Towards net zero

Ausgrid

FY23 SUSTAINABILITY REPORT

About this report

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

This publication sets out Ausgrid's ESG risks, ambitions and performance in accordance with our values, purpose, vision and strategic priorities.

This report is structured around Ausgrid's FY23 strategic objectives that encapsulate our ESG issues:

1. Thriving communities
2. Valued people
3. Optimised assets and operations
4. Delivering net zero

We uphold transparency and have developed our sustainability reporting using internationally recognised frameworks. This report is produced in accordance with the requirements of the Global Reporting Initiative (**GRI**).

It reflects updated disclosure requirements, supported by a new methodology for assessing risks and opportunities.

An external assurance provider has not been engaged for this report.

Ausgrid has internal governance and processes in place to ensure that the information contained within this publication is factually correct. This includes Executive Leadership Team endorsement.

This is Ausgrid's fifth annual[2] GRI sustainability report and reflects our performance for the financial year from 1 July 2022 to 30 June 2023.

The information contained within this report does not include Ausgrid's affiliate, PLUS ES.[2]

AUSGRID ANNUAL ESG REPORTING SUITE

Our annual sustainability report is one of several ESG disclosures. Please refer to the Ausgrid website to access these publications.

GRI Sustainability Report

Modern Slavery Statement

Carbon Emissions Performance Report

Energy Charter Disclosure Report

Contact: We welcome your feedback on this report and sustainability at Ausgrid.
Craig Wilson, Sustainability Manager
+61 2 4951 9555
enquiries@ausgrid.com.au

'Traveling across Country'. Ausgrid's network by First Nations artist, Emma Peel.

ACKNOWLEDGEMENT OF COUNTRY

Our network and operations span the traditional country of 17 languages and tribal and nation groups in Sydney, the Central Coast and the Hunter regions of New South Wales.

We acknowledge First Nations peoples as the Traditional Custodians of the land on which our business activities take place, and we pay our respect to their Elders past, present and future.

As set out in our Reconciliation Action Plan, we want to lead and foster a workforce, and approach to our operations, that embraces the learnings, voices, cultures and histories of these Traditional Owners into our organisation.

Contents

1 There are no restatements of information from our FY22 Sustainability Report.
2 Some data points include PLUS ES as part of the Ausgrid Group. These are identified throughout the report.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

FY23 Highlights | Message from the Chair and CEO

FY23 highlights

Thriving communities
Page 14

83.6%
RepTrak stakeholder score (+9.0 pts improvement on FY22)

92%
Contact Centre first contact resolution

$228
in annual network charge savings per residential customer since 2014

Valued people
Page 22

34%
improvement in Total Recordable Injury Frequency Rate (TRIFR) on FY22 (down to 2.9 in FY23)

GENDER PAY GAP[3]
2.4% in favour to women (overtime not included)

8.6% in favour to men (overtime included)

311
new employee hires[4]

83%
of our people completed Modern Slavery training

Optimised assets and operations
Page 33

0
environmental fines or prosecutions

13.3m
malicious, phishing and spam emails blocked

20%
System Average Interruption Duration Index (SAIDI) improvement on FY22 (down to 59.62 in FY23).

The average time a customer is without electricity over the year

Delivering net zero
Page 42

18%
reduction in scope 1 and 2 emissions from FY20

>19,000
tonnes of waste avoided by recycling surplus or redundant equipment

3   Ausgrid has high concentrations of overtime activity in roles which are directly operating and maintaining our network (field roles). 40% of our total workforce hold these field roles and 97% of field roles are held by men. All field roles have the same access to overtime. When overtime is factored into the gender pay gap calculation the pay gap is in favour of men by 8.6%. When overtime is not factored into the calculation, the gender pay gap is in favour of women by 2.4%.

4   Data point includes PLUS ES as part of the Ausgrid Group.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

FY23 Highlights | Message from the Chair and CEO

Message from the Chair and CEO

As the largest electricity distributor in the National Electricity Market (NEM), we are uniquely placed to help our communities' transition to net zero and support the 'electrification of everything'.

Towards net zero

This year, Ausgrid undertook extensive consultation to understand what customers value most, with a view to delivering on our vision for communities to have the power in a resilient, affordable, net zero future over 2024-29 and beyond.

Our customers told us that they want Ausgrid to do more. Through our Regulatory Proposal, we laid out our plan for the years ahead. We are rising to the challenge of balancing our communities' expectations of the network with our customers' need for affordable services. We continue to engage with our customers and stakeholders to understand what is important to them, particularly as the cost of living and doing business increases.

A key initiative for FY23 has been our industry-leading climate impact modelling, where we worked closely with customers to understand their priorities before, during and after extreme weather events. We are also proud to have set more ambitious emissions reduction targets this year. Ausgrid is committed to achieving a 50% reduction of our scope 1 and 2 emissions by 2030 and net zero by 2045 for scopes 1, 2 and 3.

In collaboration with partners across the sector, we continue with innovative programs to deliver solutions that support net zero outcomes. Australia's first power pole-mounted electric vehicle charger, and our trial of standalone power supply and microgrid technology are just some of the many initiatives we have implemented this year.

While we remain focused on finding the best solutions to support the energy transition and our communities, we have maintained reliability and safety. On average, the length of an outage on the network has reduced by 20% relative to FY22. Our safety performance has also hugely improved, with a 34% Total Recordable Injury Frequency Rate (**TRIFR**) improvement on the previous year – now at industry-leading levels.

None of this would be possible without our people. We are proud that 75% of our workforce has been with our business for more than 10 years. We are investing in the future through our extensive apprentice and graduate program. The energy sector is currently grappling with the effects of a major skills shortage, and we know that attracting, developing and retaining top talent is critical, particularly through the energy transition.

This report highlights our performance over the past year, enabled by our business strategy that sets out our commitment to sustainable development.

We look forward to enabling our customers to electrify their homes and businesses, accelerating the connection of new renewable energy options, and facilitating greater accessibility to renewables for all. Through these priorities, we are ensuring Ausgrid plays an active role in making electricity more accessible and sustainable.

Dr Helen Nugent AC
Chair

Marc England
Chief Executive Officer

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YEAR IN REVIEW   **OUR BUSINESS**   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Our organisation | Our value chain | Sustainability at Ausgrid | Our material topics | Into the future

Our organisation

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

Ausgrid is a private partnership (non–listed) that is jointly owned by IFM Investors (25.2%), APG Asset Management Group (16.8%), AustralianSuper (8.4%) and the State of New South Wales (**NSW**) (49.6%) under a long-term lease.

We are the largest electricity distributor on Australia's east coast, providing electricity to 1.8 million customers – that means, over four million Australians rely 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 role is also to support the transition to net zero, ensuring the network is ready for further electrification and a future where renewables play a significant role in the power mix.

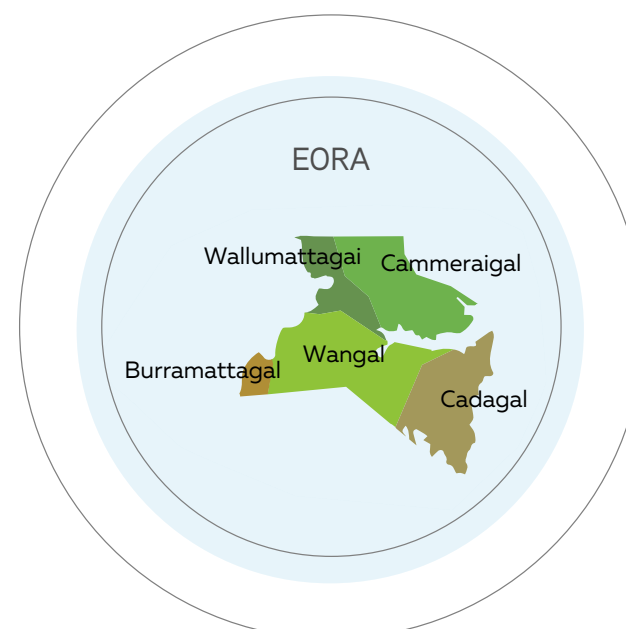The Ausgrid head office is in Haymarket, Sydney.

Our network spans

22,275km²

We provide electricity to almost

1.8m customers

Map of Ausgrid's network area, with Indigenous place names

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YEAR IN REVIEW   **OUR BUSINESS**   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

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Our organisation (continued)

Our customers and users

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

FY23 overview

Our organisation

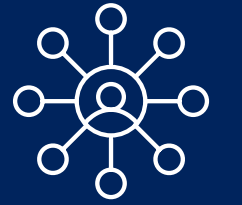|		
2,909 employees	**513,517** power poles	**33,346** small distribution substations
10 Board members	**258,541** streetlights	**230** large electricity substations
10 Executive Leadership Team members	**22,275**km² of area supplied	
5 Customer and stakeholder consultative committees	**47,523**km of power lines and underground cables 62% overhead, 38% underground	

Our impact

>4m customers	**185,668** businesses
Almost **1.8**m homes and businesses	**1,328** schools
18% of Australia's Gross Domestic Product 60% of NSW	**24,566**GWh of power supplied
65 hospitals	

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Our organisation (continued)

Our purpose

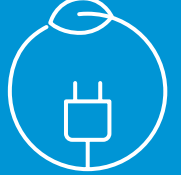# Connecting communities, empowering lives

Our 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
- Commercially minded
- Collaborative
- Honest and accountable
- Respect

FY23 business strategy

	Thriving communities	Valued people	Optimised assets and operations	Delivering net zero
Objectives	**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

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Our organisation (continued)

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 robust 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 Business 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 for identifying, analysing, evaluating, treating, monitoring, reviewing and reporting risks that could prevent the business from achieving its objectives.
Second line (Audit 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 (Independent assurance)	Internal and external audit provides independent and objective assurance on the effectiveness of risk management, control and governance processes.

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YEAR IN REVIEW | OUR BUSINESS | THRIVING COMMUNITIES | VALUED PEOPLE | OPTIMISED ASSETS AND OPERATIONS | DELIVERING NET ZERO | DATA TABLES

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Our organisation (continued)

Our Board, chaired by an independent Board 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. In FY23, the Board had 10 members comprising four women and six men.

Our Executive Leadership Team, led by Chief Executive Officer (**CEO**) Marc England, 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. In FY23, there were 10 members comprising two women and eight men.

More information about our approach to corporate governance is set out in the **Ausgrid Corporate Governance – Detailed Overview** attached to this report.

In July 2023, we realigned our operating model and made changes to our Executive Leadership Team. Please see the Ausgrid website for updated information: https://www.ausgrid.com.au/About–Us/Leadership Team.

