero future. The strategy and vision were shaped by feedback from all of us – our customers and our people – working together.

Our new vision is for communities to have the power in a resilient, affordable, net zero future. This will help our business focus on what is best for our communities, which will be different for each. They will want to be enabled to choose and achieve what is best for them, and Ausgrid will drive the initiatives and partnerships that make it happen.

We are working with our customers to build network resilience and ensure it keeps pace with the challenges of a changing climate. This year we worked collaboratively with our electricity distribution colleagues to lead the sector's resilience planning and advocate for grid investment to manage the impacts of climate change.

Net zero is a strategic priority for Ausgrid. We have the largest network of existing infrastructure, supported by teams of dedicated and capable people in all parts of the business. Ausgrid is uniquely placed to enable our customers to facilitate an equitable and affordable transition to net zero.

We continued to improve our sustainability performance over the past financial year, despite the challenges of energy market volatility, sector reforms, the continued impacts of COVID-19 and extreme weather events.

In FY22, we surpassed our emissions reduction target, achieving a 19.4% reduction in total emissions from our FY17 baseline. As part of the Business Ambition for 1.5°C and Science Based Targets initiative, we have committed to achieving emissions reductions (including line losses) of 50% by 2030 and net zero by 2050. To achieve this, we are investing in our capabilities and ways of working to prepare us for the future. This includes ensuring our network is ready for renewables to play an ever-greater role in the power generation mix and for households and businesses to generate their own electricity and sell it back to the grid.

I am pleased that our customer satisfaction score continued an upward trajectory. Listening to our customers and stakeholders is more important than ever. This is particularly so as we prepare our 2024–2029 regulatory submission, via a best practice customer consultation program, where we have heard loud and clear that managing energy costs remains a major concern for our customers.

In FY22, we reduced our operational expenditure by $21 million. Since 2014 , Ausgrid has worked hard to lower network charges for an average residential customer by $253 per year. At the same time, our safety performance has lifted, with our total recordable injury rate improving by 74 % since 2016 – now at industry-leading levels.

I am so proud of all we have achieved together and I am excited for the future with the opportunities a resilient, affordable, net zero future brings us all.

Richard Gross
Chief Executive Officer

Our organisation

For over a century, we have overseen a network of assets that connects communities and empowers customers' lives.

Ausgrid is the largest electricity distributor on Australia's east coast, providing electricity to 1.8 million customers – that is, over four million Australians relying on us daily. Our network comprises substations connected through high and low-voltage power lines, underground cables, tunnels and power poles, spanning 22,275 square kilometres throughout Sydney, the Central Coast and the Hunter Valley.

Our operations include infrastructure construction and maintenance, customer connections, street lighting and telecommunications.

Ausgrid's job is also to ensure the network is ready for a future where renewables play a major role in the power mix and our customers can generate their own energy and sell it back to the grid.

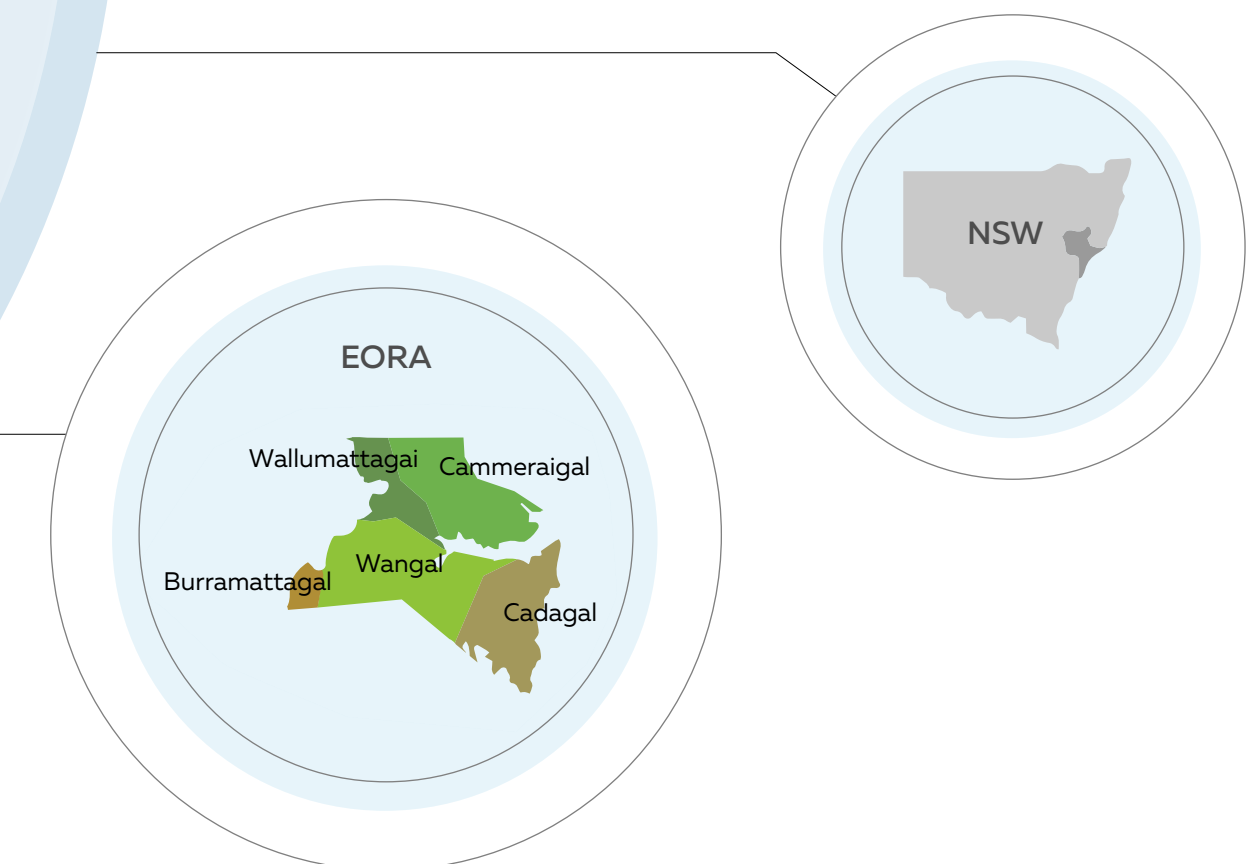The Ausgrid headquarters is in Haymarket, Sydney.
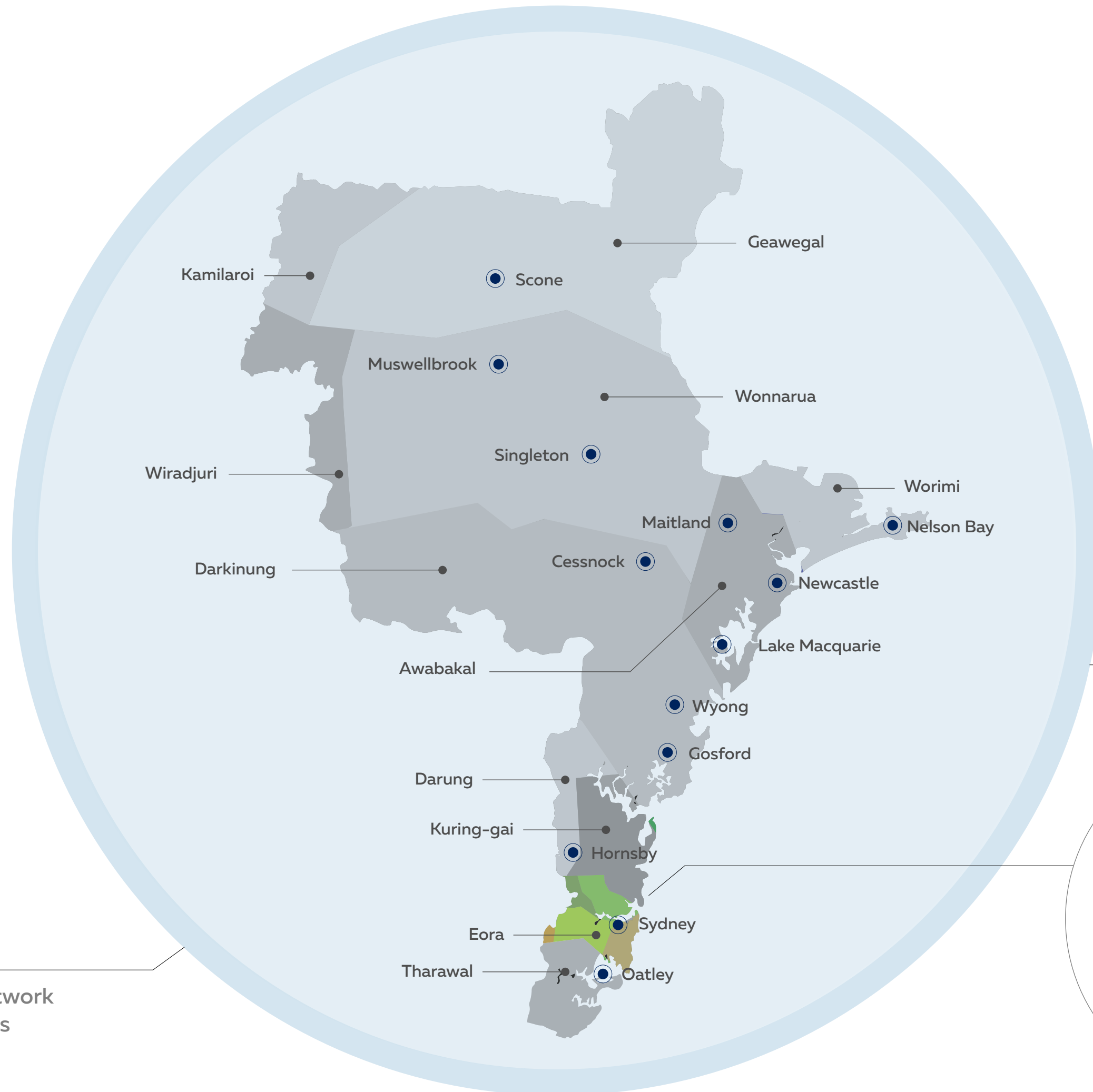
Map of Ausgrid's network area, with Indigenous place names

Our network spans

22,275km²

We provide electricity to almost

1.8m customers

Our customers and users

Ausgrid provides an essential service to over four million customers and users from diverse demographic and cultural backgrounds. These customers include urban residents and businesses in Australia's largest city and those in rural areas across the Central Coast and the Hunter Valley.

Our customers also consist of councils, telecommunication providers and developers. We service critical infrastructure within our network footprint, including schools and hospitals.

As a member of the Energy Charter, we are committed to working with the industry to improve customer outcomes and build trust in the sector. We release an annual Energy Charter Disclosure Report on our performance.

Our organisation

2,836
employees

512,811
power poles

257,155
streetlights

22,275km^2
of area supplied

48,185km
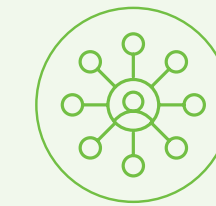power lines and underground cables

33,179
small distribution substations

237
large electricity substations

1
Customer Consultative Committee with **2** sub-committees

Our impact

>4m
customers and users

201k
businesses

Almost
1.8m
homes and businesses

1,328
schools

20%
of Australia's Gross Domestic Product

24,235GWh
of power supplied

65
hospitals

Purpose

Connecting communities, empowering lives

Vision

Our vision is for communities to have the power in a resilient, affordable, net zero future

Our Values

· Work Safe, Live Safe
· Customer-focused
· Collaborative
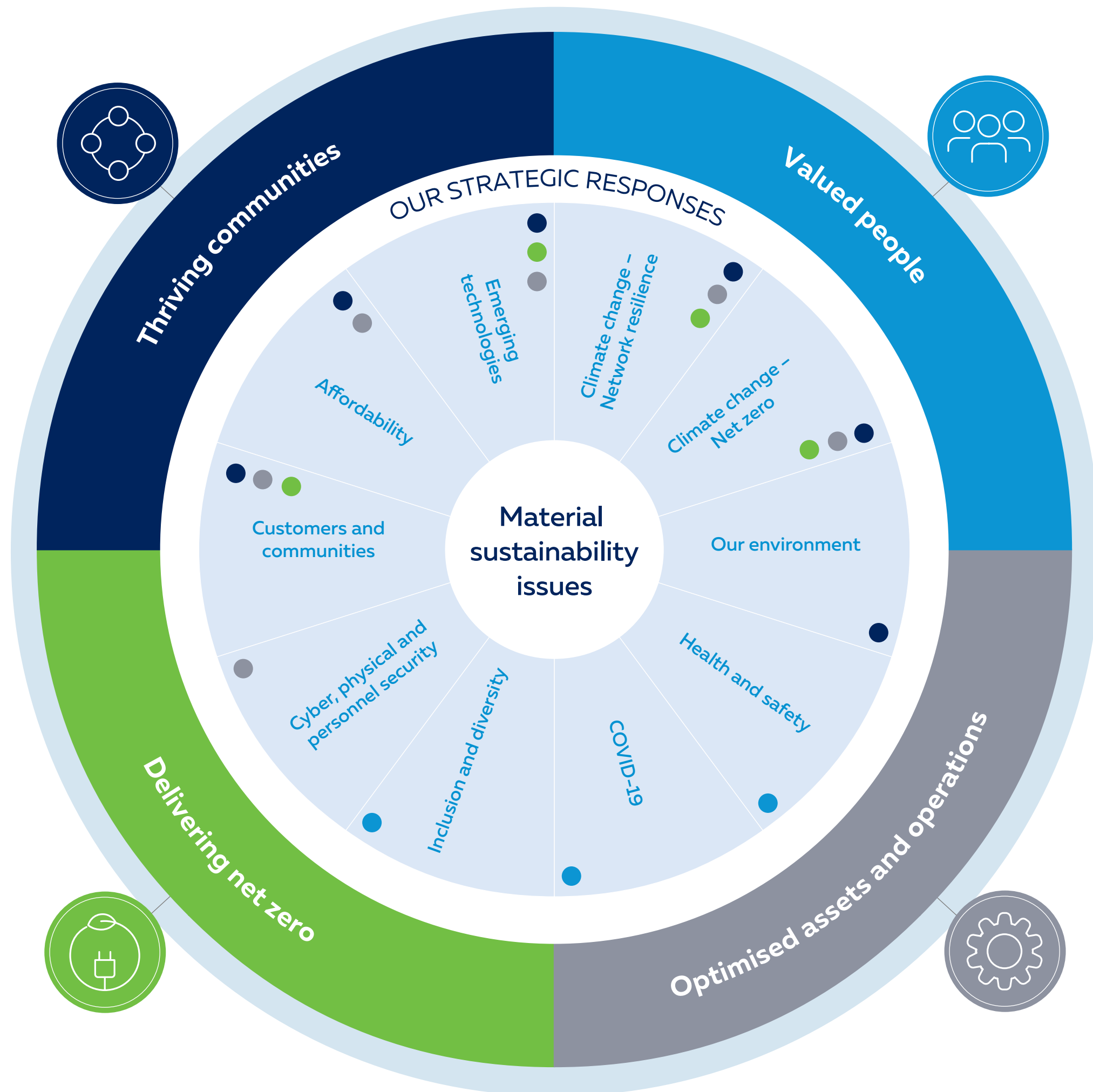· Commercially-minded
· Honest and Accountable
· Respect

Our new business strategy and vision

We know our environment is changing, and we seek to harness the opportunities that this brings. This year Ausgrid refreshed its vision and launched a new strategy, shaped by input from our customers and people. Through workshops, advisory panels, surveys, and discussions, we have identified areas of focus to ensure our business and communities grow and thrive.

Objectives	Thriving Communities	Valued People	Optimised Assets and Operations	Delivering Net Zero
	Listen and understand to exceed customer expectations	**Put employees at the heart of Ausgrid to create a great place to work**	**Excel at operations to deliver safe and affordable services**	**Innovate and grow our business to support a net zero future**
Actions	· Support our customers to build resilient communities with a safe and reliable network · Strive to resolve customer issues quickly and meet changing expectations · Support customer choice by providing options and information · Continue to build trust and collaborate with our stakeholders	· Harness our knowledge and resources to work safely and efficiently · Better reflect the diversity of our communities in our workforce, starting with gender · Simplify processes and systems so we can work smarter · Collaborate and recognise the efforts of others	· Improve the efficiency of how we plan and deliver field and office based operations · Deliver the network capex and maintenance plans · Lift our digital and data capabilities to make fast, evidence-based decisions · Build new skills to excel today and ready ourselves for the future	· Demonstrate leadership and facilitate an equitable and affordable transition to net zero · Enable flexibility and support a resilient and secure energy system · Embrace the energy transition to create opportunities and grow revenue · Reduce Ausgrid's carbon footprint
Measures	· Percentage of customers and partners who would recommend Ausgrid · Customer restorations after major weather events	· Zero fatalities · Reduced injury rates · Employee engagement · Women in front line and leadership roles	· Delivery of network capex and maintenance plans · Network reliability and safety · Spend within budget	· Ausgrid's carbon emissions · Smart Grid Index score · Unregulated revenue

KEY

● ● ● ●
Alignment with
strategic objectives

OUR STRATEGIC RESPONSES

Thriving communities

Valued people

Delivering net zero

Optimised assets and operations

Material sustainability issues

Emerging technologies

Affordability

Customers and communities

Cyber, physical and personnel security

Inclusion and diversity

COVID-19

Health and safety

Our environment

Climate change – Net zero

Climate change – Network resilience

Governance

Ausgrid's governance framework is focused on ensuring that risk is effectively managed, our statutory obligations are met, and our people and culture are nurtured to ensure we live our values and work towards a sustainable future. Underpinning our approach to governance is a strong risk management framework and our Code of Conduct.

Our integrated risk management framework facilitates the comprehensive identification, assessment and reduction of strategic and operational risks. The framework is aligned to AS/NZS ISO 31000:2018 Risk Management and includes:

· Board Policy Risk Management
· Risk Appetite Statement
· Risk Management Framework

Ausgrid has adopted a 'three lines of defence' model across the business, which defines roles and responsibilities and the oversight function, including internal auditing.

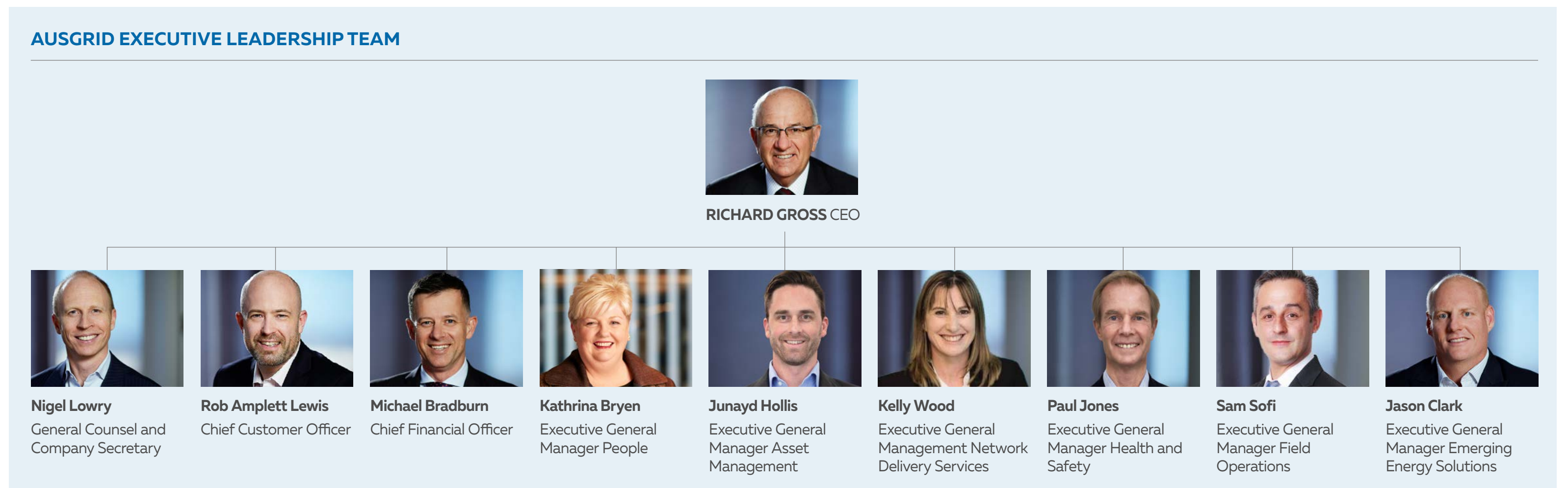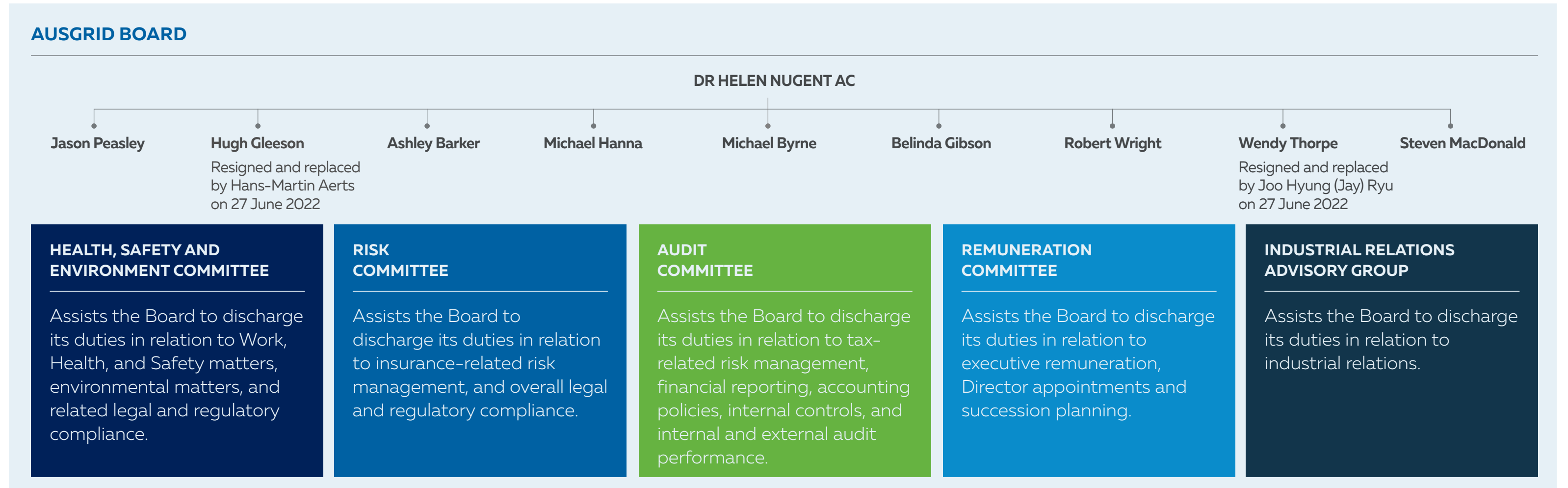| LINE OF DEFENCE	RESPONSIBILITIES
First line (all Groups/Operational Management)	Own the risks that impact the objectives of their business areas. They perform the day-to-day risk management activities and are responsible to identify, analyse, evaluate, treat, monitor, review and report risks that could prevent the business from achieving its objectives.
Second line (Governance Risk and Compliance team and other risk oversight functions)	The oversight functions provide advice, training and monitoring to the first line. In consultation with the first line, the second line sets policies and procedures, facilitates the risk framework, collates group information, tests controls, issues reports and provides assurance to the Board through functional oversight.
Third line (Internal Audit)	Internal audit provides independent and objective assurance on the effectiveness of risk management, control and governance processes.

Our Board, chaired by independent member Dr Helen Nugent AC, assumes overall responsibility for Ausgrid's corporate governance, overseeing the organisation's performance, our management, employees, and the interests of our shareholders and other stakeholders. Board members are appointed by our shareholders at their discretion, considering relevant skillsets and experience. The Board has 10 members comprising three women and seven men. It maintains five committees: Health, Safety and Environment; Risk; Audit; Remuneration; and Industrial Relations Advisory Group.

Our Executive Leadership Team, led by Chief Executive Officer Richard Gross, provides a forum for oversight and endorsement of strategic and operational decisions on significant matters that affect Ausgrid. This team monitors performance against a scorecard and the delivery of reform initiatives. It also acts as a review mechanism for matters to be considered by the Board or committees. There are 10 members comprising two women and eight men.

Our people

Our people are the most important part of our business. Ausgrid employees cover professional and technical positions, from entry-level to senior leadership roles, across various disciplines and locations. Of our 2,836 employees, 17% are women, and 56% of our workforce have been with our business for 10–20 years.

AUSGRID BOARD

DR HELEN NUGENT AC

Jason Peasley

Hugh Gleeson
Resigned and replaced by Hans-Martin Aerts on 27 June 2022

Ashley Barker

Michael Hanna

Michael Byrne

Belinda Gibson

Robert Wright

Wendy Thorpe
Resigned and replaced by Joo Hyung (Jay) Ryu on 27 June 2022

Steven MacDonald

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE	RISK COMMITTEE	AUDIT COMMITTEE	REMUNERATION COMMITTEE	INDUSTRIAL RELATIONS ADVISORY GROUP
Assists the Board to discharge its duties in relation to Work, Health, and Safety matters, environmental matters, and related legal and regulatory compliance.	Assists the Board to discharge its duties in relation to insurance-related risk management, and overall legal and regulatory compliance.	Assists the Board to discharge its duties in relation to tax-related risk management, financial reporting, accounting policies, internal controls, and internal and external audit performance.	Assists the Board to discharge its duties in relation to executive remuneration, Director appointments and succession planning.	Assists the Board to discharge its duties in relation to industrial relations.

AUSGRID EXECUTIVE LEADERSHIP TEAM

RICHARD GROSS CEO

Nigel Lowry
General Counsel and Company Secretary

Rob Amplett Lewis
Chief Customer Officer

Michael Bradburn
Chief Financial Officer

Kathrina Bryen
Executive General Manager People

Junayd Hollis
Executive General Manager Asset Management

Kelly Wood
Executive General Management Network Delivery Services

Paul Jones
Executive General Manager Health and Safety

Sam Sofi
Executive General Manager Field Operations

Jason Clark
Executive General Manager Emerging Energy Solutions

Our value chain

Our core business is electricity transmission and distribution.

The Ausgrid network provides a valuable essential service. It is comprised of 512,811 power poles, 48,185km of power lines and underground cables, 237 large electricity substations, and 33,179 small distribution substations.
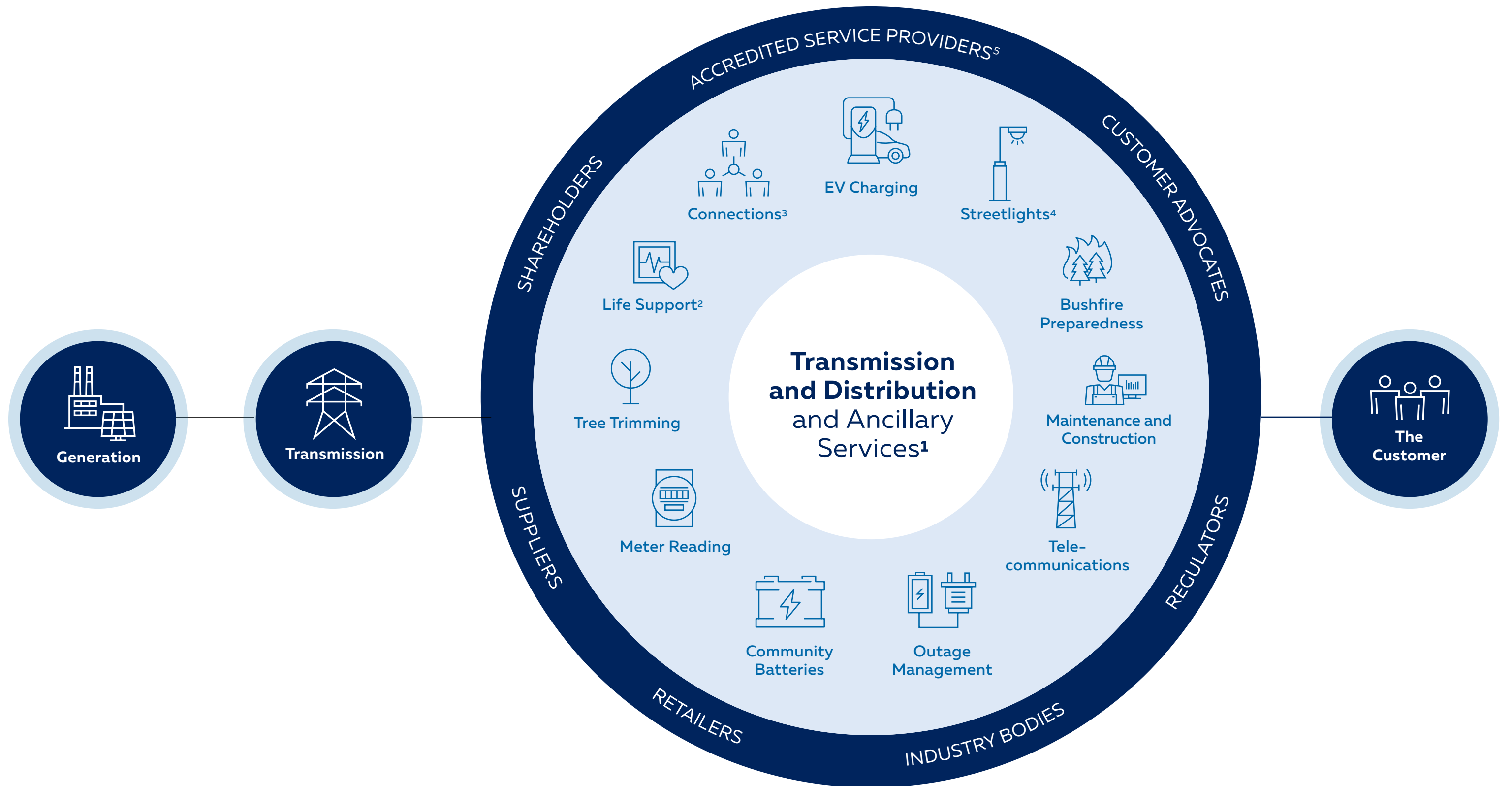
As part of our network, we provide and maintain 257,155 streetlights for 33 council areas across Sydney, the Central Coast and the Hunter region.

To provide a safe, reliable and resilient network, we are continually conducting maintenance, bushfire preparedness and tree trimming. An integral part of this work is outage management and supporting our customers when experiencing a service disruption due to critical maintenance or responding to an event, like a storm. We strive to have a minimal impact on our customers, particularly our most vulnerable.

We have our own telecommunications fibre network on our infrastructure, which is also used by third parties to carry their communications technology to our assets. This further assists in our commitment to ensuring communities stay connected.

We work with a wide range of customers to plan the connection of new or additional services to our network. To meet our customers' growing needs with electric vehicles, Ausgrid has partnered with JOLTcharge to transform existing street-side electricity kiosks into electric vehicle charging stations.

Our materiality assessment considered our full value chain.

Generation → Transmission → [Central diagram: Transmission and Distribution and Ancillary Services[1]; surrounding ring labelled ACCREDITED SERVICE PROVIDERS[5], CUSTOMER ADVOCATES, REGULATORS, INDUSTRY BODIES, RETAILERS, SUPPLIERS, SHAREHOLDERS; inner icons: Connections[3], EV Charging, Streetlights[4], Life Support[2], Bushfire Preparedness, Tree Trimming, Maintenance and Construction, Meter Reading, Tele-communications, Community Batteries, Outage Management] → The Customer

KEY

☐ Ausgrid
■ Third party

NOTES

1 Ancillary Services
Non-routine services provided to individual customers

2 Life Support
Keeping the power on for our vulnerable customers

3 Connections
These include solar panels, emerging technologies such as batteries, connecting new customers and upgrading existing customers

4 Streetlights
Maintenance to keep our communities safe and upgrading to LED for more energy efficiency

5 Accredited Service Providers
Third parties authorised to work on or near our network on behalf of customers

Our supply chain

To deliver these services, we utilise a domestic and international supply chain.

Many goods and services we procure have complex supply chains containing multiple suppliers and manufacturers providing the raw commodities, components and services to produce the end product or service. Our international supply chain covers Europe, North and South America, Asia and the Middle East.

Ausgrid commits to respecting the human rights of our employees, the communities we operate within, and those we indirectly engage with through our supply chain. Our approach is aligned with international

human rights instruments, and we report annually on how we manage modern slavery risks in accordance with the *Modern Slavery Act 2018 (Cth)* in our Modern Slavery Statement. Our Sustainable Procurement Policy and External Code of Conduct guide our risk assessment. Grievances are addressed in line with our Whistleblower Policy.

Sustainability at Ausgrid

Ausgrid strives to be a sustainable business. We work safely and responsibly to deliver affordable, reliable, clean energy choices to our customers, now and in the future.

We are committed to continually improving our performance in all material ESG (Environmental, Social and Governance) issues. Ausgrid's ESG guiding principles are set out in our Sustainability Policy. All parts of our business play a role in delivering a more sustainable future but in recognising the importance of this work, Ausgrid also has a dedicated Sustainability Team responsible for leading our sustainability strategy and being transparent about our performance.

To be a sustainable organisation, we follow a set of overarching principles which guide our conduct in all business activities. These principles help us manage present and emerging ESG issues and create long-term value for our stakeholders:

· Supporting the organisation's vision for communities to have the power in a resilient, affordable, net zero future.
· Supporting the achievement of our business plan and strategic goals by managing material risks to our business.

All parts of our business play a role in delivering a more sustainable future.

The United Nations Sustainable Development Goals (SDGs) are core elements of Ausgrid's sustainability approach. We have identified five SDGs that are most important to our customers and business – these are where we focus our contributions.

- Creating a social dividend through our support of the principles of our aligned United Nations SDGs and applying this in our decision making.
- Fostering stakeholder trust and improving our reputation by taking actions valued by our employees, customers and communities.
- Encouraging a culture of ethical behaviour that lives our values as outlined in our Code of Conduct and External Partner Code of Conduct.
- Increasing business transparency to create legitimacy with our stakeholders.
- Building employee engagement through our sustainability initiatives.

Our material issues

Materiality is a vital sustainability concept that helps organisations identify and prioritise the ESG issues most relevant to their business. It helps to shape our sustainability approach and structure how Ausgrid reports on ESG issues.

Materiality assessment

We have revisited our materiality assessment with the Ausgrid Executive Leadership Team and concluded that the issues, risks and opportunities most relevant to our business and communities remain largely unchanged.

The materiality assessment included:
- A review of external impacts and influences on our business.
- Cross-checking our strategy and business plan to ensure our material issues are aligned.
- Engagement with internal and external stakeholders in developing our strategy and business plan to guide any impacts on our material issues.

A full materiality assessment update will be conducted in FY23 in consultation with our stakeholders to align with the new 2021 GRI Standards and ensure our approach continues to be fit-for-purpose.

5 GENDER EQUALITY

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

"Ausgrid is committed to its responsibility to be a sustainable organisation and make the world a better place. I am proud that in 2022 we continued to improve our sustainability performance across a wide range of areas and positively impact our employees, customers and communities."