AUSGRID'S FY23 BOARD

Dr Helen Nugent AC	Jason Peasley	Ashley Barker[5]	Michael Hanna	Michael Byrne	Belinda Gibson	Steven MacDonald	Hans-Martin Aerts	Jay Ryu	Gillian Brown	Josh Crane
Independent Chair										

BOARD COMMITTEES

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

Assists the Board to discharge its duties in relation to Work, Health and Safety matters, environmental matters, and related legal and regulatory compliance.

RISK COMMITTEE

Assists the Board to discharge its duties in relation to the risk management framework (including risk appetite), insurance program and compliance (including the Code of Conduct).

AUDIT COMMITTEE

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.

REMUNERATION COMMITTEE

Assists the Board to discharge its duties in relation to executive remuneration, Director appointments and succession planning.

INDUSTRIAL RELATIONS ADVISORY GROUP

Assists the Board to discharge its duties in relation to industrial relations.

AUSGRID EXECUTIVE LEADERSHIP TEAM[6]

MARC ENGLAND CEO

Nigel Lowry
Group Executive – Legal, Governance and Property

Rob Amplett Lewis
Group Executive – Distributed Services and PLUS ES

Michael Bradburn
Chief Financial Officer and Group Executive – Business Services

Celina Cross
Group Executive – People and Culture

Junayd Hollis
Group Executive – Customer, Assets and Digital

Kelly Wood
Group Executive – Transmission Development and Growth

Alex McPherson
Acting Group Executive – Market Development and Strategy

Sam Sofi
Group Executive – Safety, Delivery and Operations

5   Resigned 23 December 2022.

6   Current as at November 2023. Please see our Workforce data sheet for the FY23 Executive Leadership Team.

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Our value chain

Our core business is electricity transmission and distribution.

To provide a safe, reliable and resilient network, we continually conduct 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 for our infrastructure, which is also used by third parties to provide customer–facing products and services. This further assists in our commitment to ensuring communities stay connected, and this is enhanced by telecommunications organisations utilising our power poles to host their 5G equipment.

We work with a wide range of customers to plan the connection of new or additional services to our network. For example, to meet our customers' growing needs for electric vehicles, Ausgrid is working with third parties to install electric vehicle charging infrastructure onto our existing kiosk substations and power poles.

Our materiality assessment considered our entire value chain.
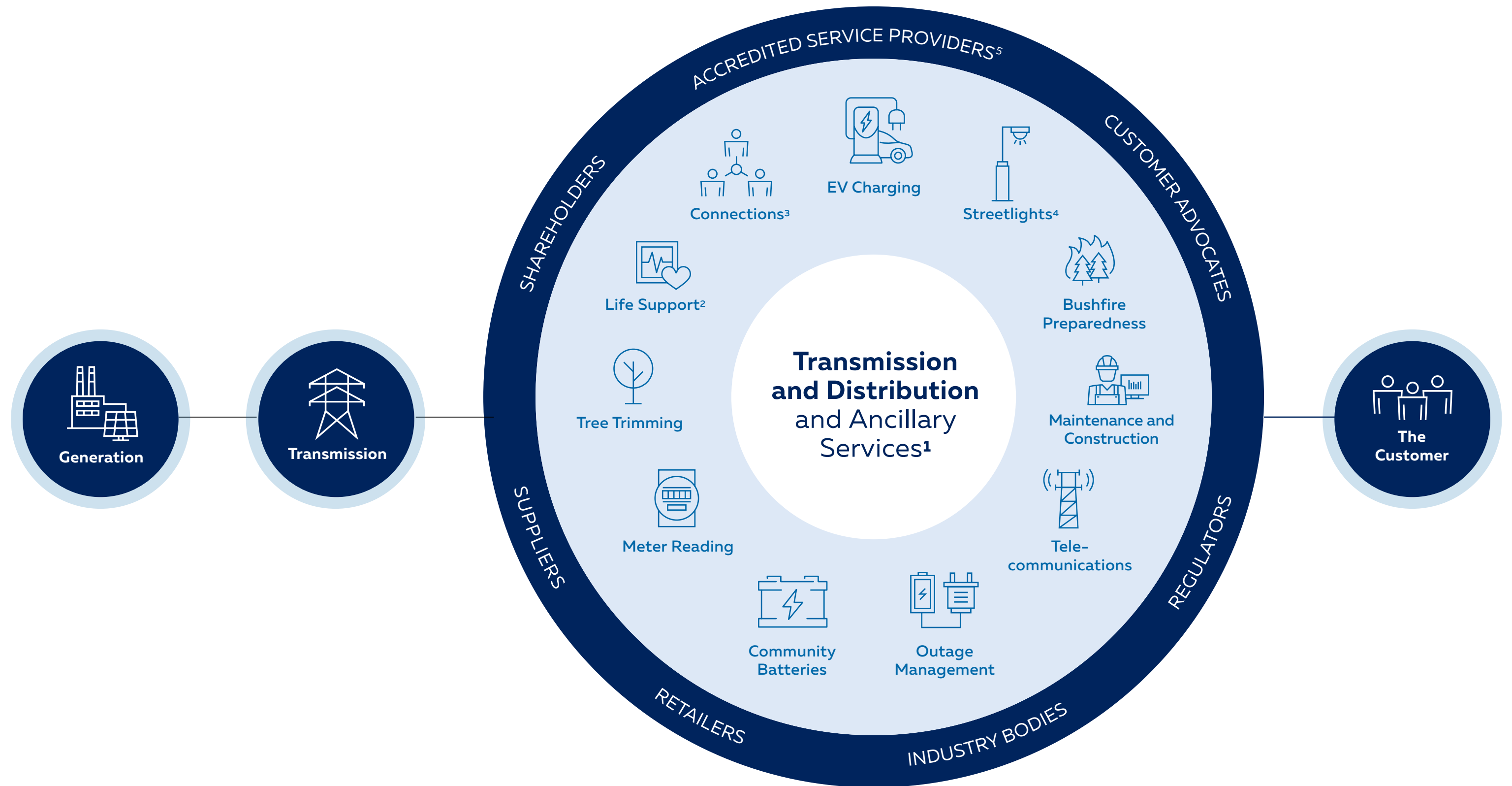
KEY

☐ 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

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Sustainability at Ausgrid

Ausgrid strives to be a sustainable business. We work safely and responsibly to deliver on our vision for communities to have the power in a resilient, affordable, net zero future.

Ausgrid strives to be a sustainable business. We work safely and responsibly to deliver on our vision for communities to have the power in a resilient, affordable, net zero future.

We are committed to continually improving our performance on all material environmental, social and governance (ESG) issues. Ausgrid's ESG guiding principles are set out in our Sustainability Policy, and human rights are top of mind.

All parts of our business play a role in delivering a more sustainable future, and 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 that 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.
· Creating a social dividend through supporting the principles of our aligned United Nations (**UN**) Sustainable Development Goals (**SDG**) 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.
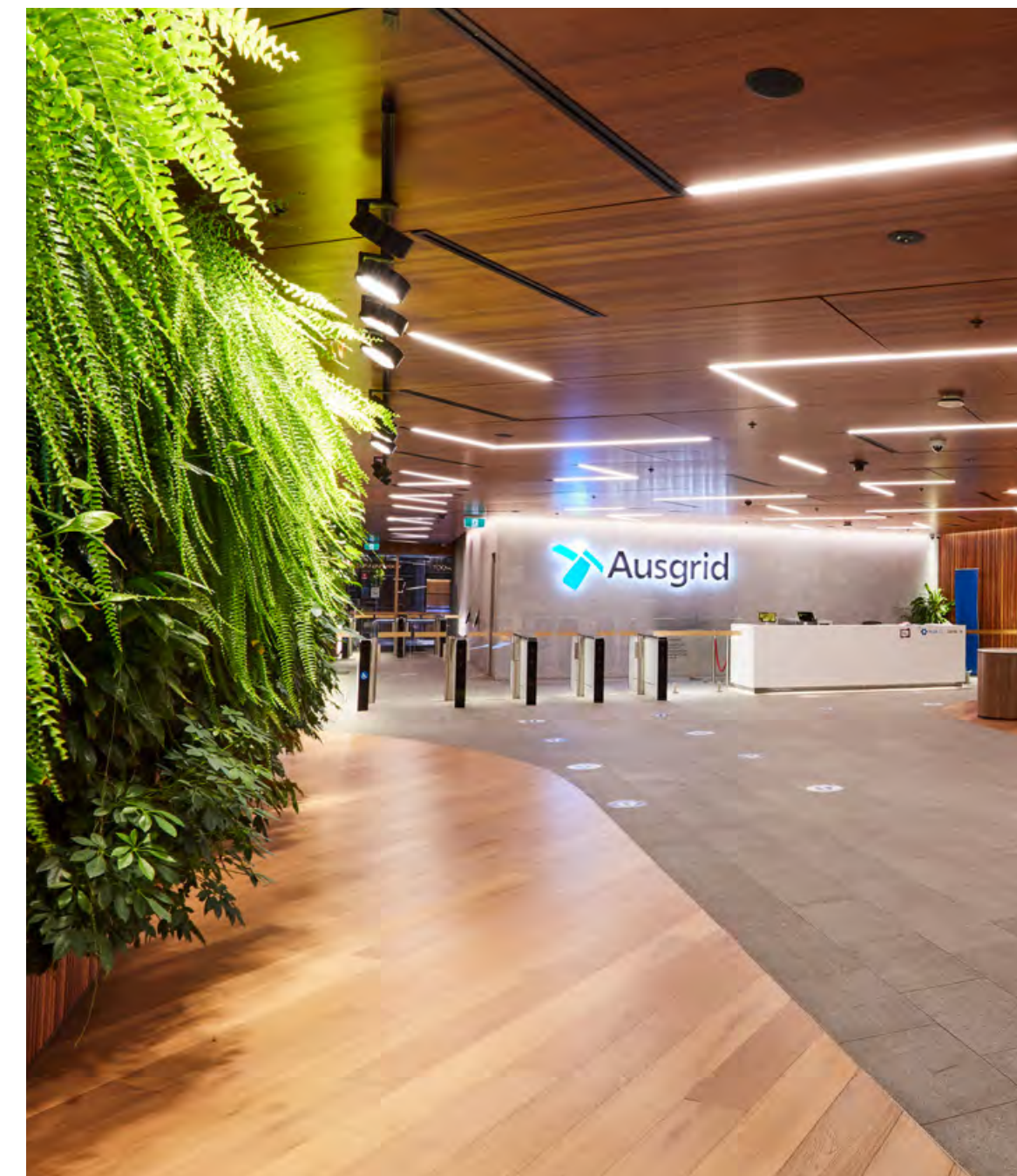
16.7 'low risk'
2023 SustainAlytics ESG rating

Ausgrid's commitment to improved ESG performance was reflected in the 2023 SustainAlytics ESG rating of 16.7 'low risk' (a 34% improvement on the previous year).