CRAIG WILSON, SUSTAINABILITY MANAGER

Our material issues cover:

Customers and communities

Customers and communities
Continuing to build trust and social licence to operate by placing customers at the centre of everything we do.

Affordability
Managing prices, cost efficiency, and affordability, while providing essential services to customers and communities.

Environment
Minimising our environmental footprint and promoting a culture of environmental innovation and responsibility.

## Our people

Health and safety
Protecting the safety of our employees, contractors and communities so that everyone acts, feels and is safe, in line with our value Work Safe, Live Safe.

COVID-19
Protecting our employees and customers and keeping our network operating.

Inclusion and diversity
Continuing to build an organisation and workforce that reflects our communities and society.
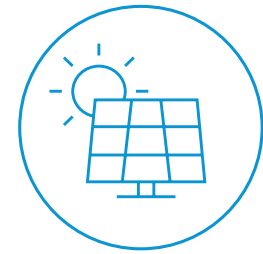
Energy solutions

Climate change – Net zero
Reducing our emissions and addressing transitional climate change risks and opportunities.

Emerging technologies
Anticipating changes in our operational environment to provide customers with technologies that enable energy choice, resilience and affordability.

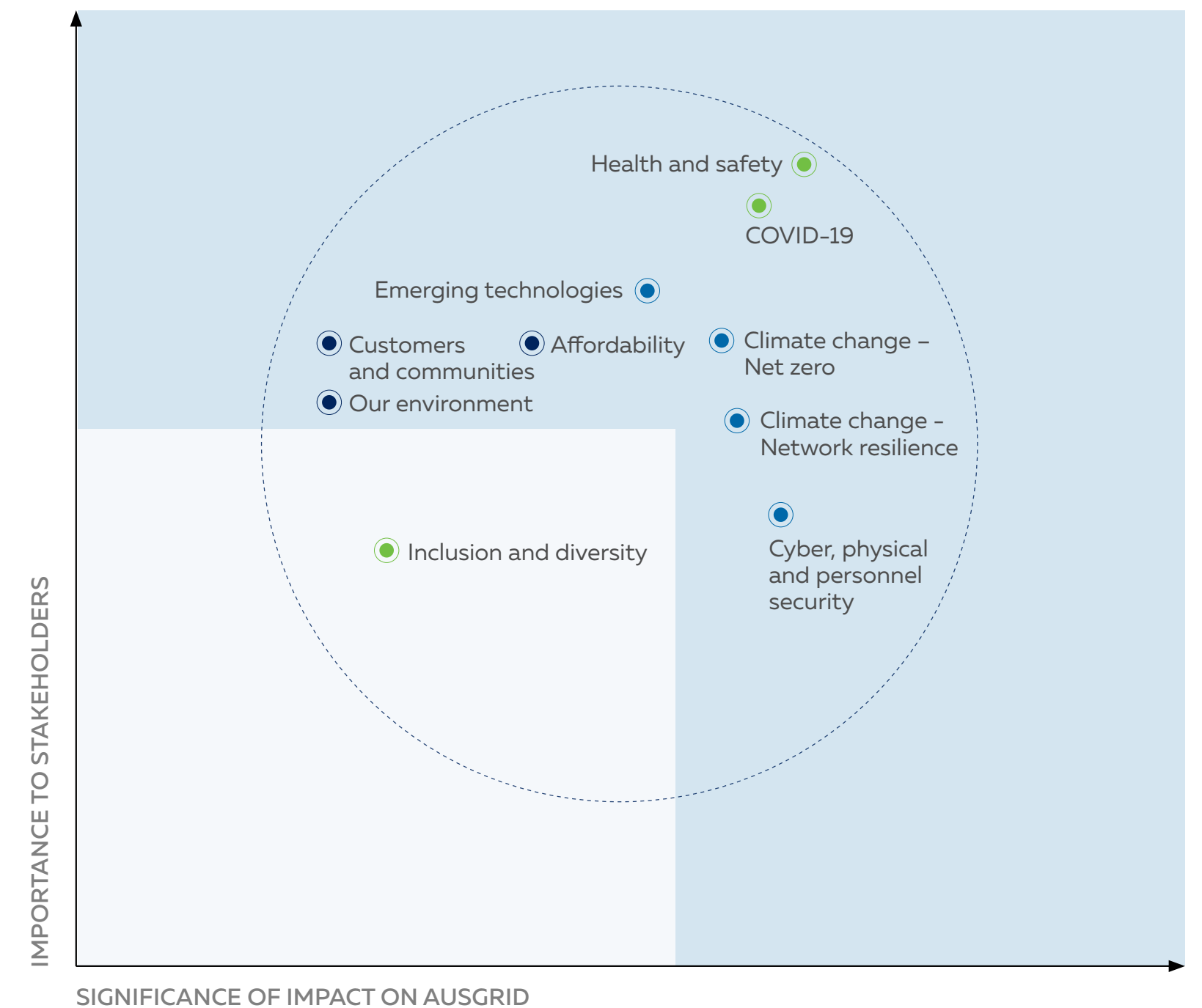**Climate change – Network resilience**
Building resilience in our network, people and our communities to anticipate, withstand, quickly recover, and learn from disruptive events, particularly climate change impacts.

Cyber, physical and personnel security
Protecting our assets, operations and information from attack, intrusion, damage and theft.

Our material issues are linked to our strategy and business plan, reflecting their importance.

MATERIALITY MATRIX

Health and safety
COVID-19
Emerging technologies
Customers and communities
Affordability
Climate change – Net zero
Our environment
Climate change – Network resilience
Inclusion and diversity
Cyber, physical and personnel security

IMPORTANCE TO STAKEHOLDERS
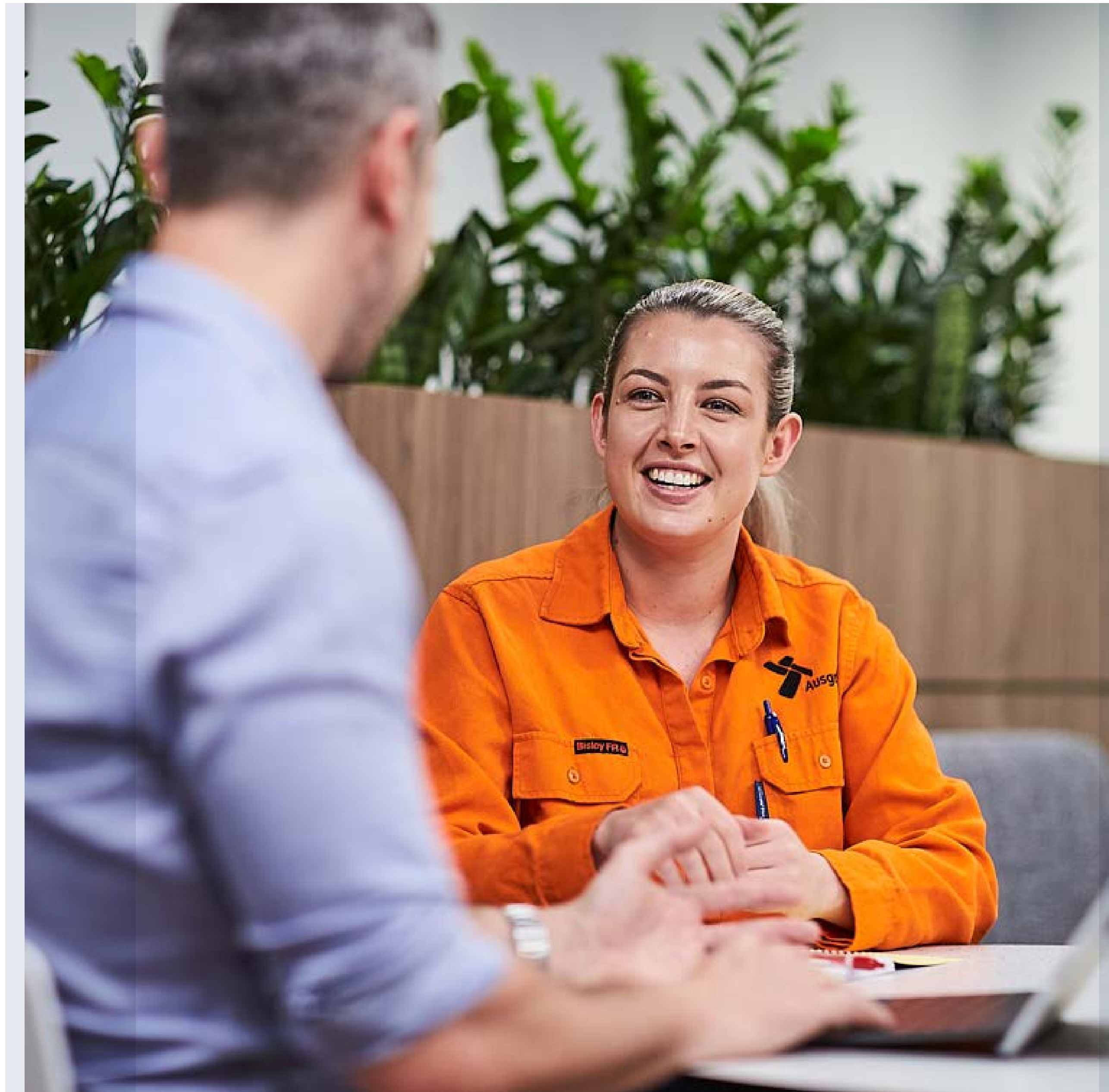
SIGNIFICANCE OF IMPACT ON AUSGRID

Customers and communities

Ausgrid wants to continue to build trust and collaborate with our stakeholders and communities, strengthen our social licence and listen and understand to exceed customers' expectations.

UN SDGs

13%
point improvement in Customer Confidence Score from FY21
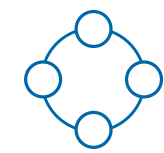
$**21**m
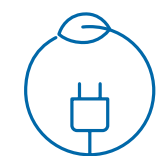in incremental operational expenditure savings

0
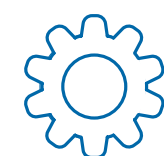environmental fines or prosecutions

Customers and communities

STRATEGIC ALIGNMENT

Thriving communities

Optimised assets and operations

Delivering net zero

PERFORMANCE HIGHLIGHTS

>20%
reduction in the number of escalated customer complaints with the Energy and Water Ombudsman

87%
of outage and emergency calls answered within 30 seconds (regulatory benchmark of 81.25%)

74.6
maintained stakeholder reputation score at 74.6 following significant improvement from 2019 to 2021 (63.5 to 73.4)

13%
point improvement in Customer Confidence Score from FY21

89%
of complaints resolved within 20 days

80%
of customer compensation claims resolved within 30 days

Dedicated website content
creation of dedicated website content for retailers and customers experiencing vulnerabilities, including life support customers

>95%
supported >95% of customers with safety defects in Rural Fire Service classified bushfire risk areas to undertake remediation works proactively

Why is it important to Ausgrid?

The success of our business relies on listening to our customers, making decisions in their best interests, and investing in the communities we operate within. Keeping customers at the centre of our business allows us to deliver on what our customers want, maintains our social licence to operate, and improves outcomes for all.

How we work with customers and communities

Our transformation into a community–focused organisation began in 2016 when we prioritised improving our business and services by working more closely with customers. Customers are at the centre of everything we do by embedding practices that proactively seek feedback and respond to the needs of our communities.

Ausgrid's Board is focused on customer outcomes, and we report monthly on key customer metrics across service delivery and external confidence levels.

This includes a specific focus on outlier experiences, for example, improving support for customers who rely on medical equipment for life support.

Our Chief Executive Officer who sits on the Ausgrid Executive Leadership Team drives changes that will embed positive experiences for our customers. Ausgrid's strategic and service delivery decision making is supported by a series of customer committees, whose members bring diverse experience and views. The Customer Consultative Committee is chaired by Ausgrid's Chief Customer Officer. Employees across the business collaborate with customers on service improvements and strategic decisions. Ausgrid is determined to work alongside the widest range of customers possible to co–plan the future.

Local artists transform our assets to show our sustainability commitments

Studio A works with artists with intellectual disabilities to develop their careers as artists and their independence. We partnered with Studio A to turn some of our pillar boxes into vibrant artworks. The project was funded by an IFM grant and designed to support artists with a disability and test putting art on our assets. With Ausgrid assets embedded throughout the communities we serve, there is growing interest in using them to improve the look and feel of the community through art. Studio A used the funding to commission five artists to paint our pillar boxes with art in the themes of the five UN Sustainable Development Goals that best align with Ausgrid's business.

Our Engagement Framework guides our approach to working with our stakeholders and is informed by the International Association of Public Participation (IAP2) spectrum.

We have continued to expand our customer engagement program established in 2019. This now measures service performance, and customer and partner confidence, and gathers insights across 16 services and channels and 12 customer-base segments.

The program supports the execution of Ausgrid's long-term strategy, including regulatory resets. We also actively seek feedback through the annual RepTrak survey, which independently measures our reputation amongst key stakeholders and community members. We also engage with our customers through various channels, including a contact centre, our website and email inbox, social media and SMS alerts.
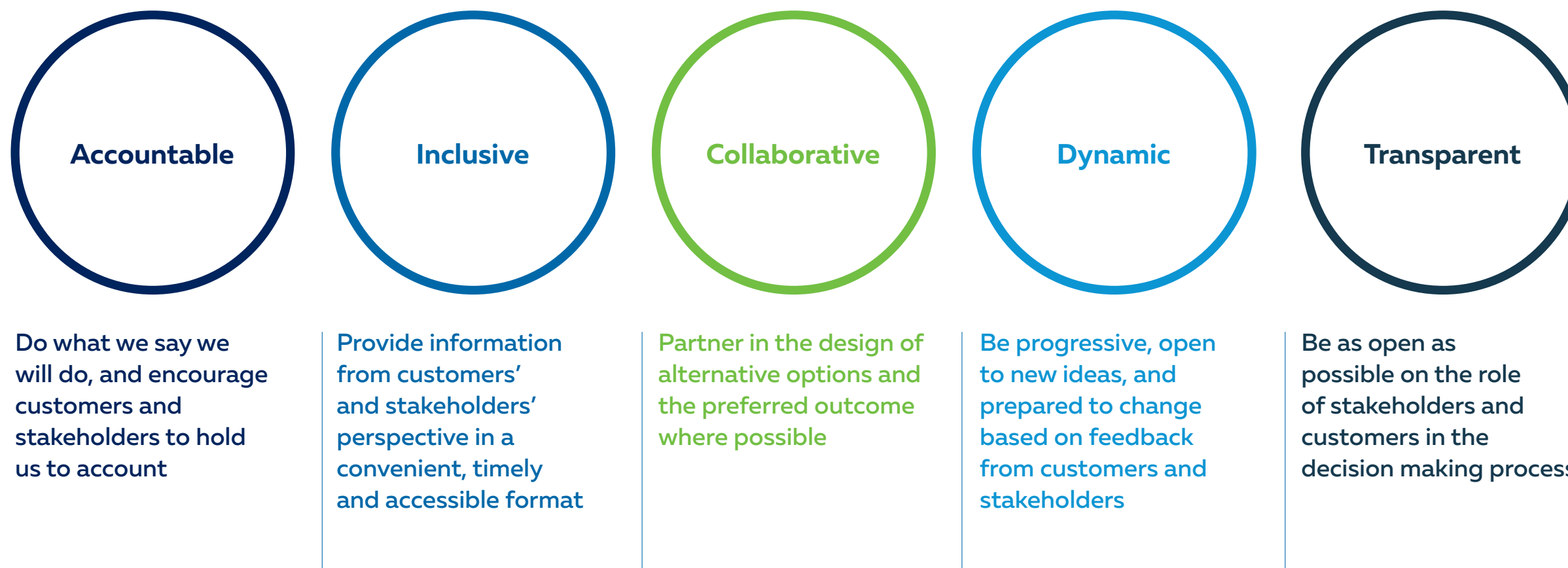
Ausgrid has a complaint and dispute resolution process, consistent with *Australian Standard AS/NZS 10002:2014 'Quality management – customer satisfaction – Guidelines for complaints handling'*, which helps us keep our customers satisfied. Our Customer Assistance Framework sets out additional support for those experiencing vulnerabilities; specifically, customers in network maintenance or rectification debt.

Ausgrid acknowledges that our infrastructure, operations and people are a part of many communities along Australia's east coast and looks for opportunities to give back through various initiatives.

Ausgrid's Board is focused on customer outcomes, and we report monthly on key customer metrics across service delivery and external confidence levels.

Customer Consultative Committee

The Customer Consultative Committee is our peak customer consultation group, ensuring broad customer advocate input. It has two sub-committees that provide in-depth advice on specific topics:

- Pricing Working Group – assists Ausgrid in developing its approach to tariffs to ensure we deliver lower costs for our customers.
- Network Innovation Advisory Committee – assists Ausgrid in driving our $42 million innovation program to inform decisions about distributed energy resource trials and management of new technologies on our network.

Reset Customer Panel

Ausgrid has established an independent panel of customer advocates to challenge us through the development of our 2024 to 2029 regulatory proposal.

This panel draws primarily from members of the Customer Consultative Committee, with an independent chair and its own resourcing to ensure independence and robust feedback.

Voice of the Community engagement

These deep and collaborative forums in 'citizen jury' style with participation of 45 customers, over 44 hours, across four months, are helping to inform our 2024 to 2029 Regulatory Proposal. They also included focused engagement with hard-to-reach customers such as younger people, the culturally and linguistically diverse, those experiencing vulnerability, and small businesses. These forums captured the sentiment on our customers' most important issues.

Principles

Our engagement principles are:

Accountable

Inclusive

Collaborative

Dynamic

Transparent

Do what we say we will do, and encourage customers and stakeholders to hold us to account

Provide information from customers' and stakeholders' perspective in a convenient, timely and accessible format

Partner in the design of alternative options and the preferred outcome where possible

Be progressive, open to new ideas, and prepared to change based on feedback from customers and stakeholders

Be as open as possible on the role of stakeholders and customers in the decision making process

Reflecting customer expectations in our regulatory reset

Every five years, Ausgrid submits a proposal to the Australian Energy Regulator, specifying the revenue we need to recover from our customers to deliver the services they need safely and reliably – now and in the future.

We work closely with our customer advocates and the regulator on our capital and operating expenditure, and pricing plans. This helps us reflect customer expectations while providing sufficient resources to operate and maintain our network safely.

This year we undertook an ambitious engagement program that acknowledged the complexity of the energy transition and the challenges in enabling a diverse customer base to participate. The program comprised a series of workshops, focus groups, interviews and surveys that informed an extensive deliberative process to delve deep into the core trade-offs at the heart of the reset.

Our Voice of Community Panel presented their recommendations directly to the Ausgrid Chair and CEO. The next reset will cover the period from 1 July 2024 to 30 June 2029.

What we did this year

Better understanding customer and community needs

Listening and learning through extensive engagement

Over the last year, our customers and stakeholders have participated in 17 focus groups, eight roundtables, five council working groups, three service provider workshops, two retail forums, three joint distributor forums, eight Voice of Community Panel sessions, 81 reset customer panel meetings, and we surveyed 74 Members of Parliament.

Corporate Strategy and Vision shaped by our Customer Consultative Committee

We consulted our Customer Consultative Committee on the development of our revised Corporate Strategy and Vision, ensuring our plans for the long term align with the expectations and needs of the communities we serve.

Reset Customer Panel established

In consultation with our Customer Consultative Committee, we established a panel of consumer experts to challenge us and oversee our customer engagement as we develop our 2024 to 2029 Regulatory Proposal.

Voice of Community expansion

Ausgrid's Voice of Community customer engagement program was expanded to measure service performance and customer and partner confidence, and gather insights across 16 services and channels and 12 customer segments.

Recognition of our engagement successes

Ausgrid won the IAP2 Core Values 'Judges Encouragement Award' in recognition of comprehensive community and stakeholder engagement on network investment engagement, community batteries, and JOLT electric vehicle charging.

Improving the customer experience

We refreshed the Contact Centre outage and emergency inbound phone system to simplify customers' experience. As a result, we delivered over 2,000 hours of customer time saving each year. We also trained more than 75 employees in customer and partner-facing roles to help us provide services effectively for culturally and linguistically diverse customers. We implemented improvements across a range of services, lifting our customer service ease scores from 56% in 2021 to 68% in 2022.

Supporting customers experiencing vulnerability

Customer Assistance Framework refresh

We released an updated Customer Assistance Framework with the aim of better supporting residential customers in financial difficulty. Ausgrid's refreshed policy provides a definition of a customer experiencing vulnerability that is consistent with best practice, outlines the services covered under the policy, and includes the payment options that may be available to support customers. We have also launched a new digital strategy to provide customers with access to broader support services and clarity on how we may be able to assist.

Providing relief through our Flood Assistance Package

Ausgrid introduced a Flood Assistance Package to support customers requiring unforeseen electrical repairs following the floods in March 2022. This included connection fees and associated charge waivers, reimbursement of up to $600 in electrician costs to disconnect and reconnect and network charge waivers until sites could be re-energised.

Improving communications with life support customers

Ausgrid designed an automatic SMS outage program to advise life support customers of upcoming planned outages via text (including reminders), which was subsequently rolled out to all customers. This has reduced the number of outbound calls our people are required to make to impacted customers and instead informs them quickly, directly and consistently. This, alongside Ausgrid's refresh of our life support materials, increased confidence scores for life support customers from 65% in 2020 to 80% in 2022.

Helping HSC students and educators during COVID-19 lockdowns

We implemented a temporary business process to identify and support impacted households with High School Certificate exam sitting students and educators during COVID-19 lockdowns by avoiding planned outages. We worked with over 150 customers to minimise disruption.

Increasing energy literacy across culturally and linguistically diverse communities

Ausgrid partnered with Sydney Alliance, Jemena, Endeavour Energy, AGL and Origin Energy to help culturally and linguistically diverse communities across greater Sydney improve their energy literacy. The Voices for Power 'Train the Trainer' program aims to empower community leaders to support others to take control of their concerns, adopt simple safety practices, and understand the industry. This year we held 30 sessions, training 315 community members across six languages and 11 community groups. Together with our partners, it is estimated that we have reached 1,260 people to date. 67% of participants said they adopted more energy-safe practices because of the training.

Customers are at the centre of everything we do by embedding practices that proactively seek feedback and respond to the needs of our communities.

Community investment

Promoting electrical safety

Ausgrid has been a proud supporter of Electricity Safety Week since its inception in 2002. The initiative aims to drive children's awareness of electricity safety, forming an integral part of our broader Public Electrical Safety Communications Program. This year, 89% of primary schools across our network (766) participated, and 81% of teachers that provided feedback stated that the activities helped their students be safer around electricity.

Supporting Sydney Children's Hospital Foundation

We continued our support for the annual Light Up Xmas Appeal. Ausgrid has a long history of supporting the Sydney Children's Hospital Foundation. This year we made a corporate donation of $15,000, and an additional $5,000 was raised by staff. Funds help sick children and their families with medical research, hospice support and transport.

Contributing to the Australian Red Cross Flood and Ukraine Crisis Appeals

Ausgrid sought to help communities in need by donating to Red Cross Appeals during the year. We made a corporate donation of $50,000 to support victims of the March 2022 floods in New South Wales and Queensland, and another donation of $50,000 to the Ukraine crisis.

Installation of Indigenous student artwork

Ausgrid worked with St Ursula's College in Kingsgrove to wrap artwork created by Aboriginal students on one of our kiosks. The kiosk is next to the school's Indigenous garden. The design reflects Indigenous plants and their role in the cultural life of the traditional inhabitants of this land.

Helping schools reduce their footprint with solar

We have partnered with the 'Solar my School' program to install solar panels since 2019. To date, we have installed around 140kW of solar panels across Sydney, reducing emissions by around 4,200 tonnes over the life of the solar panels, compared to the same amount of energy generated from coal. This year we installed panels on six schools across our network.
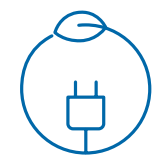

Through our Power 2U program we have partnered with Solar my School to install solar panels at Strathfield North Public School, Abbotsford Public School and Victoria Avenue Public School in The City of Canada Bay.

Affordability

STRATEGIC ALIGNMENT
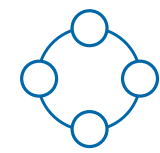
Thriving communities

Optimised assets and operations

PERFORMANCE HIGHLIGHTS

$21m

in incremental operational expenditure savings

$253

per annum in network charge savings since 2014 (per average residential customer)

57,000

customers assigned to demand tariffs

Why is it important to Ausgrid?

As an essential service provider, we understand that keeping electricity affordable is vital for all our customers. This issue is more important than ever, with the Australian Energy Regulator reporting that average household energy debt is rising, and network charges account for approximately 35% of a residential customer's bill. Ausgrid is focused on reducing the cost to serve by realising efficiencies in our business, including through new technologies, to ensure that the network charges passed on to our customers remain affordable. We also enable customers to control how they use energy and seek to ensure that affordability does not prevent consumers from benefitting from the energy transition.

We understand that keeping electricity affordable is vital for all our customers.

How we manage affordability

The regulatory framework helps guide our approach to keeping electricity affordable. We work collaboratively with customers on an ongoing basis through our various customer committees to understand what matters most to them and manage network costs. We also undertake an extensive engagement to inform our regulatory resets – this helps us reflect consumer preferences and ensure we make balanced investments, informed by a willingness to pay.

Ausgrid understands that customers want flexible pricing. We continue to reform our tariff structures to offer residential and small business customers with smart meters more control over their bills through 'demand' tariffs. These tariffs allow customers to lower their bills simply by spreading out when they use appliances during peak hours. Given that peak demand is also a material driver of our network costs, demand tariffs are cost-reflective, allowing customers to lower their own bills while reducing the overall costs to the network, shared by all. We also review our communication strategies to make it easier for customers to know what is driving their bills and take action to control them.

Ausgrid presented alongside other energy stakeholders at Energy Networks Conference (EN2022) in Brisbane, to discuss 'the energy future: who pays?'

Ausgrid's business transformation initiatives are also designed to make our operations more efficient by achieving more for less. This work focuses on our strategic priorities and streamlines our operations to pave the way for significant cost savings that can be passed on to our customers in the coming years. We have reduced the operational costs of our regulated business by 47% since 2015, allowing us to provide our customers $321 million in cost savings.

Another way we are helping achieve cost savings for our customers is through our Demand Management Innovation Allowance, where we are trialling innovative ways of managing our customers' electricity demand to utilise existing network assets better. Learnings from our Virtual Power Plant, Behavioural Demand Response and the Power2U programs will assist in reducing, deferring, or even avoiding network capital upgrades, to put downward pressure on electricity bills. We are also exploring opportunities for those who can access and afford household solar to share their energy with those who cannot. Information about efficiencies we enable is set out in this report's 'Energy solutions' section.

Employing technology to reduce our costs and emissions

To keep the downward pressure on customer bills, we are investing in the latest technology to improve workforce productivity and optimise network maintenance and investment decisions. In 2022, we invested in drones to conduct bushfire and incident surveillance activities, reducing the need for ground patrols and helicopters in the future, thereby lowering both fuel burn and our costs. We also improved our information management, field and customer management systems to increase operational efficiency. In the next regulatory period, we plan to modernise critical business systems supporting finance and human resources, asset management and metering, to unlock further customer benefits in affordability, reliability and flexibility.

What we did this year

Driving cost efficiency through business transformation to keep customer bills down

This year we reduced our operating expenditure by $21 million through improved commercial arrangements with key suppliers, streamlining and digitising business processes, and expanding work crews' skills. By digitising key processes like outage notifications and incident management, we have achieved greater field productivity and improved customer experience when it mattered most. It also allowed greater visibility of the work that needs to be done, enabling our people to plan and deliver tasks more efficiently, resulting in fewer and shorter outages. The improvements made in FY22 will lead to lower energy bills for customers and a reliable, smart network ready for the needs of tomorrow.

Reducing our network prices

Following our annual pricing submission, this year the Australian Energy Regulator approved an average reduction in network prices to commence in FY23. The reduction will offer customers a saving on the network component of their bill, depending on their tariff and how their retailer passes through the charges. From 1 July 2022, for a typical residential and small business customer, the approved prices will result in a $15 and $21 per annum reduction in network charges (respectively). Since 2014, Ausgrid has worked hard to lower network charges for average residential customers by $253 per annum.

Average network charges for residential customers

Bolstering demand tariff numbers

Ausgrid continues to lead the tariff reform process with 57,000 new and existing residential and business customer transfers to demand tariffs in FY22. We now have 156,000 residential customers on these tariffs, which is the largest number in the National Electricity Market for a distributor.

When combined with 345,000 residential customers on time of use tariffs, we now have 31% of all residential customers on cost-reflective network tariffs.

Shaping the future

We continued to influence tariff policy through submissions to the Australian Energy Regulator's export tariff guidelines, participation in Energy Network Australia's workshops and developing our tariff structure statement. This year we also designed three trial tariffs, available to Ausgrid customers from 1 July 2022. These tariffs include a two-way time of use tariff with export charges and rewards, a flexible load tariff to support low-cost electric vehicle charging outside network peak demand, and a community battery tariff that provides low-cost network support and supports community electricity sharing.

RESIDENTIAL CUSTOMER AVERAGE BILL EX GST

FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
$800	$657	$667	$644	$640	$547	$558	$575	$559
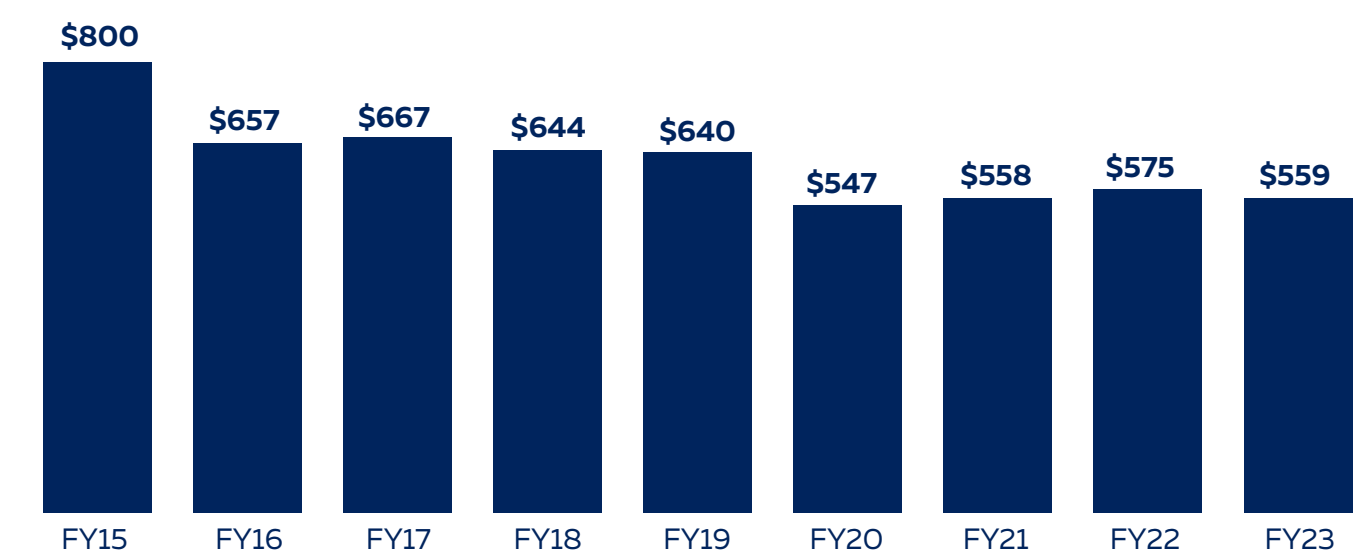
Our environment

STRATEGIC ALIGNMENT
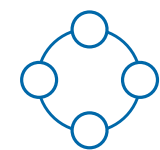
Thriving communities

PERFORMANCE HIGHLIGHTS

0
environmental fines or prosecutions

0
environmental licence breaches

2
reportable pollution incidents (lowest on record and 67% improvement from FY21)

47
environmental incidents (17.5% less than our FY22 annual target of 57 and our 5-year average of 58)

Why is it important to Ausgrid?

Our network spans urban, rural and bushland areas. Ausgrid is aware that it must minimise and mitigate environment and cultural heritage impacts. Proactively managing and protecting this shared environment and cultural assets is vital for future generations. By playing a positive role and limiting our impact on our surroundings, we strive to maintain our social licence to operate.

How we manage our environment

Ausgrid is committed to ensuring our workforce is equipped with the necessary skills, knowledge and resources to protect the environment in which we operate. Our Board, Health, Safety and Environment Committee and the Environmental Services Unit ensure the effectiveness of our environmental management approach and report regularly on our performance, including through our Corporate Scorecard.

Our comprehensive Environmental Management System (EMS) has been accredited to ISO 14001 since 1996 and covers 100% of our operations. The EMS allows us to manage our environmental risks in operating, maintaining and building our network.

It ensures that we protect vulnerable species and Indigenous sites and protect our workforce and communities from environmental hazards. Ausgrid's EMS is audited annually by an external accreditor and Ausgrid's Internal Audit team.

We also develop an annual Environmental Sustainability Improvement Plan in consultation with our Executive Leadership Team, which sets objectives and targets to improve our environmental performance in areas such as pollution control, biodiversity, heritage, contaminated land, energy and water reduction, waste and carbon emissions.

Ausgrid's Learning Management System supports these procedures and systems. We have an annual environmental awareness training course for all workers and targeted training depending on the activity.

We report regularly and transparently on our environmental performance through the: ABS Environmental Indicators Survey, FluoroCycle Statement of Compliance, Environmentally Hazardous Chemicals Act Licence Compliance Report, Environmental Protection Licence Compliance Report – Homebush, and National Greenhouse and Energy Reporting; as well as this Sustainability Report.

Bush regeneration at Lane Cove National Park

Bush regeneration volunteer group, Friends of Lane Cove National Park, has a friend in Ausgrid and IFM Investors, thanks to a community grant that will support the restoration of bushland.

An IFM Investors Community Grant has helped us rehabilitate the area adjacent to an Ausgrid site in Lane Cove National Park. The bush regeneration project is seeing the removal of invasive weeds around the site and its boundary to the Great North Walk, as well as restoring native bushland to help create and promote habitat for native birds, reptiles and mammals.

This partnership means Ausgrid can assist community members who care for our country by having trained environmental assistance on site to support transforming bush into a sustainable ecosystem for native flora and fauna.

Drone technology used to install bird diverters in sensitive wetland

A powerline on Ash Island near Newcastle was situated between two wetlands and potentially in the flight path of black swans. After extensive consultation, we adopted an innovative solution to address the powerline issue – installing 244 bird diverters using drones over three days.

Installing bird diverters reduces the hazard to the birds by making the powerlines visible, and using drones mitigates access issues in sensitive wetland environments.

What we did this year

Maintaining our certification to ISO 14001

Ausgrid's EMS was re-certified and in recognising its effectiveness, the audit report stated that notable system strengths or improvements included significant commitment towards climate change mitigation strategies, progress made in fluid-filled cable replacement and SF6 programs, and general staff awareness and operational controls.