SustainAlytics is one of the global ESG rating organisations that measure ESG risk and provides this service to investors who supplement their analysis with ESG ratings provided by third parties.

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Sustainability at Ausgrid (continued)

United Nations Sustainable Development Goals

The UN SDGs are core elements of Ausgrid's sustainability approach. This year we reviewed our SDGs and identified the six SDGs that are most important to our customers and business at this time – these are where we focus our contributions. Changes from the previous year include the addition of SDG 9, Industry, innovation and infrastructure, reflecting our investment in new technologies and the replacement of SDG 5, Gender diversity, with the broader SDG 10, Reduced inequalities.

Materiality assessment

Materiality assessments help organisations identify and prioritise the ESG issues most relevant to their business and stakeholders. Undergoing this process assists us in shaping our sustainability approach and structuring how we report on ESG. We aim to deliver a comprehensive, GRI–compliant materiality assessment at least every three years. Led by external experts, our materiality assessments involve:

· Business current state analysis and external landscape assessment, complemented by a review of industry trends and peer benchmarking.
· Stakeholder engagement with internal and external subject matter experts and senior leaders.
· Executive Leadership Team and Board validation.

Annual refreshes are conducted in consultation with our Executive Leadership Team to ensure our list of material ESG topics remain current.

This year we partnered with an international sustainability consultancy to undertake a comprehensive materiality assessment in accordance with the new GRI Universal Standards requirements that came into effect on 1 January 2023. Our approach introduced the concept of double materiality, putting financial and impact materiality on an equal footing in assessing positive and negative impacts on the environment, people and economy. A key part of this process was engaging stakeholders across our internal operations and representatives from bodies covering consumer, government, regulatory, research, and investment views. Together with an increased emphasis on human rights, we gained a deeper understanding of our business and our stakeholders' expectations.

Changes in materiality this year

We identified 12 topics as material for Ausgrid, most of which were validated topics from our previous assessment that were renamed to refine their scope. Three new topics were added, reflecting the increasing importance of our entire supply chain and ensuring we have the right people to deliver on our vision.

FY22 topic	Status	FY23 topic
Customers and communities	Renamed	Customer experience
		Community engagement
Affordability	Renamed	Access and affordability
Health and safety	Renamed	Health, safety and wellbeing
COVID–19	Integrated into Health, safety and wellbeing	
Inclusion and diversity	Renamed	Diversity, equity and inclusion
	New topic	Employee advancement, attraction and retention
	New topic	Supply chain and human rights
Environment	Renamed	Environment and biodiversity
Cyber, physical and personnel security	Renamed	Cyber security
Climate change – Network resilience	Renamed	Community and network resilience
Climate change – Net zero	Integrated into Energy transition	Energy transition
Emerging technologies	Integrated into Energy transition	
	New topic	Circular economy

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Our material topics

Delivering net zero

Energy transition
Reducing our emissions and addressing transitional climate change risks and opportunities by providing customers with access to technologies and solutions that enable energy choice, resilience and affordability.

Circular economy
Reducing our emissions and waste through the sustainable procurement and end–of–life management of goods and services.

Valued people

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

Diversity, equity and inclusion
Continuing to build a diverse and inclusive workforce where all employees experience equal opportunity and are encouraged to contribute their unique perspectives, shaped by their personal backgrounds.

Employee development, attraction and retention
Developing, attracting and retaining a workforce with the necessary skills for Ausgrid to succeed over the long term.

Supply chain and human rights
Engaging with our suppliers on their human rights, social and environmental performance, and ensuring that suppliers are treated fairly and supported in meeting the ethical standards set out by our organisation.

Thriving communities

Access and affordability
Efficient and effective management of our network to ensure consumers pay no more than necessary to access safe and reliable electricity.

Customer experience
Striving to ensure a positive customer experience by resolving customer challenges quickly and continuing to build trust with proactive communication.

Community engagement
Continuing to build trust and social licence to operate by proactively engaging and collaborating with communities, including First Nations Australians.

Optimised assets and operations

Community and network resilience
Building resilience in our network and communities to anticipate, withstand, quickly recover, and learn from disruptive events, including climate change impacts.

Cyber security
Protecting our assets, operations, data and information systems from cyber threats.

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

Key:

UN Sustainable Development Goals:

7 AFFORDABLE AND CLEAN ENERGY — Affordable and clean energy

8 DECENT WORK AND ECONOMIC GROWTH — Decent work and economic growth

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — Industry, innovation and infrastructure

10 REDUCED INEQUALITIES — Reduced inequalities

11 SUSTAINABLE CITIES AND COMMUNITIES — Sustainable cities and communities

13 CLIMATE ACTION — Climate action

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Delivering for customers: Ausgrid's 2024–29 Regulatory Proposal

Every five years, we submit a proposal to the Australian Energy Regulator (**AER**) outlining our plans for serving our communities in the five years ahead, including our planned expenditure and pricing. The AER reviews and consults on our proposal to ensure it reflects the services our customers value at the lowest sustainable cost. This process is known as a 'Regulatory Reset'.

Our 2024–29 Regulatory Proposal was shaped by extensive consultation with our residential and business customers, delivery partners, and other stakeholders such as customer advocates and government agencies. We are confident that it will allow us to respond to the key challenges and opportunities that face the communities we serve, our business and the energy system both now and into the future, in accordance with our customers' priorities and preferences.

Ausgrid will submit a revised regulatory proposal to the AER in November 2023, and the regulator's final decision will be published by 30 April 2024.

2024–29 Regulatory Proposal

For submission to the Australian Energy Regulator

31 January 2023

Empowering communities for a resilient, affordable and net zero future

Ausgrid

Ausgrid's 2024–29 Regulatory Proposal on a page

Improving customer experience	Transforming the grid	Delivering net zero	Building resilience	Safety and reliability	Connecting customers	Diversity and Inclusion
More timely and accurate outage information	Introducing pricing arrangements that empower customers and support net zero (see our **Tariff Structure Statement**)	Connecting 620,000 customer energy assets (including rooftop solar systems, batteries and electric vehicles)	Protecting against cyber-attacks by implementing industry best practice safeguards	Ensuring the safety of our people and the community	Expanding network capacity to accommodate growth	Delivering our Reconciliation Action Plan (**RAP**)
Making connection processes easier and increasing support for our delivery partners	Prioritising innovation and continued transformation through modernising our systems	Investing to allow another 1 million customer energy assets to connect beyond 2029	Reducing the impact of outages caused by severe weather and supporting community resilience	Maintaining the performance of our 5 million network assets	Connecting 55,000 new homes and businesses	Improving services for culturally and linguistically diverse (**CALD**) customers
						Exceeding our employee diversity targets
$21m	$204m	$126m	$314m	$1,646m	$190m	
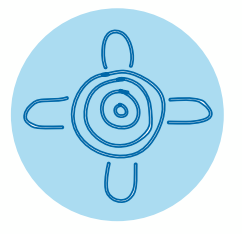
Legend   ● Increasing priorities   ● Continuing priorities $m   2024-29 total expenditure

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YEAR IN REVIEW   OUR BUSINESS   **THRIVING COMMUNITIES**   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Community engagement | Customer experience | Access and affordability

Thriving communities

Listen and understand to exceed customer expectations.

MATERIAL TOPICS

Community engagement

Customer experience

Access and affordability

FY23 HIGHLIGHTS

83.6%
RepTrak stakeholder score (+9.0 pts improvement on FY22)

92%
Contact Centre first contact resolution

$228
in annual network charge savings per residential customer since 2014

WE CONTRIBUTE TO THE FOLLOWING UN SDGS IN THIS SECTION

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

Ausgrid's Beacon Hill community battery.

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YEAR IN REVIEW   OUR BUSINESS   **THRIVING COMMUNITIES**   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Community engagement | Customer experience | Access and affordability

Community engagement

"Customers increasingly rely on the services we provide, and the way we provide them can have significant impacts on their lives. By actively engaging and listening, we deliver better outcomes for our community, and we also benefit by becoming a better business."

Kate Hawke, Customer Engagement Manager Regulatory Determination.

Continuing to build trust and social licence to operate by proactively engaging and collaborating with communities, including First Nations Australians.

Why it is important to Ausgrid

The success of our business relies on listening and responding to our customers, including them in our decision-making processes, and investing in the communities we operate in. To enable our business to deliver value for all energy consumers, we understand the importance of engaging broadly and meaningfully, including with our First Nations[7] communities. Keeping customers at the centre of our business maintains our social licence by delivering what our customers want, and a network that remains fit for purpose now and into the future.

How we manage community engagement

Ausgrid embeds practices that proactively seek feedback and respond to our community's needs. The Board is focused on engagement outcomes, and we report on metrics such as our annual RepTrak customer and stakeholder scores. In FY23, Ausgrid's strategic and service delivery decision-making was led by our Chief Customer Officer and supported by various customer advocacy committees. They are appointed to represent the views of our broad customer base, including those who are often under-represented.

First Nations engagement is an increasing focus area for our business, and we want to learn more from these community members by working with them to support their goals.

Ausgrid is determined to work alongside the broadest range of customers possible to co-plan the future.

Ausgrid's Community Engagement Policy guides our approach to working with our communities and is informed by the International Association of Public Participation (**IAP2**) spectrum. We ensure this is unbiased and trustworthy through independent recruitment and facilitation of our engagement program.

In addition to our various formal committees, we engage the broader community through consultation on specific initiatives, including major infrastructure and innovation projects. We tailor our approach and engage the community through onsite community events, our Have Your Say website, Council surveys, RepTrak surveys, a Contact Centre, our website and email inbox, social media, and SMS alerts.

Ausgrid also 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, including our Community Giving Grant program.

PERFORMANCE HIGHLIGHTS

83.6%
RepTrak stakeholder score (+9.0 pts improvement on FY22)

$125k
in grants to support locally-led community organisations

93%
of primary schools in our area participated in Electricity Safety Week

7   When referring to First Nations Peoples in this report, Ausgrid recognises Aboriginal and Torres Strait Islanders as Australia's First Peoples.