Creating efficiencies through automated water sample monitoring

We automated the handling and analysis of our water sampling results. More than 4,000 sample results are received each year, with exceedances now automatically flagged for timely investigation by our people. Ausgrid's water sampling program checks the quality of water discharges, monitors the performance of separators and treatment plants, and informs maintenance task frequency. Assets covered by this program include substation oil containment systems, tunnel groundwater treatment plants and vehicle wash bays.

Upskilling our people with online environmental training

Ausgrid developed and rolled out seven new online courses to replace face-to-face training. This increases the accessibility of staff learning and development, particularly in response to COVID-19. Courses include environmental impact assessment, environmental GIS, vegetation maintenance, National Parks protocol and organochloride pesticide training.

Heritage Asset Management Strategy Refresh

We reviewed and updated Ausgrid's Heritage Asset Management Strategy and our Heritage and Conservation Register (S170 register), which details each item of environmental heritage that Ausgrid owns or occupies. This included rationalising assets in line with legislative requirements and consultation with NSW Heritage and multiple councils.

Ausgrid is committed to ensuring our workforce is equipped with the necessary skills, knowledge and resources to protect the environment.

Our people

Ausgrid is committed to continuously improving the employee experience. We strive to create a safe, healthy and inclusive workplace where our people embrace our values.
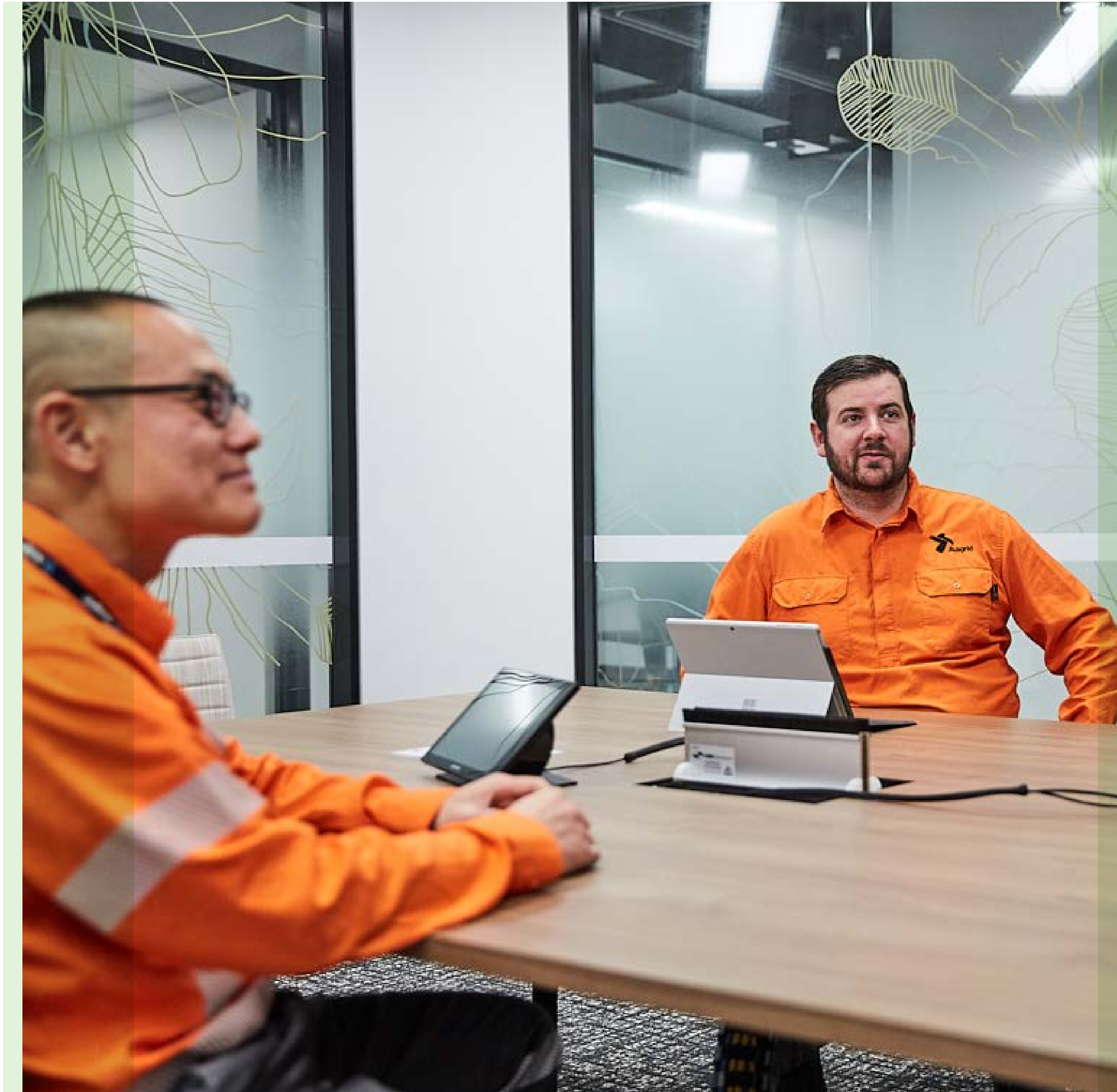
UN SDGs

0
significant disruptions to business operations due to staff illness

0
no gender pay gap

23%
improvement in Total Recordable Injury Frequency Rate (TRIFR) from FY21

Health and safety

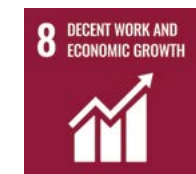## STRATEGIC ALIGNMENT

Valued people

PERFORMANCE HIGHLIGHTS

0
fatalities

23%
improvement in Total Recordable Injury Frequency Rate (TRIFR) from FY21

11%
reduction in the number of days lost due to injury from FY21

26%
reduction in the number of restricted workdays from FY21

33%
improvement in near miss and hazard reporting from FY21

1,600
'Fitness for Work' assessments completed

3,688
critical control assurance activities completed, covering 36,776 critical controls

Why it is important to Ausgrid

Keeping our people engaged, safe and healthy is our priority and fundamental to Ausgrid's ability to deliver an essential service to our customers. Protecting our people's physical and mental well being supports them so they can provide the best outcomes for our customers and their colleagues, and thrive within their community outside of Ausgrid. Given the inherently dangerous nature of electricity, the health and safety of our employees and communities are important to us, and we invest significant resources in their protection.

How we manage health and safety

'Work Safe, Live Safe' is one of our core values. Our Health and Safety (H&S) Strategy covers four themes:

· Define and implement critical controls for our high-risk activities.

· Enable leaders to lead critical control management and drive self-accountability at all levels.

· Simplify our systems and processes to make them easy to use.

· Reduce risk through safe planning, design and handovers.

Governance of the projects within our H&S Strategy and our H&S objectives starts with the Board. It also includes the Board Committee, Executive Team, and the Senior Leadership Teams of each Group within the business. H&S performance is a key metric for Ausgrid's senior leaders' remuneration.

Our primary first line of defence is to prevent incidents and injuries. Our leaders must perform in-field H&S assurance activities, checking the effectiveness of risk controls that workers have implemented on the job. We have improved the timeliness and effectiveness of our incident investigations, contributing to further enhancements in our H&S risk controls.

As well as mandatory minimum training for specific employee groups, we provide our people with regular Safety Alert updates, case studies from incidents and other regular communications. We have resources such as manual handling training and our Health and Wellbeing portal on our intranet.

We provide comprehensive support for all employees who suffer work-related injuries or illnesses, including our Employee Assistance Program.

To promote a collaborative H&S culture, we encourage our people to keep us informed on hazards and risks through our H&S system, their local H&S Advisor and our 'People Safe Days'. Employee feedback on our H&S performance is also sought through our employee engagement survey.

Stepping in to help save lives

More than 1,100 Ausgrid vehicles carry Automated External Defibrillators. These devices use electricity to restart the heart or shock it back into its correct rhythm when someone has a sudden cardiac arrest. Every year, our people in the field undergo training on how to use the devices correctly. This year our employees were able to use our Automated External Defibrillator and their training to assist two community members in need of urgent life-saving assistance.

Shaking up our electrical safety training

Ausgrid partnered with Endeavour Energy to run an electrical safety stand at the State Emergency Services State Disaster Rescue Challenge.

The challenge was a series of scenarios to test the technical rescue skills of competing teams. Teams from Port Stephens, Port Macquarie, Parramatta, Canada Bay, Southern Illawarra, Queanbeyan and Gosford (winners from lead-up competitions) competed as part of a larger overall scenario, which was themed around responding to an earthquake.

Alongside Endeavour Energy, our people delivered electrical safety sessions to the seven crews competing. The sessions focused on how to respond safely in their roles and the electrical safety risks they must look out for. The Electrical Safety Learning stand also covered topics such as responding to storms, floods and motor vehicle accidents involving electrical assets.

What we did this year

Listening and learning

This year we continued our regular forums for our frontline workers and their managers to share best practice and lessons learnt on managing health and safety risks. Key topics included critical control management, depot inspections, manual handling, ergonomics and mental health.

Critical Control Management

Ausgrid completed the development of its Critical Control Management framework. Through this process, we have built an industry-leading fatal risk control framework.

Revised Safe Work Method Statements

Safe Work Method Statements confirm that hazards have been considered and controls are in place before performing a high-risk task. This year we revised these Statements to highlight the key requirements that keep us safe and make them easier to use by our employees.

Storm safety preparation

Ausgrid introduced an Incident Response Tool to help our people respond to extreme weather events by coordinating all unplanned work through this system. This significantly improved our ability to see hazards and outages and assign crews to rectify them. Ausgrid also facilitated a Memorandum of Understanding for resource sharing during major events, which has since been adopted across all Australian distributors. These preparations were effective in helping us manage the Northern Beaches storm in December 2021, improving the deployment of our internal resources, and allowing Endeavour Energy teams to join our response less than 24 hours after the storm hit.

Improved investigation processes

We embedded an improved incident investigation methodology, including revised timeframes to complete investigations and implement the corrective actions determined in the investigation. We achieved a 42% improvement in the overall timeliness of investigations.

Launch of a Health and Wellbeing portal

An intranet Health and Wellbeing portal was launched to provide accessible support for our people. This portal contains videos and written information on a range of topics such as Mindfulness, Healthy Brain – Healthy Body, Growth Mindset, Mental Health Awareness, Nutrition for Life, Keeping Connected to be OK, Maintaining Motivation and An Introduction to Mental Fitness.

Upskilling our people

Ausgrid continued to support our Mental Health First Aiders through a refresher course and trained 11 new mental health first aiders, bringing the total to 63 accredited and 32 awaiting accreditations. We also developed an eLearning manual handling training video for all employees and a face-to-face training course for employees performing high-risk manual handling tasks.

'Work Safe, Live Safe' is one of our core values.

Health assessments

Our 'Fitness for Work' program ensures our field employees are fit and safe to perform their roles. This year we conducted 1,600 medical and functional assessments (an increase of 23% on FY21). We also conducted respiratory health surveillance on 798 employees exposed to hazardous dust and found no adverse results.

Flu vaccination program

Ausgrid offers employees the opportunity to receive a free influenza vaccination. This year the vaccination program was delivered through over 2,000 partnering pharmacies, meaning that our people could access the service at a convenient time and place. We had 827 employees apply for vaccination vouchers.

COVID–19

Why it is important to Ausgrid

Ausgrid is an essential service that greatly impacts the safety, welfare and economic activity of New South Wales. COVID–19 infections continued to impact the health and safety of Ausgrid's people and operations during FY22. The peak period across the organisation was between January 2022 and June 2022. During this time, our foremost priority was to keep our people and communities safe, without impacting the operation of the network and supply to our customers.

How we manage COVID–19

The pandemic has been a priority for Ausgrid's Executive Leadership team. Our comprehensive Business Continuity Management Framework and Pandemic Response Plan have ensured network adaptability to the changing circumstances in accordance with government requirements. Ausgrid's priorities during the pandemic have been to:

· keep our employees and communities safe;

· continue to provide safe, reliable and affordable electricity; and

· identify risks and quickly respond with practical solutions.

Ausgrid ensures its people are aware of government requirements through regular updates, including signage at our offices.

Our Crisis Management Team and Incident Management Team designed and implemented organisation–wide protocols to support business continuity, such as protocols for self-isolation and working from home, as well as communication strategies and digital tools to monitor and manage exposure risks. This has enabled us to maintain the protection of our control rooms and essential field and office functions, preventing unplanned outages.

Technology is leveraged to respond to COVID–19 challenges. We developed our Critical Incident Response Tool app for staff to easily provide updates on their health. We also offer online training courses, use the social media tool 'Yammer' for informal information sharing, and ensure remote document access and cloud services.

Our foremost priority was to keep our people and communities safe, without impacting the operation of the network and supply to our customers.

STRATEGIC ALIGNMENT

Valued people

PERFORMANCE HIGHLIGHTS

0
reports of staff being seriously ill or requiring hospitalisation due to workplace transmission

0
significant disruptions to business operations due to staff illness

Australian HR award
winner of Australian HR award for 'Best Use of Technology'

100%
compliance for reporting to SafeWork NSW on staff hospitalisation

>50%
of our people in self–isolation were able to continue working

Recognition for our COVID-19 technology

Ausgrid was awarded 'Best Use of Technology' in the Australian HR awards for implementing our Critical Incident Response Tool.

This app was developed by Ausgrid and is a self-service submission tool for our people to submit COVID-19 and work arrangement information easily and quickly.

The award recognises the tremendous effort and collaboration undertaken by a small team within HR, Operations and ICT to ensure the safety of our people while managing the COVID-19 impacts on the business in light of changing government advice.

What we did this year

Supporting the mental health of our people

Our Employee Assistance Program and our Health and Wellbeing team provide tailored assistance for all employees in need. We continued to provide an online portal, including a 'Coping with COVID' video series to support mental health. This was particularly important during times of isolation and when there were limited face-to-face meetings and high use of technology.

Monitoring our supply chain

Our supply chain was closely monitored, and impacts were managed to ensure we had adequate COVID-19 safety equipment and resources, and equipment to maintain and operate our network. This was particularly important this year when the government introduced rapid antigen testing as a key COVID-19 control, and the demand was high with limited tests available across the country.

New ways of working

We implemented a return to the office and a new hybrid way of working to enable our people to meet and collaborate safely whilst maintaining a work/life balance. As we resumed team integrations and increased opportunities for face-to-face collaboration, we maintained key controls for hygiene, cleaning, safe distancing, and masks where required. At worksites, we structured our operations to keep our work crews segregated and geographically isolated from each other as needed. This included density limits, restricted vehicle sharing, and essential training only.

Working at customer premises

To protect the health and safety of our workforce and customers, we implemented processes to restrict face-to-face interactions with customers whilst maintaining safe distances between our workers and the community where required.

Key risk controls

Our COVID-19 Incident Management Governance structure continued to meet regularly, monitor the effectiveness of controls, and adjust our response accordingly during peak periods through our Controls Assurance Program. Our control rooms were separated to maintain critical roles of monitoring network and planned/unplanned works, and access to these was limited to help protect the health of our control room operators.

Managing weather events

Our COVID-19 response was integrated into our plans to deal with weather events and get Ausgrid crews and those from other distribution network service providers in for emergency works. We did this through strong collaboration and communication between teams.

Meeting with other distribution network service providers

We collaborated on key COVID-19 risk management processes and issues with other State and Territory distribution network service providers. We shared risk initiatives, controls management and various methods to forecast the impacts COVID-19 may have on the supply of electricity to customers.

Our comprehensive Business Continuity Management Framework and Pandemic Response Plan have ensured network adaptability.

Inclusion and diversity

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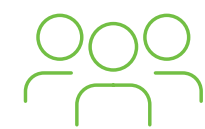
Valued people

PERFORMANCE HIGHLIGHTS

15.9%

women in 'people leadership' roles
(target is 25% by 2025)

0

no gender pay gap

2.2%

women in 'frontline' roles
(target is 6% by 2025)

Why it is important to Ausgrid

Embracing diversity in all its forms is key to ensuring the engagement and well being of our people. By creating an environment where differences in experience and perspectives are valued, people feel comfortable bringing their whole selves to work and innovation can flourish.

Our commitment to improving inclusion and diversity will also help Ausgrid recruit and retain employees who live our values. Importantly, a diverse workforce reflects the uniqueness of our customers, equipping us to meet their needs better.

A diverse workforce reflects the uniqueness of our customers, equipping us to meet their needs better.

How we manage inclusion and diversity

Ausgrid has an Inclusion and Diversity Council chaired by the CEO and comprised of employees from across the business. Its role is to provide guidance, governance and support for our inclusion and diversity initiatives and goals to:

1. Create an inclusive and respectful culture
2. Attract and recruit diverse talent
3. Retain and develop our team
4. Lead and influence with an inclusive mindset

Our Inclusion and Diversity Action Plan is refreshed annually. It sets out Ausgrid's commitment to our employees and the communities in which we operate. Our plan focuses on five key diversity pillars to enable us to make real and accelerated change with the available resources.

Ausgrid reports annually to the Australian Government's Workplace and Gender Equality Agency on our performance on gender equity, and our information is publicly available. We are proud that our gender pay gap analysis shows no pay gap between genders at Ausgrid. Our recruitment, development, promotion and remuneration decisions are based on performance, capabilities and gender equity.

Ausgrid launch of its Reconciliation Action Plan 2022–2024. Artwork by Indigenous artist Lucy Simpson features at Ausgrid's Roden Cutler House (shown in image)

To support an improvement in the gender mix, we introduced gender targets in 2021.

There are various channels and forums where employees can provide feedback on how we are progressing on inclusion and diversity for all. One of the main channels is our annual externally benchmarked employee engagement survey, MySay. This confidential survey seeks voluntary disclosure from employees (privacy protected) on a range of factors so that Ausgrid can track progress and ensure we are continually improving our working environment and employee experiences.

We raise awareness and promote diversity and inclusion through our employee resource groups. These groups provide employees with opportunities to connect, network, discuss topical ideas, and learn from role models. It also drives an important sense of belonging.

INCLUSION AND DIVERSITY ACTION PLAN AND EMPLOYEE RESOURCE GROUPS

GRID25
Gender Recruitment
Inclusion Diversity

– Increasing representation of women, particularly in the people leadership and frontline roles

– Creating a culture where women are included, heard and empowered

MOSAIC
Multicultural Organisation Supporting an Inclusive Culture

– Growing the cultural awareness of our employees

– Working towards ensuring our workforce better reflects the cultural diversity of our community

– Ensuring employees from all cultural backgrounds feel included and welcome

PRIDE
LGBTQI+ and Allies

– Increase representation, inclusion, respect and support for LGBTQI+ employees and their allies

– Increasing knowledge, expanding relationships and connecting Ausgrid to the wider LGBTQI+ Allies community

ATSI
Aboriginal and Torres Strait Islander Network Group

– Recognise and embrace Aboriginal and Torres Strait Islander culture in the way we work in line with our Reconciliation Action Plan

– Provide opportunities that help build capability and participation of Aboriginal and Torres Strait Islander peoples at all levels in our organisation

disABILITY
Disability Employee Resource Group

– To develop, lead and influence disability recognition and inclusive culture

– Work towards becoming an industry leading employer for disability inclusion

What we did this year

Continued improvement driven by our Inclusion and Diversity Action Plan

Ausgrid released an Inclusion and Diversity Action Plan with actions across five diversity pillars (Gender, Cultural Diversity, Disability, Aboriginal and Torres Strait Islanders, and LGBTQI+) to be delivered in FY23. Our Inclusion and Diversity Council drive this plan, and we formed Employee Resource Groups to conduct activities, awareness and education across the five pillars.

Ensuring inclusion and diversity accountability

We introduced targeted and measurable inclusion and diversity action plans for all Ausgrid Executive General Managers. We also held facilitated workshops with our Executive Leadership team, Senior Leadership teams, and training sessions for all people leaders to create awareness and understanding of our commitment and the reason for diversity targets; and educate them on the concept of unconscious bias. A leader toolkit was provided as a resource to help them have discussions with their teams about our Inclusion and Diversity Action Plan and how they can contribute.

Launch of our Flexible Working Policy

Ausgrid developed and released a new Flexible Working Policy in response to shifts in how we work to keep our operations going during COVID-19 and support the diverse needs of our people. The hybrid model provides enhanced flexibility to suit employees and the organisation.

Release of our Workplace Gender Equality Agency Report

We continued to meet the Workplace Gender Equality Act requirements by lodging our annual report on our performance from 1 April 2021 to 31 March 2022.

Launch of the Employee Referral Program

We introduced an Employee Referral Program that provides financial incentives for current employees who successfully refer females to fill vacancies in frontline, leadership and engineering roles. In its first few months since inception, our program has proven to be a successful mechanism for attracting females into our business, with 18 referrals and five successful placements made in hard-to-fill frontline and engineering roles.

Introduction of an apprentice gender target

Ausgrid implemented and achieved a gender target for our FY22 Apprentice program to recruit 50% of females.

Improving our Parental Leave policy

Ausgrid introduced superannuation on the paid component of parental leave as an additional benefit for women and men taking parental leave, so they are not financially disadvantaged.

Supporting our female talent

We implemented a formal mentoring circles program, MentorConnect, to support the development of our female employees and provide networking opportunities. Each circle has a senior female and male mentor, and we had 80 mentee participants this year. We also partnered with Women in Leadership Australia to provide women development opportunities to build their leadership capability in either emerging or existing Ausgrid leadership roles. Three programs were available in FY22; 12 women participated and presented their outcomes and learnings to the CEO.

Positive feedback from our people

In Ausgrid's employee survey, MySay, female engagement scores were significantly higher than in FY21. Our female-focused initiatives, such as MentorConnect, women in leadership programs, International Women's Day events, referral program and inclusion and diversity training for leaders were recognised as key initiatives that resulted in Ausgrid achieving this shift and improvement in engagement. Our female engagement score was 14 points higher than their male counterparts.

Launch of our Innovation Reconciliation Action Plan

We refreshed and released our second Ausgrid Innovation Reconciliation Action Plan, which is important in supporting our inclusive and diverse workforce. Ausgrid worked collaboratively with Reconciliation Australia and our ATSI Employee Resources Group in the development of the plan. This plan calls for everyone involved within our organisation to play an active role in working towards reconciliation through the delivery of 15 key actions over 2022 to 2024.

Embracing diversity in all its forms is key to ensuring the engagement and well being of our people.
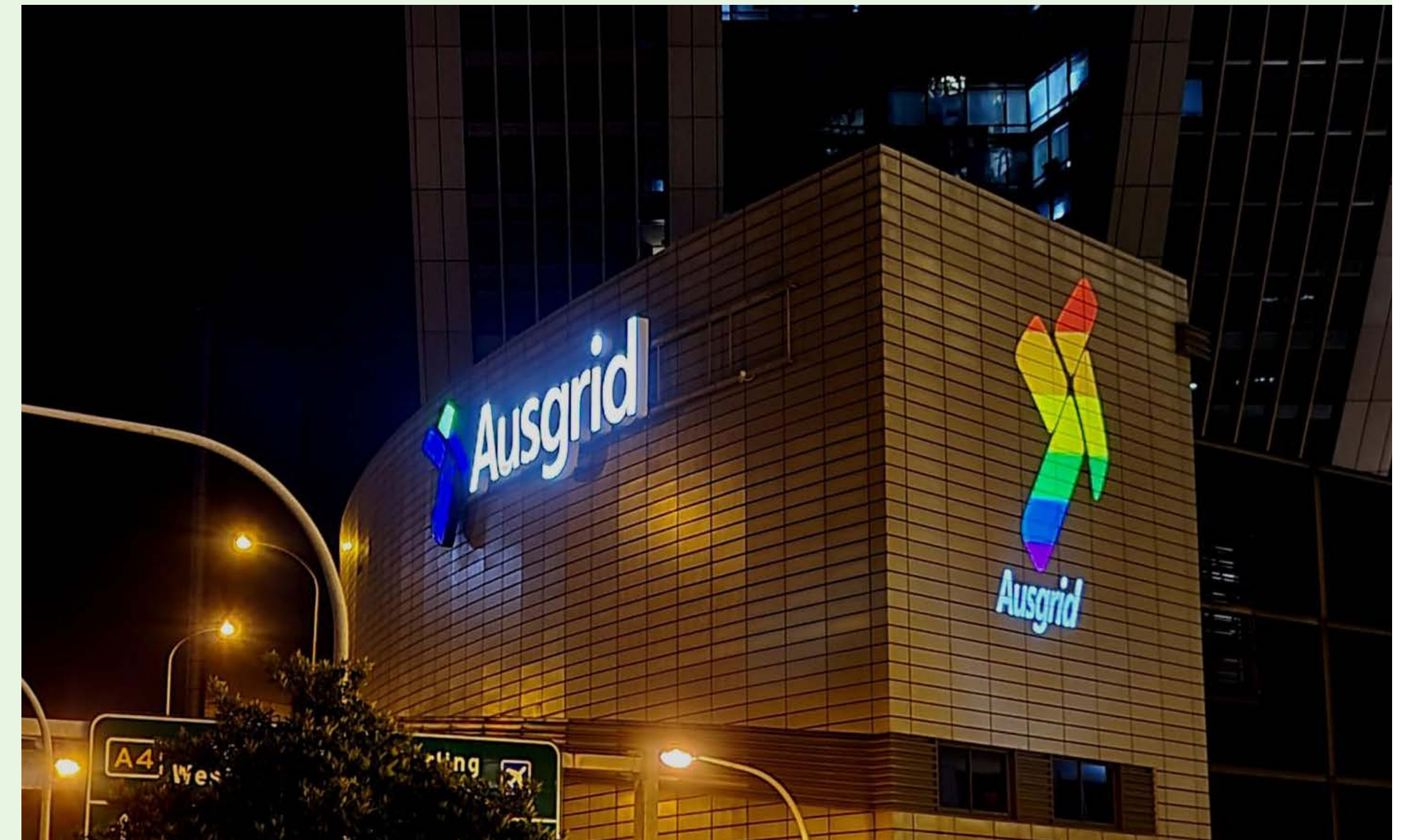
Lighting up in support of Mardi Gras

We lit up our Ausgrid assets to celebrate and show our support for the 44th Sydney Gay and Lesbian Mardi Gras and our LGBTQI+ employees and community.

Ausgrid vehicles displayed our Pride logo, and it was projected onto the City Central Zone Substation. Our Ourimbah and Artarmon Depots and Silverwater Learning Centre were also decorated with rainbows.

The theme of this year's Mardi Grad was 'United we shine' – and when we band together, we shine brighter. Our LGBTQI+ community at Ausgrid is represented by our Pride@Ausgrid Employee Resource Group.

YEAR IN REVIEW   OUR BUSINESS   CUSTOMERS AND COMMUNITIES   OUR PEOPLE   ENERGY SOLUTIONS   DATA TABLES   30

Climate change – Net zero | Emerging technologies | Climate change – Network resilience | Cyber, physical and personnel security
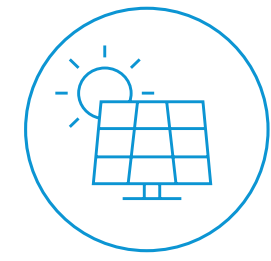
Energy solutions

Ausgrid is committed to strengthening the resilience of our network and ensuring our customers and business thrive in the transition to a net zero future.

UN SDGs

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

24.9%

reduction in scope 1, 2 (excl line losses), and selected scope 3 emissions (target is 44% reduction by EOFY24)

14

JOLT electric vehicle charging stations installed

0.61

System Average Interruption Frequency Index (SAIFI) (average number of service interruptions to each customer over the year)

~12m

malicious, phishing and spam emails blocked

YEAR IN REVIEW   OUR BUSINESS   CUSTOMERS AND COMMUNITIES   OUR PEOPLE   ENERGY SOLUTIONS   DATA TABLES   31

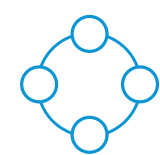**Climate change – Net zero** | Emerging technologies | Climate change – Network resilience | Cyber, physical and personnel security
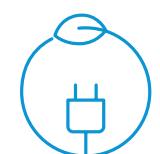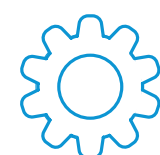
Climate change
Net zero

STRATEGIC ALIGNMENT

Thriving communities

Optimised assets and operations

Delivering net zero

PERFORMANCE HIGHLIGHTS

19.4%
reduction in scope 1, 2 and selected scope 3 emissions (target is 8% reduction by EOFY24)

24.9%
reduction in scope 1, 2, and selected scope 3 emissions (excl line losses) (target is 44% reduction by EOFY24)

Why it is important to Ausgrid

Climate change is the most significant risk to our business, customers and planet. Ausgrid is taking proactive steps by shifting our strategy to address net zero concerns and ensure that our network is an enabler to more sustainable energy solutions for our customers. Our business strives to reach net zero with our own emissions reduction targets and initiatives. A net zero future also brings opportunities for growth for Ausgrid as electrification of energy use, powered by sustainable sources, increases. With the largest network of existing infrastructure, we are uniquely placed to deliver net zero and facilitate an equitable and affordable transition for our customers.

We are uniquely placed to deliver net zero and facilitate an equitable and affordable transition for our customers.

How we manage climate change – net zero

Net zero is a strategic priority for Ausgrid, and we adopt a range of practices to manage this critical issue in our business plan. To reflect this priority, we updated the Ausgrid strategy and vision to include net zero. Ausgrid's vision is for communities to have the power in a resilient, affordable, net zero future.

Ausgrid is innovating and growing its business to support a net zero future through:

· demonstrating leadership and facilitating an equitable and affordable transition to net zero;
· enabling flexibility and supporting a resilient and secure energy system;
· embracing the energy transition to create opportunities and grow revenue; and
· reducing Ausgrid's carbon footprint.

Climate change impacts are managed by our Chief Customer Officer and Executive General Manager of Asset Management, and we have developed a set of guiding principles to ensure that climate action is factored into our decision making:

· Understand climate-related risks and impacts on our business and communities, and act by seeking opportunities to provide resilient infrastructure and innovative network solutions that support clean energy.

· Actively promote and support decarbonisation of the economy, and work to facilitate emissions reductions in our operations and value chain.
· Integrate science-based, data-driven climate change variables into internal decision making processes, analysis, and management of long-term risks and opportunities.
· Identify targeted ways to increase the resilience of the most vulnerable communities we serve to manage the physical impacts of climate change.

We capture these principles in our Climate Change Statement and Sustainability Policy.

Smart LEDs for main road street lighting

Ausgrid continues to partner with councils that use our network to upgrade main road streetlights to smart LEDs. We are now partnering with 70% of councils, and in FY22 we installed 26,300 LEDs. This takes our total to more than 150,000 LEDs since the beginning of this program (of the 260,000 streetlights in our network).

The program also adds smart controls to the lights to help detect faults, optimise maintenance, measure energy use and facilitate future dimming. The lights can accommodate smart sensors that could be used to monitor parking, air quality and other applications. LED luminaires use less energy and require less maintenance and physical inspections – reducing our scope 3 emissions by 40% to 60%.

Ausgrid was Australia's first Distribution Network Service Provider to have emissions targets. Our targets, baselined to FY17, are:

· an 8% reduction of scope 1, 2 and selected scope 3 emissions by EOFY24; and
· a 44% reduction of scope 1, 2 (excluding line losses) and selected scope 3 emissions by EOFY24.

As part of the Business Ambition for 1.5°C and Science Based Targets initiative, our business has also committed to emissions reductions (including line losses) of 50% by 2030 and net zero by 2050. This commitment and the reduction pathway will be submitted to the Science Based Targets initiative for validation in FY23.

YEAR IN REVIEW   OUR BUSINESS   CUSTOMERS AND COMMUNITIES   OUR PEOPLE   **ENERGY SOLUTIONS**   DATA TABLES   32

Climate change – Net zero | Emerging technologies | Climate change – Network resilience | Cyber, physical and personnel security

Ausgrid sites get 5 stars for energy efficiency

Our head office at Roden Cutler House and Artarmon Depot achieved an energy efficiency rating of five or above. The National Australian Built Environment Rating System (NABERS) provides a simple and comparable way of measuring the environmental performance of buildings. Improving our NABERS rating has been an important part of our Sustainability Policy and helping to reduce our carbon emissions and energy costs.

Each year Ausgrid reports on its annual scope 1 and 2 emissions performance to comply with the Federal Government's National Greenhouse and Energy Reporting scheme. We produce an annual Carbon Emissions Performance Report that summarises our performance in reducing scope 1, 2 and selected scope 3 emissions of streetlights, business travel and waste.

Ausgrid also empowers its customers to install and use more renewable and efficient energy solutions to contribute to the net zero transition. More information about this work is set out in this report's 'Emerging technologies' section.

Ausgrid is innovating and growing its business to support a net zero future.

What we did this year

Net zero emissions targets

This year we commenced the review of Ausgrid's emissions reduction targets. This follows Ausgrid's 2021 commitment, as part of the Business Ambition for 1.5°C and Science Based Targets initiative (SBTi), to achieve emissions reductions (including line losses) of 50% by 2030 and net zero by 2050.

Fleet upgrades

Ausgrid made fleet efficiencies to help reduce our scope 1 emissions by completing evaluation and selection programs for hybrid and electric vehicle options available in the market. As assets become due for renewal, all passenger vehicles will be replaced with hybrid or electric vehicles to directly reduce emissions by a minimum of 40%. Two electric vehicles were delivered in FY22, and a further 14 are on order for FY23, along with 77 hybrid vehicles.

Better management and reporting of Sulphur Hexafluoride

Sulphur Hexafluoride (SF_6) is a very potent greenhouse gas. While it makes an excellent insulating gas in electrical switchgear, even small losses into the atmosphere have a large impact (23,500 times more potent than carbon dioxide).

Since implementing our SF_6 Strategy in 2021, we have delivered more than 95% of our improvement actions.

In FY22, we rationalised our SF_6 gas in storage, recycled over two tonnes of surplus gas and positioned ourselves to transition to reporting actual losses (rather than estimates) in FY23. New systems allow our staff to easily record any leakage or top-ups via an app. We have also implemented a shadow carbon price to assess the purchase of SF_6 equipment and are investigating alternative gases and equipment.

Green power for Ausgrid

In an important step to reduce our own emissions, Ausgrid, in partnership with IFM Investors, completed a Power Purchase Agreement for green power for 100% of our own operations. This green power will commence in January 2024 and greatly benefit reducing our carbon footprint. This was coordinated by IFM Investors as a group purchase involving other assets it owns to achieve greater cost and emissions savings.

Partnerships to unlock solutions

We co-founded the International Community for Local Smart Grids, working with the University of Oxford and global partners such as Scottish and Southern Electricity Networks in the UK and Tokyo Electric Power Company in Japan, to share knowledge on smart technologies to deliver net zero goals. Ausgrid also participated in the Committee for Sydney De-Carbonisation Program to identify what is needed to support New South Wales' emission reduction objectives, and the implications for consumers the economy and the electricity distribution network.