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YEAR IN REVIEW   OUR BUSINESS   **THRIVING COMMUNITIES**   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Community engagement | Customer experience | Access and affordability

Community engagement (continued)

AUSGRID CUSTOMER ADVOCACY COMMITTEES

Customer Consultative Committee

Our peak customer consultation group provides a forum where customer advocates can advise and challenge Ausgrid on our journey to become a customer-centric business. 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 provide flexibility for customers to lower their bills.

Network Innovation Advisory Committee – assists Ausgrid in driving our $42 million network innovation program to inform decisions about customer energy resource trials and management of new technologies on our network.

Reset Customer Panel

Our independent panel of customer advocates challenged us through the development of our 2024–29 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 Community Panel

Our 'citizen jury' style panel is comprised of 86 randomly selected members of the public who represent the diverse range of household customers we serve across the Ausgrid network. This panel helps to inform and shape our part in the future of energy as we plan for our 2024–29 regulatory reset.

PRINCIPLES

Our engagement principles are:

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

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

Collaborative — Partner in the design of alternative options and the preferred outcome where possible
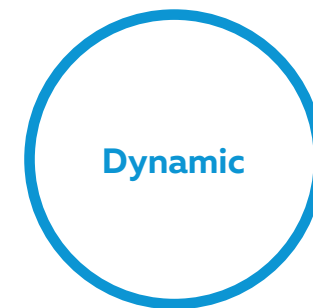
Dynamic — Be progressive, open to new ideas, and prepared to change based on feedback from customers and stakeholders
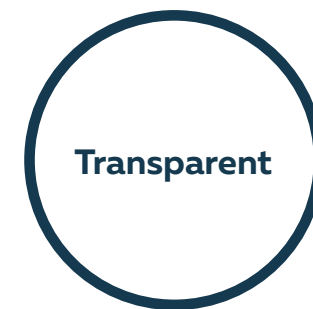
Transparent — Be as open as possible on the role of stakeholders and customers in the decision-making process

What we did this year

Best practice engagement on our 2024–29 Regulatory Proposal

Ausgrid consulted extensively to inform the 2024–29 Regulatory Proposal. Building on our engagement journey that began in May 2021, this year we increased the size of our Voice of Community Panel from 60 to 86 to ensure representation from across the network. We engaged with three local communities identified as being at the greatest threat from the impact of climate change to co-design our resilience proposal to the AER. This is the first time communities have been a part of resilience decision-making, and the first time their prioritisation has been reflected in a business case to the Regulator.

Highly Commended as IAP2 Organisation of the Year

Ausgrid was announced as the IAP2 Highly Commended Australasian Organisation of the Year for 2022. Our work to transition to a customer-centric organisation was commended by the judges, who recognised our transformative journey and empowerment through public participation, highlighting our work as an example of embedding engagement in all areas of the business.

Launching our Community Giving Grants

Ausgrid seeks to be a positive contributor to our communities. This year we kicked off a new Community Giving Grants Program to facilitate our people giving back to causes they care about. $125,000 was granted to local teams and organisations. We once again supported the Sydney Children's Hospital Foundation's Lights for Kids Christmas Appeal this year with a corporate donation of $50,000, and through our Workplace Christmas Giving opportunity, an additional $3,520 was donated by our people. Ausgrid also gifted $2,500 to the Wahroonga Aboriginal Corporation to support natural disaster resilience.

Continuing to build trust and reputation

We have further enhanced the levels of trust and respect among our key stakeholders, with our reputation score improving significantly (RepTrak result +9.0 pts from last year to 83.6) to reach the 'Strong' range for the first time since tracking began. This was influenced by our recent regulatory reset work, which involved substantial industry and government engagement, combined with our ongoing engagement and business improvement for accredited service providers, retailers and commercial and industrial customers.

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YEAR IN REVIEW   OUR BUSINESS   **THRIVING COMMUNITIES**   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Community engagement | Customer experience | Access and affordability

Community engagement (continued)

Strengthening our engagement with First Nations

Ausgrid has established relationships with First Nations communities – Wanaruah Local Aboriginal Lands Council, the Wonnarua Nation Aboriginal Corporation, Metro Aboriginal Lands Council, Bahtabah Aboriginal Lands Council and the Wahroonga Aboriginal Corporation. We continued to partner with Indigenous Energy Australia to work alongside these communities to deliver their goals, including providing grants for energy resilience support, developing an approach to supporting artists through their art on our assets and funding an on-country youth program. This year we also worked with the National Electrical and Communications Association (**NECA**) to deliver a pre-employment program for First Nations people seeking a career in the sector. Ausgrid is invested in strengthening our collaboration, and we had zero violation incidents involving the rights of First Nations communities.

Community Battery Pilot consultation

Ausgrid commissioned focus group research with 52 customers to understand what they wanted from community batteries. The findings informed our funding application under the Federal Government's Community Batteries for Household Solar Program. We engaged with Councils and communities early in our planning to identify locations, the artwork for the batteries, and ways we can share their value. We met 151 customers at our events and received 419 submissions across our six sites – Bondi, Cabarita, Cammeray, North Epping, Narara and Warriewood.

Engaging children on electricity safety

Ausgrid delivered its annual Electricity Safety Week schools' program, sparking meaningful conversations with kids across our network. In FY23, 93% of primary schools in our network area registered for the program. Ausgrid has delivered this program since 2002, educating children about electricity and its potential dangers. The program material and teaching resources align with the NSW K-6 Syllabus. Through our volunteers, students get the opportunity to learn through fun and interactive presentations, which offer a great introduction to electrical safety.

Adding value through Energy Charter membership

The Energy Charter's purpose is to empower one another across the energy supply chain to deliver better energy outcomes for customers and communities. Our membership helps us improve customer outcomes and keeps us accountable through our regular annual Energy Charter Disclosure report on how we meet the five Energy Charter Principles.

This year we supported several #BetterTogether initiatives (Life Support, Concessions Awareness Campaign, Voices for Power program, Resilience program and contributed to sustainability reporting discussions), which leverage high-impact areas for meaningful change. One example was the delivery of the Voices for Power Train the Trainer program to improve energy literacy for culturally and linguistically diverse (**CALD**) customers. Survey results showed that 89% of participants reported an increased understanding of their energy bill, and a social impact assessment showed that $1.3 million of social value was delivered. Ausgrid also co-chaired the Resilience Better Together initiative that developed the resilience playbook to share best practices.

THE ENERGY CHARTER'S FIVE PRINCIPLES

Principle Two
We will improve energy affordability for customers

Principle Three
We will provide energy, safely, sustainably and reliably

Principle One
We will put customers at the centre of our business and the energy system

Principle Four
We will improve the customer experience

Principle Five
We will support customers facing vulnerable circumstances

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YEAR IN REVIEW   OUR BUSINESS   **THRIVING COMMUNITIES**   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Community engagement | Customer experience | Access and affordability

Customer experience

"We continue to look for opportunities to improve our service delivery, increase our efficiency in resolving customer queries and complaints, and make it easier for customers to interact with us."

Kyle Walsh, Manager – Contact Centre and Resolutions.

Striving to ensure a positive customer experience by resolving customer challenges quickly and continuing to build trust with proactive communication.

Why it is important to Ausgrid

Ausgrid provides an essential service to its customers, and the business' success is built upon its ability and reputation to respond to their diverse and rapidly evolving needs. This includes resolving customer issues quickly and building confidence through a continual improvement in the quality-of-service delivery, and adapting to external challenges by placing customers at the centre of our decision-making. The energy transition and climate change impacts exacerbate the importance of excellence in customer service as we endeavour to give customers choice and flexibility and improve our responsiveness to emergencies. Long-term trust in the energy sector and the energy transition starts at this grassroots level based on how people experience services today.

How we manage customer experience

Our core business is to provide an essential service to our customers. We seek continuous improvement in what services we offer, and the experience our customers have in dealing with us. In FY23, our Chief Customer Officer drove our continuous improvement, supported by our various Customer Teams. They oversee and improve customer experiences and use insights from customer feedback to identify areas for improvement in meeting customer requests, connections, contact centre interactions, and our digital channels. The Board is provided with regular updates on key customer service delivery metrics.

Our Customer Relationship Management platform is being enhanced to improve customer and employee experience by building a single view of the customer. We seek to make it easy for customers to engage with us by offering multiple platforms and channels such as our dedicated contact centre, website and email inbox, social media and SMS. Ausgrid also 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.

We measure our effectiveness in improving the customer experience through the 'Always On' Voice of Community Program, which continuously collects data on our customers' experiences to inform our business decisions. This data from our customers, partners and stakeholders reveals what we are doing well and where we can improve.

As part of its 2024-29 Regulatory Proposal to the AER, Ausgrid is seeking a further $21 million to improve the customer experience. We want to invest in improving customer information systems to enable time savings for our customers and delivery partners by making it easier for them to interact with us.

PERFORMANCE HIGHLIGHTS

92%
Contact Centre first contact resolution

25%
reduction in EWON complaints since FY21

89%
of direct complaints received from customers resolved in under 20 days

Target met

0
immediately reportable National Energy Customer Framework breaches

88%
of outages and emergency calls answered within 30 seconds

Exceeded regulated target of 81.25%

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YEAR IN REVIEW   OUR BUSINESS   **THRIVING COMMUNITIES**   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Community engagement | Customer experience | Access and affordability