YEAR IN REVIEW   OUR BUSINESS   CUSTOMERS AND COMMUNITIES   OUR PEOPLE   ENERGY SOLUTIONS   DATA TABLES   33

Climate change – Net zero | Emerging technologies | Climate change – Network resilience | Cyber, physical and personnel security

Emerging technologies

STRATEGIC ALIGNMENT
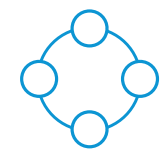
Thriving communities
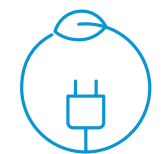
Optimised assets and operations
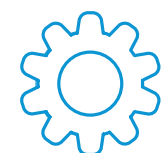
Delivering net zero

PERFORMANCE HIGHLIGHTS

3
community batteries installed

14
JOLT electric vehicle charging stations installed

8
Behavioural Demand Response trials

60 MWh
dispatched from our Virtual Power Plant

35,000
new solar systems connected to our network

Why it is important to Ausgrid

The transition to net zero is rapidly changing the way the grid operates. While Ausgrid does not generate electricity, we recognise that renewable energy resources are transforming the electricity sector. Our historically centralised electricity system is becoming more responsive and interconnected to support a two-way flow of energy. Like other parts of the energy system, our network is adapting to this new landscape to manage a growing mix of renewable and distributed energy resources. We also recognise the need for the electricity sector to decarbonise first, to enable other sectors to follow. Our customers now have choices with new technology increasingly allowing them to generate, consume and store their electricity, and sell the excess back to the grid. In enabling emerging technologies, we support equitable access for all consumers, including those experiencing vulnerabilities.

How we manage emerging technologies

Emerging technologies enable our business and communities to decarbonise and deliver on Ausgrid's net zero strategic priority. Our investment in emerging technologies is guided by an Innovation and Continuous Improvement Policy and governance process to ensure a targeted and practical approach.

Our Network Innovation Program supports us in incorporating the ever-increasing number of customer-owned flexible energy resources (such as electric vehicles) into our network, optimising our assets, and improving the customer experience.

With an investment of $42 million over 2020 to 2024, the program allows us to test the suitability of emerging technologies and new ways of doing things in our network, aiming to increase efficiency and meet changing customer expectations. Our Network Innovation Program currently tests a range of new technologies such as community batteries, microgrids and stand-alone power systems, network monitoring devices, and other technologies that allow our network to support dynamic two-way energy flows.

We have a Network Innovation Advisory Committee, chaired by the Executive General Manager of Asset Management, to ensure we have a customer-centric approach to innovation. This Committee consists of a broad range of customer representatives and oversees the implementation of the Program. We are committed to working with customers and stakeholders to realise this lower-carbon future at the lowest possible cost.
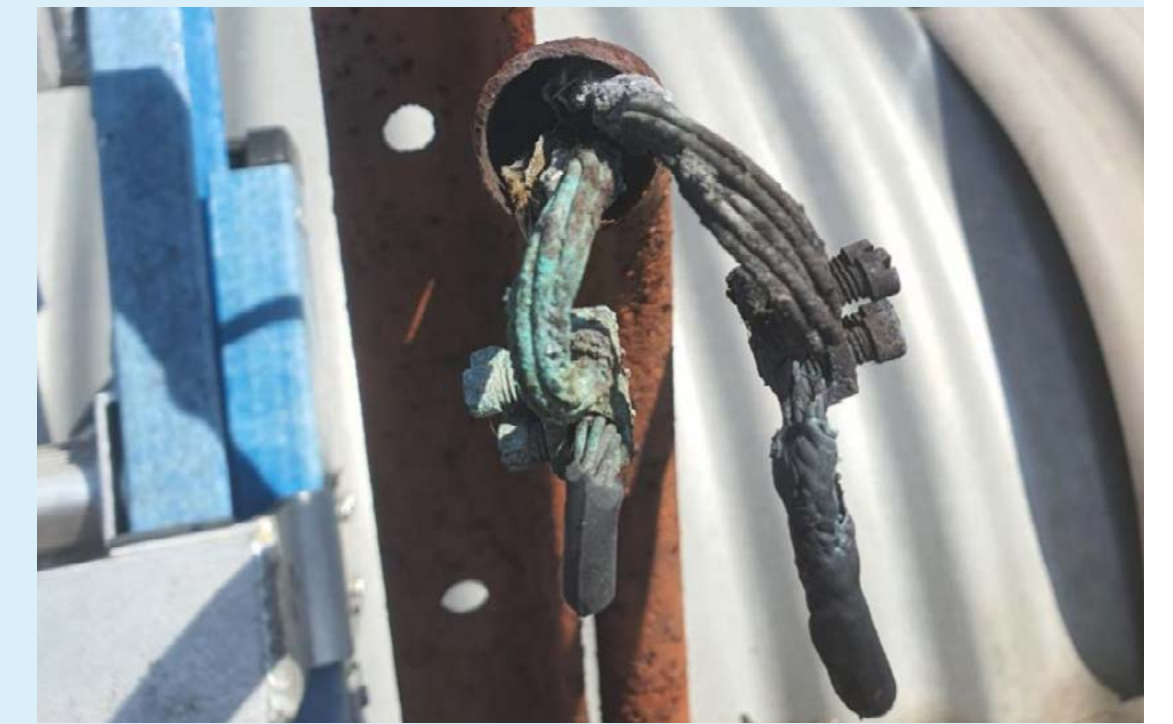
Addressing safety risks through smart meter data trials

Ausgrid uses smart meter data from metering providers to identify emerging safety risks and network performance issues on our low voltage network. A trial using data from 20,000 meters was successfully undertaken in FY22, which demonstrated the ability to detect emerging safety issues due to loose or broken neutral conductors, potentially avoiding dangerous situations for our communities. We are expanding this trial in FY23 to explore more use cases for this data. We also continue to work proactively with metering providers and retailers to explore and extract value from the 'Power of Choice' contestable deployment of smart meters in the market. This includes using smart meters for more flexible controlled load services, using power quality data to identify network constraints and safety risks, and supporting industry and the market to facilitate the installation of smart meters for all customers as efficiently as possible.

YEAR IN REVIEW   OUR BUSINESS   CUSTOMERS AND COMMUNITIES   OUR PEOPLE   ENERGY SOLUTIONS   DATA TABLES   34

Climate change – Net zero | Emerging technologies | Climate change – Network resilience | Cyber, physical and personnel security

Supporting solar export through static synchronous compensator trials

Ausgrid successfully deployed two low voltage static synchronous compensator (STATCOM) devices on our network in FY22, which support solar energy export on certain types of networks without investing in more expensive network upgrades. Following the success of this initial trial, we are deploying 15 units over FY23 to validate their benefits across a wider range of network types and operating conditions.

What we did this year

Empowering through community batteries

Ausgrid continues to deliver community battery trials to provide customers with an option to store and share their solar, and supplement the network during peak times. This year we successfully commissioned units at Cameron Park, Bankstown and Beacon Hill - around 60 customers with their own solar power systems are participating in the trial. Together, participants received approximately $3,800 in credits and have virtually stored around 39,000kWh of solar energy.

Installation of charging stations on our assets

We connected 14 JOLT electric vehicle charging stations to Ausgrid assets this year. The charging stations owned and operated by JOLTcharge are powered by 100% green power and offer 7kWh of free charge per day, per customer (with the option to purchase more). The free charge gives customers an average range of 45 kilometres, covering the commute for most drivers. This helps alleviate 'range anxiety' and accelerates electric vehicle adoption. In FY22, the community used the charging stations over 5,696 times, with the average charge time being 26 minutes.

The total energy delivered was 45.4MWh, equivalent to about 324,156km driven on green energy and approximately 109t of CO_2 saved.

Building our electric vehicle charging capability

Ausgrid partnered with market participants in smart electric vehicle charging trials to improve our understanding of grid impacts. This year, 190 electric vehicle owners were added to the trials. To date, more than 450 owners have participated, with around 350 smart chargers installed. Participants are encouraged to shift their charging away from high-demand periods, and lessons learnt are helping Ausgrid build the capability to manage demand from electric vehicles cost-effectively.

Delivering on research partnerships

We continued to partner with research institutions and our industry colleagues to deliver the Reliable Affordable Clean Energy (RACE) program. This initiative seeks to boost energy productivity, reduce energy costs, increase penetration of distributed energy resources, manage electricity networks, reduce carbon emissions and disseminate science-based knowledge and academic publications. Ausgrid has committed $2.5 million plus in-kind staff support over the 10-year program (currently in its third year).

Behavioural Demand Response trial

Ausgrid's Behavioural Demand Response trial encourages customers to reduce their energy usage during high-demand periods. Participating customers are notified of an event via SMS and then have discretion in the way they reduce their energy use and are rewarded accordingly. Ausgrid partnered with major energy retailers in this trial, with participation growing to around 5,000 customers this year. We held eight trial event days across 45 suburbs in our network.

Virtual Power Plant trials

We partnered with three aggregators and 750 customers with their own battery storage systems for our Virtual Power Plant trial. We sought to create a large virtual battery to demonstrate how small-scall energy storage can be orchestrated to achieve load management and test various features that included dynamic (variable) dispatch, feed-in management and pre-charging capabilities. In FY22, the final year of the trial, the Virtual Power Plant dispatched more than 60MWh of energy across 55 event days. Across the three-year trial, over 130MWh of energy has been supplied from customer battery systems across 180 event days.

Solar Soak hot water trial

We developed and delivered a hot water Solar Soak trial in collaboration with metering providers and retailers to explore the benefits of shifting off-peak hot water from night to day to make the most of excess solar generation.

Designing an Advanced Distribution Network Management System

We made ongoing progress on replacing our current Distribution Network Management System with an Advanced Distribution Network Management System. The new system is due to be implemented in FY23. It will enhance the way we manage our network and enable us to operate in the future 'energy sharing' economy.

Completion of Project Evolve

Ausgrid collaborated with the Australian Renewable Energy Agency with support of NSW Government funding on 'Project Evolve' to develop dynamic operating envelopes for customer distributed energy resources to improve the utilisation of the network and support greater penetration of renewable generation. We completed the project this year and demonstrated the technical feasibility of dynamically signalling network constraints and for customer systems to respond accordingly.

This will reduce the impacts of customer resources on the network, potentially avoiding costly network upgrades in future, while supporting the deployment of more solar systems and electric vehicles.

Commencement of Project Edith

Building on Project Evolve, we initiated Project Edith to demonstrate how the distribution network could become a trading platform in a highly distributed and decarbonised future. Project Edith is adding dynamic network pricing alongside the dynamic operating envelopes in Project Evolve to incentivise efficient use of the network and share benefits with customers that support the network. Orchestrated customer resources (through solutions like Virtual Power Plants) can better coordinate when electricity is used with when it is produced by low-cost renewable energy, supporting the transition to net zero at a lower cost.

YEAR IN REVIEW   OUR BUSINESS   CUSTOMERS AND COMMUNITIES   OUR PEOPLE   ENERGY SOLUTIONS   DATA TABLES   35

Climate change – Net zero | Emerging technologies | **Climate change – Network resilience** | Cyber, physical and personnel security

Climate change
Network resilience

STRATEGIC ALIGNMENT
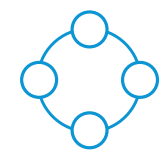
Thriving communities
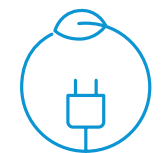
Optimised assets and operations
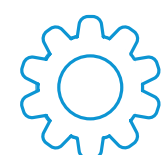
Delivering net zero

PERFORMANCE HIGHLIGHTS

Climate impact assessment

completion of first climate impact assessment

74.8

supply reliability System Average Interruption Duration Index (SAIDI) (average time a customer is without electricity over the year)

0.61

System Average Interruption Frequency Index (SAIFI) (average number of service interruptions to each customer over the year)

Why it is important to Ausgrid

The ability to resist, absorb, adapt to, and recover from disruptive events is crucial to Ausgrid's ability to provide safe and reliable electricity to our customers. With climate change increasing extreme weather events, we are mindful that this impact is accounted for in our current and future planning. In response, we are committing planning practices and efficient investment today to maintain the resilience of the network for the decades to come. Our initial climate impact assessment showed that the frequency of climate hazards, such as extreme heat days and storms, will increase on average by 26% over the next 30 years and up to 31% by the end of the century. Since 2015, Ausgrid has experienced two of its worst storms, totalling $71 million in cost pass-throughs and leaving hundreds of thousands of customers without power – some for over a week. Our focus is to ensure we continue providing a safe, reliable, affordable and sustainable network to our customers through a resilient network that mitigates our climate change risks.

How we manage network resilience

Ensuring the resilience of our network in a changing climate is a priority for Ausgrid. Our Executive General Manager of Asset Management and dedicated resilience team lead our operational strategy, and we invest in research to bolster our preparedness for network and community impacts.

We conduct ongoing activities to prepare for and mitigate physical climate change risks and to make our network and the communities we serve more resilient. Our approach includes a spectrum of resilience solutions that varies from investments in network hardening, trialling innovative technologies, improving how we respond during outages, and community-based solutions to help communities be more resilient.

Ausgrid's future approach to network resilience will be guided by evolving climate knowledge, regulatory treatment of resilience, and our industry and community partnerships.

Preparation for events: This involves a suite of activities in high climate risk areas, including working directly with communities through initiatives such as developing resilience plans. Local resilience plans inform the types of support we are best placed to provide for the community, such as more resilient overhead structures to critical community infrastructure and community support hubs.

Storm damage in our network area.

Annually, we also intensively prepare for bushfire and storm season through vegetation management to ensure minimum clearances between our assets and vegetation.

Clearance monitoring is informed by aerial scanning using light detection and ranging (LiDAR). We also conduct an asset inspection and maintenance regime, including high-definition photography of fire-prone areas. Identified bushfire defects are rectified following our Bushfire Risk Management Strategy.

During events: We operate at a heightened alert during high-risk periods and have processes in place to ensure our network and staff are ready for potential incidents. We work closely with emergency services such as the NSW Rural Fire Service to assist impacted communities and protect our infrastructure during bushfires and extreme weather events.

We also deploy mobile generators to our life support customers, and communities who may otherwise be at risk of prolonged outages.

After events: Following an extreme weather event or bushfire, our priority is to quickly assess and address safety risks. To manage the inevitable challenges that arise quickly, we maintain internal resources and seek assistance from other distribution network service providers, contractors, and accredited service providers. The safety of our people and communities is our highest priority.

YEAR IN REVIEW   OUR BUSINESS   CUSTOMERS AND COMMUNITIES   OUR PEOPLE   **ENERGY SOLUTIONS**   DATA TABLES   36

Climate change – Net zero | Emerging technologies | **Climate change – Network resilience** | Cyber, physical and personnel security

BUSHFIRE AND STORM PERIOD CYCLE

Mar | Apr | Feb | May | Jan | Jun | Dec | Jul | Nov | Aug | Oct | Sep

Bushfire danger period Sep–Mar

Severe thunderstorm season Oct–Mar

East Coast Lows Feb–Aug
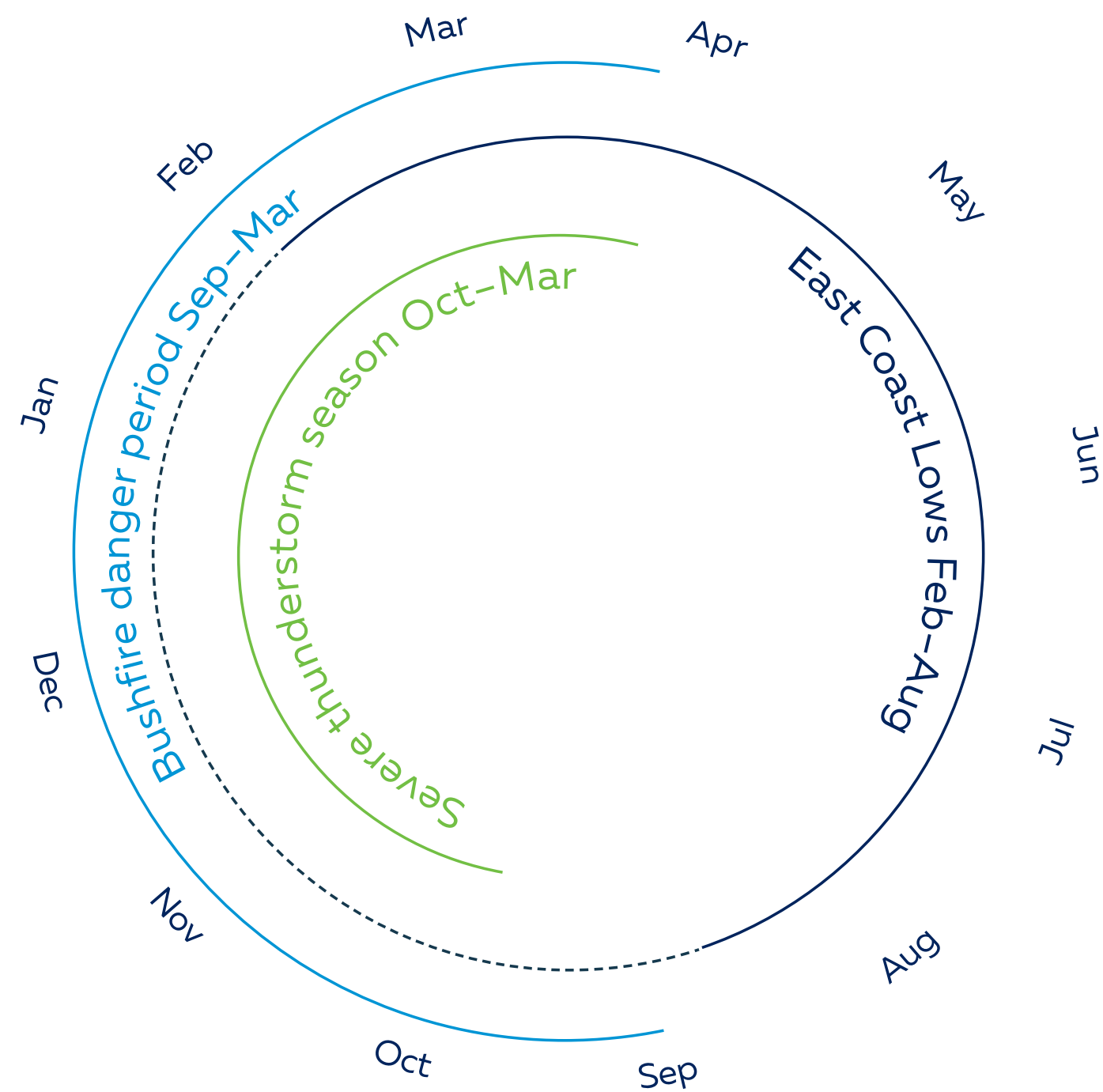
What we did this year

Assessing risk through scenario modelling

To better understand future physical climate change risks, Ausgrid conducted a climate impact assessment, including scenario modelling. This process involved an overlay of future climate models with geospatial information of asset data to identify the change in risks at an asset and organisational level. This process allowed us to understand the areas of our business most vulnerable to climate change impacts.

Release of the Network Resilience – 2022 Collaboration Paper on Network Resilience

Together with our Distribution Network Service Provider colleagues, Ausgrid prepared and released a consultation paper – 'Network Resilience – 2022 Collaboration Paper on Network Resilience'. The paper forms part of a broader engagement project that seeks to understand how we can best support communities to adapt to a changing climate over the next decade. This knowledge will be shared with our regulatory bodies, helping shape the frameworks on which we base our expenditure proposals. This will help ensure the rules and regulations we are operating within are fit for purpose.

Extensive engagement to understand the lived experience

Ausgrid undertook a comprehensive engagement program to understand how we can deliver climate change resilience. This included robust engagement with other Distribution Network Service Providers and essential services for relationship building and collaboration opportunities. We hosted focus groups in areas where customers had experienced prolonged outages due to extreme weather events. Ausgrid worked closely with councils to draft a co-funding program for aerial bundle cabling to reduce the impacts of urban heat (pending our regulatory reset outcome). Vegetation can be allowed to grow closer to aerial bundled overhead conductors, reducing urban heat with increased vegetation canopy without an increased risk to public safety and power outages. We also worked closely with the government on industry coordination for long-term resilience planning (2050 and beyond).

Partnerships to support communities experiencing vulnerability to disasters

Augsrid developed a co-funding partnership with a philanthropic organisation, the Minderoo Foundation, on their Fire and Flood Resilience initiative to deliver community resilience plans for the Central Coast and Port Stephens – some of Australia's most at-risk communities.

Building resilient communities

In February 2022, we participated in a network resilience forum with five other Distribution Network Service Providers (Endeavour Energy, Essential Energy, TasNetworks, Evoenegy and PowerWater) to collaborate with stakeholders on how we can support communities to adapt to climate change. Demonstrating the level of interest, over 170 participants joined, including those from regulators, local councils, community groups and academia.

The forum followed a series of focus groups that Ausgrid ran with community members from various backgrounds to understand their experiences and unique challenges with prolonged outages due to natural hazards. The insights from these focus sessions inform our strategy for the future grid, and our preparations for the 2024 to 2029 Regulatory Reset. This focus on climate resilience is a new area of asset planning.

YEAR IN REVIEW   OUR BUSINESS   CUSTOMERS AND COMMUNITIES   OUR PEOPLE   ENERGY SOLUTIONS   DATA TABLES   37

Climate change – Net zero | Emerging technologies | Climate change – Network resilience | Cyber, physical and personnel security

Cyber, physical and personnel security

STRATEGIC ALIGNMENT
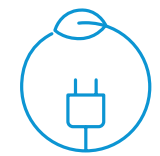
Optimised assets and operations

PERFORMANCE HIGHLIGHTS

~12m
malicious, phishing and spam emails blocked

15.8m
websites blocked due to suspicious or malicious software

~7.9b
perimeter scans detected with no significant external breaches

<6.5
average incidents per month indicating unauthorised physical access (target met)

<5
average incidents per month indicating unsecured sites and assets (target met)

Why it is important to Ausgrid

As a critical infrastructure operator, Ausgrid acknowledges that there are risks to our cyber, physical and personnel security. We are committed to managing potential threats to our information, infrastructure and people to continue providing a safe and reliable electricity supply to our customers.

How we manage cyber, physical and personnel security

We take a holistic approach to security by consolidating areas of cyber, physical and personnel security into an organisational Protective Security Strategy. Ausgrid invests in a range of measures to protect our network. Our focus is on improving security capability and maturity, and reducing overall security risk. To lead this work, Ausgrid has a Protective Security Steering Committee and a Technology Review Committee. The security of our operational technology that manages our electricity network is managed through our Control System Security Strategy, which continues to be refined to align with best practice.

Our Protective Security Defence Framework has established staged business and control restrictions in the event of a cyber, physical or personnel security incident. We seek to identify and mitigate risks through attack simulations, penetration testing, reviewing responsibilities and addressing process gaps. We also prioritise raising awareness and educating our people on cyber and physical security through campaigns, briefs, events and mandatory competency based e-Learning.

What we did this year

Increasing our cyber resilience
Ausgrid continues to strengthen its cyber resilience through uplifting staff awareness and education, a rigorous vulnerability management program and implementing multiple layers of defence.

Bolstering physical and personnel security
We delivered upgrades of Electronic Access Control Management Systems and video surveillance system technology at Ausgrid substation, depot and corporate sites to bolster physical and personnel safety. This physical security site uplift work forms part of an ongoing program to harden Ausgrid critical infrastructure sites and provide enhanced physical detection

capability. Improved personnel security vetting procedures were also developed in preparation for the Security of Critical Infrastructure Act compliance requirements.

Upskilling our people
We conducted 'see something, say something' and 'site secure habit' awareness sessions across a broad section of the Ausgrid business. These sessions promoted a robust security culture, ensuring staff awareness and adherence to organisational security protocols.

Working together to combat criminal behaviour
The Protective Security Team provide ongoing and coordinated support to law enforcement agencies responding to criminal acts, including the theft of copper and damage to Ausgrid Network infrastructure. In FY22, this resulted in the successful detection and prosecution of offenders, with proactive intervention continuing to combat criminal behaviour across the Ausgrid geographical region.

Data tables

Data tables

Workforce (Headcount)

	FY22	FY21	FY20	FY19	FY18	FY17
Employee information	Total	Total	Total	Total	Total	Total
Total [1]	2,836	2,750	3,052	3,493	3,716	3,841

1   Includes Ausgrid, Emerging Energy Solution employees and labour hire. Excludes PLUS ES and contracted services.

The following workforce headcount information does not include PLUS ES, labour hire or contracted services employees.

Employee information	FY2022			FY2021			FY2020			FY2019			FY2018			FY2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employees	469	2,323	2,792	429	2,275	2,704	485	2,416	2,901	523	2,760	3,283	539	2,927	3,466	602	3,050	3,652
Employees (%)	17%	83%	100%	16%	84%	100%	17%	83%	100%	16%	84%	100%	16%	84%	100%	16%	84%	100%
Employees by employment type and gender																		
Full-time (%)	14.9%	82.6%	97%	14.1%	83.5%	97.6%	14.5%	83.0%	97.5%	13.7%	84.0%	97.7%	13.3%	84.3%	97.6%	13.5%	83.4%	96.9%
Part-time (%)	1.9%	0.6%	3%	1.8%	0.6%	2.4%	2.2%	0.2%	2.5%	2.2%	0.1%	2.3%	2.3%	0.1%	2.4%	3.0%	0.1%	3.1%
Total	16.8%	83.2%	100%	15.9%	84.1%	100.0%	16.7%	83.2%	100.0%	15.9%	84.1%	100.0%	15.6%	84.4%	100.0%	16.5%	83.5%	100.0%
Gender diversity																		
Executive Managers	2	8	10	3	8	11	2	10	12	2	9	11	2	9	11	3	6	9
Managers	38	142	180	32	141	173	30	147	177	35	149	184	30	147	177	37	139	176
Supervisors	30	211	241	28	198	226	40	216	256	38	272	310	36	265	301	39	236	275
Non-managers	399	1,962	2,361	366	1,928	2,294	413	2,043	2,456	448	2,330	2,778	471	2,506	2,977	523	2,669	3,192
Total	469	2,323	2,792	429	2,275	2,704	485	2,416	2,901	523	2,760	3,283	539	2,927	3,466	602	3,050	3,652
New hires																		
External Appointments	77	151	228	37	61	98	71	75	146	59	55	114	50	127	177	16	37	53
Internal Appointments	23	162	185	39	173	212	36	204	240	32	123	155	125	276	401	122	393	515
Parental leave by gender																		
	33	182	215	31	179	210	50	220	270	39	211	250	44	219	263	45	201	246

Workforce (Headcount) continued

Employee age groups		FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
16–24		1%	1%	1%	1%	1%	2%
25–34		15%	17%	19%	19%	21%	22%
35–44		36%	36%	35%	34%	33%	32%
45–54		32%	31%	30%	29%	29%	29%
55–64		15%	14%	14%	16%	15%	14%
65+		1%	1%	1%	1%	1%	1%
Employee tenure							
<1 year		7%	3%	5%	3%	4%	1%
1–2 years		3%	4%	2%	4%	1%	1%
2–5 years		8%	6%	5%	2%	2%	3%
5–10 years		3%	5%	10%	15%	21%	27%
10–20 years		56%	60%	57%	55%	51%	47%
20+ years		23%	21%	20%	21%	20%	20%
Employee other							
Redundancies		10	187	449	209	282	239
Attrition rate excluding redundancies		4.7%	3.3%	3.6%	2.6%	2.1%	2.4%
Employment Arrangements							
Employees on Enterprise Agreement		92%	93%	94%	95%	96%	93%
Employees not on Enterprise Agreement		8%	7%	6%	5%	4%	7%
Indigenous employees							
Number of Aboriginal and Torres Strait Islander employees (voluntarily self–identified)		42	45	50	61	24	30
Employees with a disability							
Number of employees with a disability (voluntarily self–identified)		25	27	35	41	47	53

Environment

EMISSIONS	Unit	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Greenhouse gas emissions							
Total carbon emissions (scope 1, 2 and 3)	tCO_2-e	834,433	899,063	914,279	959,125	1,033,714	1,037,443
Carbon footprint scope 1							
Carbon footprint scope 1	tCO_2-e	22,263	22,438	21,950	22,855	21,958	23,047
Carbon footprint scope 1 component parts							
Stationary energy use	tCO_2-e	227	218	180	415	396	335
Transport energy use	tCO_2-e	7,921	8,343	8,621	9,409	8,614	10,474
Sulphur Hexafluoride (SF6)	tCO_2-e	14,049	13,804	13,088	12,987	12,829	12,068
Other	tCO_2-e	66	73	61	44	119	170
Carbon footprint scope 2							
Carbon footprint scope 2	tCO_2-e	725,921	780,844	789,287	823,503	895,352	898,646
Carbon footprint scope 2 component parts							
Property electricity emissions	tCO_2-e	10,159	10,444	10,741	14,937	17,449	19,241
Line losses during distribution of electricity on our network	tCO_2-e	715,762	770,400	778,546	808,566	877,903	879,405
Average line losses on our network	%	3.61%	3.70%	3.70%	3.70%	4.00%	3.90%
Carbon footprint scope 3							
Carbon footprint scope 3	tCO_2-e	86,248	95,781	103,042	112,767	116,404	115,750
Carbon footprint scope 3 component parts (Group)							
Business travel	tCO_2-e	142	51	588	804	653	305
Waste	tCO_2-e	1,160	1,159	1,105	1,601	1,530	948
Streetlights	tCO_2-e	84,946	94,571	101,349	110,362	114,221	114,497

Environment continued

ENERGY USE AND EFFICIENCY	Unit	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Energy consumed							
Energy use (scope 1 and 2)	GJ	3,429,254	3,598,012	3,637,838	3,759,806	4,024,722	4,019,237
Percentage reduction in emissions from FY2017							
Emissions reduction (all emissions) – scope 1, 2 and 3	%	-19.6%	-13.30%	-11.90%	-7.50%	-0.40%	
Emissions reduction (excluding line losses) – scope 1, 2 and 3	%	-24.9%	-18.60%	-14.10%	-4.70%	-1.40%	–
Emissions reduction (NGER emissions) – scope 1 and 2	%	-18.8%	-12.80%	-12.00%	-8.20%	-0.50%	
Emissions reduction (NGER emissions excluding losses) – scope 1 and 2	%	-23.3%	-22.20%	-22.70%	-10.60%	-6.80%	–
Emissions reduction – scope 3 only	%	-25.5%	-17.30%	-11.00%	-2.60%	0.60%	–
POWER GENERATION AND PRODUCTION							
Renewable energy generated for our use							
Solar	kWh	1,861,768	1,799,233	2,029,191	843,571	26,503	26,503
WASTE							
Waste types							
Solid waste	tonnes	2,251	2,171	2,177	3,054	3,993	4,186
Liquid waste	kL	227	262	198	202	205	166
Hazardous waste	tonnes	60	62	64	82	145	91
Recycling and recovery							
Solid waste diverted from landfill (%)	%	22	–	–	–	–	–
Waste recovery – re-used/recycled/energy use (%)	%	27	–	–	–	–	–
Waste diverted for recycling	%	N.A	26	29	25	8	9
Waste diverted for energy/recovery	%	N.A	3	3	3	3	3
Total waste diverted for recycling/recovery	%	N.A	29	32	28	11	12

Environment continued

WATER	Unit	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Potable water							
Potable water used	kL	52,684	53,646	166,850	186,948	99,439	136,129
Captured/self sourced water							
Captured/self sourced water	kL	72,643	72,216	68,400	46,080	46,080	48,000
Water discharged							
Water treated and discharged	kL	70,365	66,184	66,235	68,456	76,000	76,268
ENVIRONMENTAL MANAGEMENT SYSTEMS							
Environmental management system certification coverage	%	100%	100%	100%	100%	100%	100%
ENVIRONMENTAL COMPLIANCE							
Legal action							
Prosecutions	Number	0	0	0	0	0	0
Other non–compliances							
Licence breaches	Number	0	0	0	0	0	0
Reportable pollution incidents	Number	2	6	6	3	2	9
Written warnings or infringement notices	Number	0	0	1	0	0	0

Notes:

· In FY21, the incident measure changed from reportable controllable incidents to reportable pollution incidents.

· Waste data has been adjusted to reflect changes to supplier waste categories.

· Due to data disruptions for solar generation, the reported number is complete from statistical modelling.

Power supplied

	Unit	**FY2022**	**FY2021**	**FY2020**	**FY2019**	**FY2018**	**FY2017**
Power supplied							
Power supplied to residential customers	GWh	8,818	8,597	8,640	8,623	8,494	8,738
Power supplied to business customers	GWh	15,417	15,860	16,294	16,801	16,892	16,931
Total power sold	GWh	24,235	24,457	24,934	25,424	25,386	25,669
Number of customers							
Residential customers (households)	Average customer numbers	1,598,223	1,590,154	1,578,910	1,564,021	1,545,428	1,524,732
Business customers	Average customer numbers	184,829	184,050	183,169	182,253	181,866	182,182
Total number of customers	Average customer numbers	1,783,052	1,774,204	1,762,079	1,746,274	1,727,294	1,706,914
Reliability							
System Average Interruption Duration Index (SAIDI)	Average time that a customer is without electricity in minutes	74.8	70.7	92.2	74.7	69.0	79.0
System Average Interruption Frequency Index (SAIFI)	Average number of service interruptions to each customer	0.61	0.56	0.68	0.66	0.68	0.71
Power prices							
Network charge – average residential customer revenue	$/year nominal [1]	$582.16	$557.68	$553.52	$630.46	$630.52	$680.03

1   Includes Ausgrid distribution charges, transmission charges and NSW Government Climate Change Fund costs.

Health and safety

SAFETY	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Managing personal safety						
Total recordable injury frequency rate (TRIFR)	4.4	5.4	6.5	7.4	13.6	15.8
Lost time injury frequency rate (LTIFR)	1.5	1.0	1.2	1.7	1.9	2.8
Employee fatalities	0	0	0	1	0	0
EMPLOYEE HEALTH						
Injury						
All injuries (including First Aid and No Treatment)	206	191	232	290	279	328
Manual handling injuries (all injuries)	91	81	93	111	112	100
Total recordable injuries	34	42	54	71	102	118
Lost time injuries	12	8	10	16	14	21
Preventative						
AEDs owned (automated external defibrillators)	1,047	1,047	1,052	1,052	85	85
Mental health first aid trainers	95	102	102	112	78	70
Health checks (voluntary) [1]	0	0	0	640	0	589
Medical and functional checks	1,600	1,100	1,500	–	–	–
Vaccinations – influenza (voluntary)	828	1,142	1,682	1,609	1,493	1,191
COMMUNITY HEALTH AND SAFETY						
Public safety						
Electrical Safety Week – primary schools (in our catchment area) participation	89%	94%	92%	92%	92%	95%
Electrical Safety Week – primary schools (in our catchment area) participation	766	805	789	782	813	812
Incidents						
Third party motor vehicle pole collisions	456	465	503	491	439	441
Third party motor vehicle pillar kiosk collisions	105	83	107	97	71	47
Third party contact with overhead assets	336	326	319	374	351	211
Third party contact with underground assets	88	91	99	128	142	99

Note:

Data includes Ausgrid and PLUS ES employees and contractors for alignment with internal corporate reporting.

1   32 of the FY22 mental health first aiders have re-accreditation pending

![Ausgrid logo]

connecting communities,
empowering lives