Customer experience (continued)
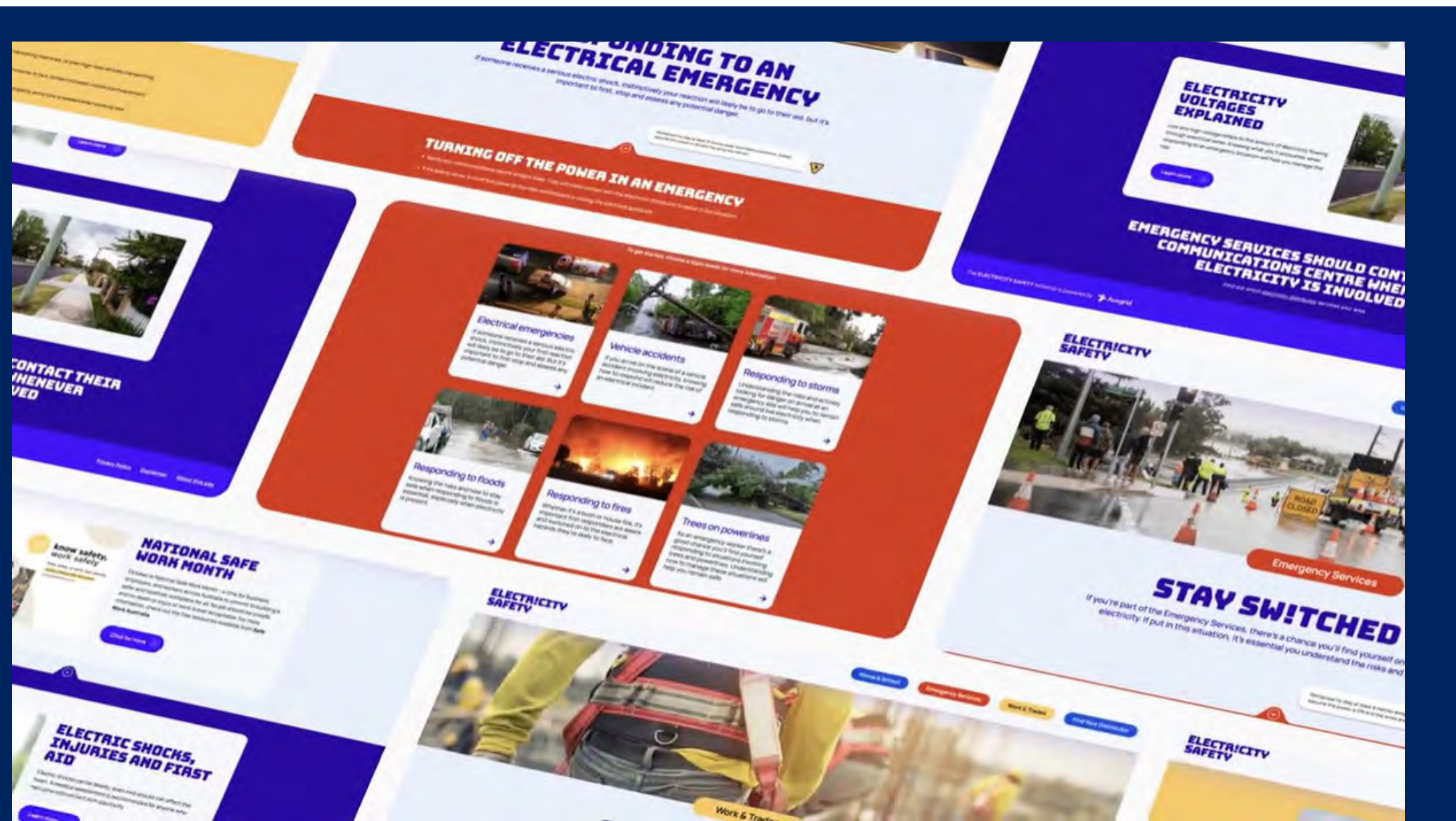
Industry-first one-stop-shop for all things electricity safety

This year we launched our public electricity safety website, which is dedicated to raising awareness and showcasing safe practices around electricity. The site – www.ElectricitySafety. com.au – provides information for various audiences and promotes safe practices around electricity in the home, worksites, and emergency response situations. It is a single site on all things safety around electricity, highlighting common and not-so-common risks that we all encounter daily. Our role in the community is to share what we know and to educate the public on how to safely live and work around electricity.

What we did this year

Improved customer service and complaint resolution

In FY23, we achieved 92% Contact Centre first contact resolution, based on a live post-call customer survey, from over 155,000 calls. We also achieved a grade-of-service of 88% (outage and emergency calls answered by the Contact Centre within 30 seconds), against a minimum target of 81.25%, as set by the AER. Systems changes that supported this success also provided over $0.7 million per annum in savings, increased employee productivity and created a more intuitive customer experience.

High performer on Ombudsman complaints

By continuing to prioritise solving customer issues, we resolved 89% of complaints from customers in under 20 days. This level of performance in managing complaints has sustained a >25% reduction in complaints escalated to the Energy and Water Ombudsman of NSW (**EWON**) since FY21 and resulted in Ausgrid having the second-best performance across all energy and water companies in New South Wales (on complaints per 10,000 customer basis).

We want to invest in improving customer information systems to enable time savings for our customers and delivery partners by making it easier for them to interact with us.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Community engagement | Customer experience | Access and affordability

Access and affordability

"We want to deliver services that meet the needs of customers, at a price that is affordable and efficient."

Naomi Wynn, Regulatory Policy Manager.

Efficient and effective management of our network to ensure consumers pay no more than necessary to access safe and reliable electricity.

Why it is important to Ausgrid

As an essential service provider, we understand that keeping electricity accessible and affordable is vital for all our customers. Electricity affordability remains a top cost of living issue for households, and with network charges accounting for approximately 29% of a residential customer's bill, Ausgrid is focused on reducing our cost to serve. We are realising further efficiencies in our business, including through new technologies, to ensure that the network charges passed on to our customers remain affordable without compromising safety or reliability. 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.

How we manage access and affordability

We work with customers on an ongoing basis to understand what matters most to them and manage network costs. Our Pricing Working Group has helped our network tariffs to be more affordable, fair and flexible while ensuring they facilitate the energy transition. Our expanded Customer Consultative Committee provides us with frank advice on how to become a better business for our customers, and the regulatory framework guides our approach to keeping electricity affordable by ensuring our network prices reflect efficient costs. We also undertake extensive engagement to inform our regulatory resets – with our Reset Customer Panel helping us reflect consumer preferences and ensuring that 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 customers with smart meters more control over their bills through 'demand' tariffs. These tariffs allow customers to lower their bills by spreading out when they use appliances. Given that peak demand is a material driver of our network costs, demand tariffs are cost-reflective, allowing customers to lower their bills while reducing the overall costs to the network, which is shared by all. We also review our communication to make it easier for customers to know what is driving their bills. We are helping achieve cost savings through new and sustainable customer technologies and services. More information about this work and our participation in leading research to drive the energy transition can be found in this report's 'Delivering net zero' section.

PERFORMANCE HIGHLIGHTS

$60m
in total operational expenditure savings

Target is $68 million by FY24

$228
in annual network charge savings per residential customer since 2014

~240,000
customers assigned to demand tariffs (46% increase in customers since FY22)

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YEAR IN REVIEW   OUR BUSINESS   **THRIVING COMMUNITIES**   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Community engagement | Customer experience | Access and affordability

Access and affordability (continued)

Ausgrid's business transformation initiatives are also designed to make our operations more efficient by achieving more for less while improving customer services. 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 – our target is $68 million in savings by FY24. The Board is regularly updated on our performance.

Customers may experience vulnerabilities and have difficulties paying their electricity bills. While retailers are responsible for customer billing, Ausgrid has a Customer Assistance Framework to help those who need to pay us directly for safety rectification work, damage to our network or the rental of tiger tail safety equipment. It outlines our commitment to working flexibly with customers to manage their debt. Our website also has a resource page that guides customers to available rebates and supports.

What we did this year

Transforming our business to keep customer bills down

Ausgrid has delivered $60 million in operational expenditure savings since FY21 (against its target of $68 million savings by FY24) and will continue to deliver savings and business improvements over the next regulatory period. Our major transformation programs providing these savings include:

· Rationalising our property footprint to improve both operational and financial outcomes.
· Delivering a new work management system: incorporating scheduling, dispatch, and mobility to save over 100,000 labour hours, and support savings through improved workforce utilisation.
· Implementing our Advanced Distribution Management System through a phased program to deliver a safe, reliable, resilient network.
· Building a digital foundation that creates a single source for enterprise data that enables advanced analytics and opportunities to further simplify, standardise, automate and integrate our processes.

Continuing to boost demand tariff numbers

Demand tariffs incentivise customers to use less electricity during peak times to reduce pressure on the grid. To enable customers to benefit from lowering usage at peak times, we continue to drive tariff reform, with 75,585 new and existing residential and business customers transferring to these demand tariffs in FY23. The move to demand tariffs is underpinned by the rate retailers install smart meters.

We now have over 240,250 residential and business customers on these tariffs (227,784 residential), the largest number in the NEM. When combined with 345,053 residential customers on time–of–use tariffs, we have 36% of all residential customers on cost–reflective network tariffs. Our proposed Tariff Structure Statement for the 2025-29 period allows more business customers to access demand tariffs and choose whether they prefer to be on time–of–use tariffs (instead of traditional flat rate tariffs). This flexibility will increase tariff options for customers in the medium business segment and help them find the most affordable tariff option to suit their needs.

Beating inflation pressures through network prices

Since 2014 (when our network charges were at their highest), Ausgrid has worked hard to lower network charges for average residential customers by $228, excluding GST. From 1 July 2023, Ausgrid network charges will increase by 4.6% including inflation and NSW Government schemes such as the Climate Change Fund and NSW Electricity Infrastructure Roadmap Scheme. This 4.6% also includes a reduction of Transgrid transmission revenues and is in accordance with the AER's determination for this period. The approved prices will result in a $25 and $57 per annum increase in network charges for a typical residential and small business customer (respectively). The customer impact will depend on their tariff and how each retailer passes through the charges.

A new tariff trial to deliver better pass-through customer benefits

In FY23, we introduced three tariff trials to help us better understand and respond to customer needs. These tariff trials help us learn more about the kinds of options our customers want and support retailers who build 'prices for devices' offers to pass through benefits.

AUSGRID NETWORK CHARGES
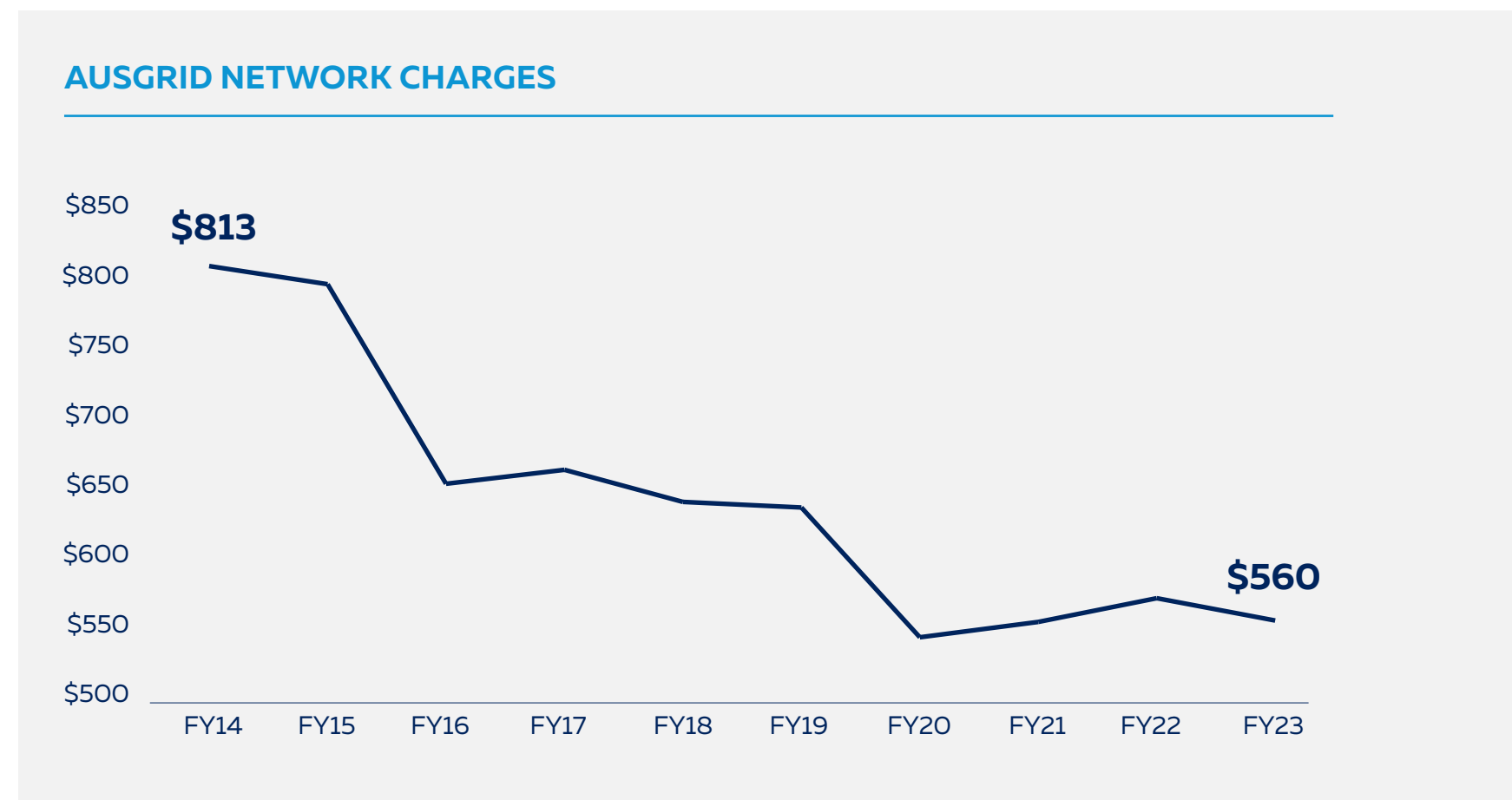
Based on 5,000 kWh per annum on a flat tariff structure. Excludes metering charges and controlled load usage. Ex GST.

Our three FY23 trial tariffs are:

1. Residential two–way tariff – Providing different prices based on the time of day for using and exporting power. This trial looks at how customers respond to export charges and rewards.
2. Residential flexible load tariff – Partnering with retailers to learn if customers will accept a brief power supply interruption (or a higher price) to manage high–demand appliance costs.
3. Community battery tariff – Testing our capabilities to operate critical peak pricing events and pricing for local network use.

Expected distribution charges into the future

If our 2024-29 revenue proposal submitted to the AER is accepted, we estimate our total network charges to increase in real terms (excluding inflation) by 1.5% for households, 1.4% for small businesses and 1.8% for large businesses in each year of the 2024-29 period.

We note that our customer bill impacts assume a full pass-through by retailers and should be considered estimates for this reason.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Valued people

We will put employees at the heart of Ausgrid
to create a great place to work.

Ausgrid's LED streetlights
in Haymarket.

MATERIAL TOPICS

Health, safety and
wellbeing

Diversity, equity
and inclusion

Employee development,
attraction and retention

Supply chain and
human rights

FY23 KEY HIGHLIGHTS

34%
improvement in
Total Recordable
Injury Frequency
Rate (TRIFR) on FY22
(down to 2.9 in FY23)

**GENDER
PAY GAP[8]**
2.4% in favour to women
(overtime not included)

8.6% in favour to men
(overtime included)

311
new employee hires[9]

83%
of our people
completed Modern
Slavery training

WE CONTRIBUTE TO THE FOLLOWING UN SDGS IN THIS SECTION

8 DECENT WORK AND ECONOMIC GROWTH   10 REDUCED INEQUALITIES

8   Ausgrid has high concentrations of overtime activity in roles which are directly operating and maintaining our network (field roles). 40% of our total
    workforce hold these field roles and 97% of field roles are held by men. All field roles have the same access to overtime. When overtime is factored into
    the gender pay gap calculation the pay gap is in favour of men by 8.6%. When overtime is not factored into the calculation, the gender pay gap is in
    favour of women by 2.4%.
9   Data point includes PLUS ES as part of the Ausgrid Group.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Health, safety and wellbeing

"There is nothing more important to our business than the health and safety of our people and community."

Wendy Brudenell–Woods, Manager Health and Wellbeing.

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

Why it is important to Ausgrid

Keeping our people healthy and safe is our highest priority and fundamental to Ausgrid's ability to deliver an essential service to our customers. Given the inherently dangerous nature of electricity and the potential for fatal consequences, the health and safety of our employees, contractors and communities are paramount, and we invest significant resources in their protection. Upholding the wellbeing of our people also delivers the best outcomes for our customers and mitigates potential long-term financial and reputational implications for our business.

How we manage health, safety and wellbeing

'Work Safe, Live Safe' is one of our values, and we have a mature system to manage health and safety risks, as guided by our Commitment to our Health, Safety and Environment Policy. Governance starts with the Ausgrid Board and is supported by the Health, Safety and Environment Board Committee, Executive Leadership Team, and the Senior Leadership Teams of each Group within the business. Health and safety performance is a key metric for Ausgrid's senior leaders' remuneration, and we regularly report to the Board on Total Recordable Injury Frequency Rate (**TRIFR**), Lost Time Injury Frequency Rate (**LTIFR**), health and safety assurance activity and investigation timeframes and outcomes.

We are transparent about our performance to our regulators, including Independent Pricing and Regulatory Tribunal (**IPART**) and SafeWork NSW, on safety-related incidents and issues.

Ausgrid's Health and Safety Strategy has 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 safety planning, design and handovers.

Our Health and Safety Management System describes the way we do things by capturing lessons over time, continual process improvements, and compliance with our regulatory requirements.

PERFORMANCE HIGHLIGHTS

55%
reduction in employee-related high-potential incidents on FY22 (down to 9 in FY23)

15%
improvement in Lost Time Injury Frequency Rate (LTIFR) on FY22 (down to 1.3 in FY23)

34%
improvement in Total Recordable Injury Frequency Rate (TRIFR) on FY22 (down to 2.9 in FY23)

Exceeded 4.2 target by 31%

0
fatalities

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Health, safety and wellbeing (continued)

A new Emergency Services Electrical Safety training video

Ausgrid joined forces with Endeavour Energy, Essential Energy, Transgrid and Emergency Services field staff and volunteers to film content for a refreshed Emergency Services Electrical Safety training video. The video was designed to help equip emergency responders with the knowledge and skills they need to safely navigate situations involving electricity network hazards.

Our primary first line of defence is to prevent incidents and injuries. Our leaders must perform in-field health and safety assurance activities, checking the effectiveness of risk controls that workers have implemented on the job. We continue to improve the timeliness and effectiveness of our incident investigations, contributing to enhancements in our risk controls. Our Fitness for Work assessments are undertaken on all 'power workers' on commencement with Ausgrid and then every two years.

All network staff must undertake mandatory minimum training in areas such as Electrical Safety Rules, First Aid and low voltage release and rescue, with specific employee groups also participating in role-critical training. We provide our people with regular Safety Alert updates, Lessons Learnt and Toolbox sessions on specific topics and provide other regular communications and resources to uplift staff health and safety awareness and wellbeing, such as our 'Health and Safety Scoop' newsletter.

We provide comprehensive support for all employees involved in work-related injuries or illnesses, including our Employee Assistance Program. Ausgrid also has 102 mental health first-aiders across the organisation.

Ausgrid promotes a collaborative health and safety culture by reinforcing that it is a shared responsibility. We encourage our people to inform us of hazards and risks through our Health and Safety System, their local Safety Advisor and 'People Safe Days'. Employee feedback on our performance is also sought through our MySay employee engagement survey.

What we did this year

On track with health and safety performance targets

Improvements to our TRIFR have continued year-on-year. These annual improvements from the previous year were FY21 – 12%, FY22 – 23% and FY23 – 34%. The reduction in manual handling and slip, trip and fall recordable injuries has been a significant factor in the improvements seen over the last three years. This aligns with the rollout of face-to-face and e-Learning manual handling training. These initiatives also resulted in other successes since FY22, such as a 22% reduction in manual handling-related injuries, a 27% increase in

assurance activities undertaken, and a 55% reduction in employee-related high-potential incidents.

Auditor acknowledgement of significant health and safety improvement

HSE Global audited Ausgrid, and the feedback highlighted our significant health and safety improvement since the previous audit conducted in 2019. HSE Global's report stated:

"In under three years, despite significant external factors introducing resourcing and delivery challenges (for example, the COVID-19 pandemic), Ausgrid has managed to achieve what many only dream about and that is the emergence of a 'High-Performance Health and Safety culture' operating in a high-risk environment."

Launch of new Fatigue Management Procedure and e-learning module

To help manage the risk of fatigue at work, we reviewed our fatigue management guidelines and updated our processes to reflect the latest science and best practice. This review was done in consultation with subject matter experts and underwent robust consultation with our people. All Ausgrid employees were required to up-skill on how to manage fatigue and undertake e-learning training.

Keeping our people safe with the FatigueTech app

We developed a new FatigueTech app to support the implementation of the updated Fatigue Management Procedure and keep our people safe. The app uses timecard and schedule information to highlight when someone is close to or will exceed safe work hours.

Support for the 'Everyone has a story' mental health initiative

One way we seek to advocate for the mental health and wellbeing of our people is through our sponsorship of the 'Everyone has a story' mental health initiative, which aims to provide a platform that gives people the courage to share their stories and provide support and guidance for others who may be facing similar challenges. Several of our people contributed their own stories to this year's campaign, and we hope that our support will help break down barriers and build common ground to reduce the stigma around mental illness within our business and across the communities where we operate.

Staff confident in health and safety abilities

Ausgrid's annual MySay staff survey identified that 97% of respondents understood their health and safety responsibilities, and 94% would intervene positively in an unsafe act. The confidence of our people reinforces the robustness of our approach to managing health and safety risks.

Outcome of SafeWork proceedings

This year marked the fourth anniversary of the loss of one of our employees, due to a tragic safety incident in 2019. After pleading guilty to a breach of section 19 of the *Work Health and Safety Act 2011* (NSW) by failing to ensure the health and safety of workers, in May 2023 the NSW District Court imposed a $600,000 penalty on Ausgrid. This was Ausgrid's only significant legislative or regulatory breach over the year.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights
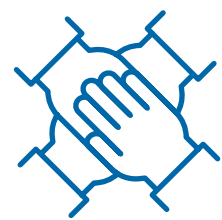
Diversity, equity and inclusion

"Diversity of thought in business decisions is key for our people and customers. We are always searching for new ways to innovate and challenge our thinking to be our best."

Luke Futcher–Daniels, Inclusion and Diversity Manager.

Continuing to build a diverse and inclusive workforce where all employees experience equal opportunity and are encouraged to contribute their unique perspectives shaped by their personal backgrounds.

Why it is important to Ausgrid

Embracing diversity in all its forms ensures the well being of our people. Creating a respectful environment where differences in knowledge, experience and perspectives are valued ensures people feel safe bringing their authentic selves to work. A diverse, equal and inclusive workplace supports innovation, improves productivity and engagement, and reflects the uniqueness of our customers and the broader community, equipping us to meet their needs better. Our commitment will help our business grow, attract and retain high-quality employees and retain our social licence.

How we manage diversity, equity and inclusion

Ensuring a diverse, equitable and inclusive workplace is front of mind, and we have a range of practices in place for continual improvement. Ausgrid has an Inclusion and Diversity Council chaired by the CEO and it comprises employees with diverse lived experiences 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

These goals support a suite of policies such as Ausgrid's Code of Conduct, Recruitment and Selection Policy and Workplace Bullying, Harassment and Discrimination.

We appointed a dedicated Inclusion and Diversity Manager who drives our improvement by partnering on initiatives across the business to ensure our policies and processes reflect an inclusive and respectful workplace and to build capability for our people.

Our Inclusion and Diversity Action Plan guides this work and incorporates Federal and State legislation to champion respect at work. Our plan focuses on five key diversity pillars to enable us to make accelerated changes: gender; disability; First Nations participation; LGBTIQ+; and racial/cultural equity.

PERFORMANCE HIGHLIGHTS

19%
women in leadership roles
(3% improvement on FY22)[10]

Target is 25% by 2025

82%
of our people responded positively on inclusion and diversity in our staff MySay survey

3%
women in frontline roles
(0.8% improvement on FY22)[11]

Target is to triple the
2021 number by 2025 (6%)

GENDER PAY GAP[12]
2.4% in favour to women
(overtime not included)

8.6% in favour to men
(overtime included)

10 Data point includes PLUS ES as part of the Ausgrid Group.
11 Data point includes PLUS ES as part of the Ausgrid Group.
12 Ausgrid has high concentrations of overtime activity in roles which are directly operating and maintaining our network (field roles). 40% of our total workforce hold these field roles and 97% of field roles are held by men. All field roles have the same access to overtime. When overtime is factored into the gender pay gap calculation the pay gap is in favour of men by 8.6%. When overtime is not factored into the calculation, the gender pay gap is in favour of women by 2.4%.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Diversity, equity and inclusion (continued)

EMPLOYEE RESOURCE GROUPS

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

First nations
First Nations Employee Resource Group

· Recognise and embrace First Nations culture in the way we work, in line with our Reconciliation Action Plan

· Provide opportunities that help build capability and participation of First Nations 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

Grid25
Gender Recruitment Inclusion Diversity

· Increasing representation of women, particularly in 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

Our Employee Resource Groups work together to raise awareness, encourage intersectionality, and promote diversity and inclusion across Ausgrid.

Centred on these pillars are our Employee Resource Groups that work together to raise awareness, encourage intersectionality, and promote diversity and inclusion across Ausgrid. These groups also provide employees opportunities to connect, network, discuss topical ideas, and learn from role models. It drives a sense of belonging through meaningful connection and community.

Ausgrid has membership of the Australian Network on Disability, the Diversity Council of Australia and Pride in Diversity. These memberships ensure we partner with peak inclusion and diversity bodies and provide our people with opportunities to attend forums and information-sharing sessions.

We also have targeted strategies such as our Reconciliation Action Plan, which commit us to building momentum towards achieving our vision for an energy industry that recognises the Traditional Owners of the lands we operate on and celebrates our connection to Country. Our latest Innovate Reconciliation Plan was launched in 2022 and is improving outcomes for our people and the First Nations community. This year we also appointed a First Nations Cultural Lead.

Ausgrid reports annually to the Australian Government's Workplace and Gender Equality Agency on our gender equity performance. Our recruitment, development, promotion and remuneration decisions are based on gender equity, performance and capabilities.

To support an improvement in the gender mix, we introduced gender targets in 2021 and are continuing our tiered incentive employee referral program for recruitment in line with diversity targets. We aim to have women represent 25% of our leadership team by 2025, and we have leadership capability, early careers and mentoring programs to support achieving these goals. Our early career programs are also dedicated to building a talent pipeline of female talent, and we aim to triple the number of women in frontline roles by 2025. The Board receives regular updates on our progress.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Diversity, equity and inclusion (continued)

A full calendar of inclusion and diversity events

Ausgrid seized the opportunity to honour diversity across our five Employee Resource Groups through a range of events again this year, including NAIDOC Week; Reconciliation Week; World Pride; Wear It Purple Day; International Day of People with a Disability; R U OK Day; International Women's Day; and Harmony Week.

There are various channels and forums where employees can provide feedback on how we are progressing on diversity, equity and inclusion. The primary channel is our annual MySay employee survey. This confidential survey seeks voluntary disclosure from employees (privacy protected) on a range of factors so we can track progress and ensure we are continually improving our working environment and employee experiences.

Inclusion and diversity are continuing priorities in our submission to the AER after stakeholder consultation on Ausgrid's 2024–29 Regulatory Proposal. We propose to continue delivering our Reconciliation Action Plan, improving services for culturally and linguistically diverse customers and exceeding our employee diversity targets.

What we did this year

Continued improvement through our Inclusion and Diversity Action Plan
Ausgrid has progressed its plan by delivering initiatives such as: offering staff neurodiversity training through the Diversity Council Australia; psychological safety training through UNSW; designing an inclusion awareness e-learn course; starting reporting on LGBTIQ+ inclusion in the Australian Workplace Equality Index; and ensuring Ausgrid's Accommodation Strategy supports our objectives.

Delivering our Reconciliation Action Plan
Guided by this plan, we launched First Nations Protocols, strengthened our engagement on our 2024–29 Regulatory Proposal, and used Indigenous Artist Lucy Simpson's designs in property refurbishments and strategies. To support cultural safety for employees leading up to the Indigenous Voice to Parliament referendum, we commenced Healthy Yarns sessions in partnership with Ausgrid's employee assistance provider. Information about increasing the diversity of our supply chain through our Supply Nation membership can be found in the 'Supply chain and human rights' section of this report.

Increasing representation of First Nations employees
To increase the representation of First Nations employees in our business, Ausgrid applied and was granted approval for a special measures three-year exemption by the Department of Communities and Justice. This exemption will allow us to run targeted recruitment campaigns to drive diversity across the workforce and remove recruitment barriers for minority groups.

Inclusion and diversity are continuing priorities in our submission to the AER.

Learning through Indigenous Knowledge Weaving
We held three Knowledge Weaving workshops with our people to gather ideas and develop solutions for how we can better incorporate Indigenous knowledge into our workplace. One key outcome is that we are trying to recruit more First Nations employees to bring more understanding into the business. We propose to do this by creating a talent pool of First Nations candidates that may have applied for roles to see where they may be suitable for others if unsuccessful.

Ausgrid's commitment to women is endorsed by WORK180
WORK180 endorses employers committed to raising workplace standards for all women. This organisation has acknowledged Ausgrid as an employer committed to creating a diverse, equitable and inclusive environment for all women. This endorsement supports our commitment to creating an environment that attracts and provides opportunities for women at all levels.

Revising our unacceptable conduct and complaints resolution procedures
Ausgrid has updated its procedures for managing improper conduct and complaints, with organisation-wide communication on acceptable conduct and training underway with our People Leaders. Two discrimination incidents were reported this year with corrective measures implemented, including disciplinary action and training.

Positive feedback from our people
This year's MySay survey of Ausgrid staff found that 82% of participants responded positively on inclusion and diversity, 3% higher than in 2022. There was also positive sentiment amongst our people on Ausgrid's management of sexual harassment and inappropriate workplace behaviours, with 89% of respondents reinforcing that our business does not tolerate gender-based harassment and sexual harassment.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Employee development, attraction and retention

"The sector is undergoing a huge transformation, and we are investing in our people to future-proof our continued success."

Georgia Tsamis, Head of Organisational Capability.

Developing, attracting and retaining a workforce with the necessary skills for Ausgrid to succeed long-term.

Why it is important to Ausgrid

Our people are the most essential part of our business. Ausgrid has 2,909 employees covering professional and technical positions across various disciplines and locations, from entry-level to senior leadership. We are proud that 75% of our workforce has been with our business for 10 years or more. We understand that attracting, developing and retaining top talent is critical to our ongoing success and ability to deliver for our customers, particularly as we navigate the energy transition.

How we manage employee development, attraction and retention

Ensuring our people feel valued and equipped to deliver is essential for our success. In FY23, our Executive General Manager of People led our approach and the Board is provided with regular updates on employee engagement, attrition and open positions.

Our Recruitment and Selection Policy governs how we engage with talent, ensuring an equitable recruitment process underpinned by best practices. Ausgrid's Early Careers programs build the next generation of talent through various streams as the industry transitions to a net zero future. Our two-year Graduate Program provides the opportunity to build the foundations for a long-term career in the energy sector through multiple rotations across business units.

We also train our apprentices through our four-year Bright Sparks Apprentice Program. This program gives a breadth of experience in Electrotechnology (the practical applications of electricity) or the Electrical Supply Industry (the generation, transmission and distribution of electricity and related products) whilst accelerating learning through on-the-job technical training to become a qualified Electrician, Line Worker or Cable Jointer.

Ausgrid helps its people grow with emerging sector demands through our learning and development program. We provide our employees with organisational training and nationally accredited training courses, organisational and professional development, and study assistance programs. Our organisational capability program supports leaders in developing and motivating their teams to meet and exceed business objectives.

PERFORMANCE HIGHLIGHTS

63%
MySay employee engagement score (an eight-point improvement on FY22)

148,548
hours in learning and development training undertaken

311
new employee hires[13]

41
apprentices and 10 graduates recruited
Targets met

13 Data point includes PLUS ES as part of the Ausgrid Group.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Employee development, attraction and retention (continued)

AMPED RECOGNITION PROGRAM CATEGORIES

Hi-Five

Sent by anyone to say a personal thanks, job well done or congratulations

Quarterly group awards

Recognising employees for excellent behaviour, performance or contributions that produced significant benefits

Great work

Where employees can be rewarded with a $50 e-gift voucher

Annual awards

Recognising outstanding contributions to the business within the calendar year

On average, employees undertake 40 hours of training per year for technical training and 10 hours for non-technical training.

We are also investing in career pathways to retain internal talent and have subsequently promoted 348 employees in the last year. We aim to be an employer of choice through our Career, Capability and Remuneration Framework, which enables us to recognise performance and provide more flexible career paths. This is embedded in our Enterprise Agreement, along with employee benefits, terms, and conditions, across various employment types. We fully support the right to freedom of association.

Ausgrid has supporting policies and procedures such as the Parental Leave Policy (updated version to be implemented FY24), which acknowledges the significant advantages of family-friendly workplace arrangements, and Procedures on Breastfeeding, Domestic and Family Violence Support, and Study Assistance.

Ausgrid encourages a high-performance culture, as set out in our Performance and Development Policy. Our performance model provides an equitable and transparent framework for open and honest communication and feedback between managers and employees about performance. 100% of our people regularly participate in these appraisals (excluding labour hire/contracted services).

We also consider employee recognition vital in retaining top talent. We actively acknowledge performance excellence for individuals or teams who have significantly contributed to the organisation, going above and beyond the requirements of their role through the Amped Recognition Program. Through this Program, employees can be recognised by their peers through four categories.

We collect feedback from our people using the annual MySay employee engagement survey to help prioritise areas for improvement and make Ausgrid a better workplace. We also gauge the effectiveness of measures by gathering feedback through pulse check surveys, exit surveys, Listen-and-Learn focus groups and informal Ask Me Anything sessions with the CEO.

We consider employee recognition vital in retaining top talent.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Employee development, attraction and retention (continued)

Attracting the next generation of talent

We are invested in setting Ausgrid up for the future through our Bright Sparks apprentice and graduate programs, welcoming 41 apprentices (48% women) and 10 graduates (33% women) this year. We sought to give school students a glimpse of working at Ausgrid by facilitating an Open Day at our Dee Why depot, where 76 students from nine high schools attended and learnt about the different career paths Ausgrid can offer. Female high school students were also hosted at our Wallsend Depot as part of the NSW Department of Education 'Spark it!' school immersion program, which seeks to encourage careers in STEM.

What we did this year

Driving development through online training

Ausgrid has offered further training in a wide range of skills and knowledge through an external online training partner. This offers our people online and practical training courses guided by a virtual trainer that caters to the evolving needs of our industry. Since we launched in September 2022, more than 850 courses have been attended by our people seeking to upskill in various areas.

Expanding our leadership development programs

Through our partnership with the University of New South Wales, we have also introduced new development programs to help advance the leadership skills of our people across the business. These include the Emerging Leadership Program, Frontline Leadership Program and the Senior Leadership Program. In FY23, 313 of our people participated in these programs.

Improving the employee experience through MySay

This year saw our largest participation rate, with 83% of our people sharing feedback. Of the 61 questions in the survey, all but two showed an improvement (or no change) in the score. 28 of these questions increased by more than five points. Our most significant increase was for the statement, *'Ausgrid is in a position to really succeed over the next three years'.* This statement jumped by 16 points from 2022 and has doubled since 2021. For every survey completed, we donated $2 to the Ausgrid Employees Children Appeal ($5,072).

Recognising great work through the Amped Recognition Program

Ausgrid continued its Amped Recognition Program, which allows our people to recognise their teammates and celebrate successes across the business. This year, 7,203 Hi-Fives were shared between staff. There were 11 Annual Award categories covering various topics such as health and safety, collaboration, customer service, community spirit and commercial impact. The winners of each category were recognised for their excellent work and asked to nominate a registered charity for Ausgrid to make a $500 donation to.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Supply chain and human rights

"Ausgrid's supply chain is an extension of our business and people."

Liz Laffan, Procurement Manager Technology and Corporate.

Engaging with our suppliers on their human rights, social and environmental performance, and ensuring that suppliers are treated fairly and encouraged in meeting the ethical standards set out by our organisation.

Why it is important to Ausgrid

To deliver our services to 1.8 million customers across the Ausgrid network, we have an annual procurement spend of ~$700 million and utilise a domestic and international supply chain. Many goods and services we procure have complex supply chains. This includes multiple suppliers and manufacturers providing the raw commodities, components, and services to produce the end products we utilise. Our international supply chain covers Europe, North and South America, Asia, and the Middle East.

As we become more aware of supply chain risks, it is crucial to uphold our values. Ausgrid is dedicated to respecting human rights, not just for our employees but also those we indirectly engage with through our supply chain

and the communities where we operate. We also seek to support improvements in supply chain social and environmental outcomes attributed to the goods and services we procure as an extension of our business and footprint. This is particularly important as we embark on the energy transition. Access to electricity is essential to us all, and we must ensure no-one is harmed or left behind in its distribution.

How we manage supply chain and human rights

During FY23 our Chief Financial Officer and Executive General Manager of Network Delivery Services oversaw our procurement processes. We have a supporting Procurement Community of Practice and Social Procurement Working Group. A new dedicated Sustainability Officer is also driving

improvement in how we uphold human rights – in particular, through the implementation of our three-year Modern Slavery Roadmap.

We have outlined our expectations for the social performance of our supply chain in our Sustainable Procurement Policy, External Partner Code of Conduct and Human Rights Policy, which is under development for implementation in FY24. Ausgrid's human rights commitments are aligned with international human rights instruments and supported by a suite of associated policies, including our Whistleblower Policy. We also have a specific Forced Labour and Debt Bondage Position Statement outlining our approach to addressing modern slavery. Ausgrid provides its people with Procurement Awareness training to support governance and targeted Modern Slavery training to ensure our people feel equipped to

PERFORMANCE HIGHLIGHTS

83% of Ausgrid staff completed Modern Slavery training

~2% procurement spend on First Nations suppliers

~$700m annual spend on goods and services assessed for supply chain carbon emissions

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   **VALUED PEOPLE**   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Health, safety and wellbeing | Diversity, equity and inclusion | Employee development, attraction and retention | Supply chain and human rights

Supply chain and human rights (continued)

manage supply chain risks. Ausgrid undertakes annual modern slavery risk assessments and reports under the *Modern Slavery Act 2018* (Cth) in our Modern Slavery Statement.

Ausgrid is also seeking to improve our supply chain's environmental performance. We have analysed our full scope 3 carbon emissions footprint (indirect emissions) from our annual ~$700 million spent on goods and services. We will work with our suppliers to reduce these emissions and be guided by circular economy principles in our procurement choices. More information about how we will work with our supply chain to deliver these improvements is set out in this report's 'Energy transition' section.

What we did this year

Delivering on our Modern Slavery Roadmap

In FY23, Ausgrid appointed a dedicated Sustainability Officer to manage the delivery of our Modern Slavery Roadmap through a phased project plan. This roadmap provides a three-year plan to improve our maturity in modern slavery risk management with five focus areas:

1. Human rights and related policies
2. Risk assessment and monitoring
3. Accountabilities and capabilities
4. Communication and collaboration
5. Grievance and remediation

More information about the roadmap can be found in our FY22 Modern Slavery Statement.

Developing a new Human Rights Policy

Ausgrid is designing a new Human Rights Policy that outlines our commitment to respecting and supporting human rights across our operations and supply chain. It provides a framework for meeting this commitment through our conduct and decision-making. The Policy will be effective in FY24 and apply to all employees, business partners, consultants, contractors, suppliers, and anyone undertaking work for Ausgrid. The Policy will be

managed through existing policies, processes and programs, along with regular due diligence activities, an awareness campaign and communication activities. Ausgrid's approach to managing human rights risks will evolve as we learn from our experiences and we intend to continually refine and improve our approach.

Lifting expectations through a refreshed Code of Conduct and e-Learn course

Ausgrid's Code of Conduct is fundamental to how our people conduct themselves and interact with our customers, suppliers, stakeholders, and each other. This year we updated our Code of Conduct to exceed community standards and stakeholder expectations. This included setting out minimum standards of behaviour, listing unacceptable conduct and providing more detail on what constitutes ethical Personal and Professional Conduct, and updating our expectations on handling confidential and personal Information. To ensure our people are familiar with our expectations, we launched a mandatory Code of Conduct e-Learn course that outlines the underlying principles for performing our roles.

Formation of a Social Procurement Working Group

Ausgrid established a new Social Procurement Working Group to promote supplier diversity. This group comprises key procurement, contract management and external stakeholder specialists focused on creating opportunities for diversity within Ausgrid's supply chain. Formed as a commitment under our current Innovate Reconciliation Action Plan, the Social Procurement Working Group is actively seeking opportunities across the business to increase social spending and build capability for Indigenous businesses entering our supply chain.

Supplier and industry engagement

Ausgrid continues to ensure new and existing suppliers adhere to our human rights expectations as detailed in our External Partner Code of Conduct by seeking that they agree to uphold this policy. As a member of the Energy Procurement Supply Association and through engagement with industry peers, Ausgrid shares insights and adopts learnings on Modern Slavery best practices.

Increasing the diversity of our supply chain

We are delivering on the Procurement Working Group's goals through our membership with Supply Nation, which has Australia's largest database of verified First Nations businesses. We now have access to over 4,000 businesses across a range of sectors and industries, including catering, office supplies, consulting, construction and professional services. In FY23, approximately 1.7% of our procurement spend came from First Nations suppliers.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   **OPTIMISED ASSETS AND OPERATIONS**   DELIVERING NET ZERO   DATA TABLES

Environment and biodiversity | Cyber security | Community and network resilience

Optimised assets and operations

Excel at operations to deliver safe and affordable services.

MATERIAL TOPICS

Environment and biodiversity

Cyber security

Community and network resilience

FY23 KEY HIGHLIGHTS

0
environmental fines or prosecutions

13.3m
malicious, phishing and spam emails blocked

20%
System Average Interruption Duration Index (SAIDI) improvement on FY22 (down to 59.62 in FY23).

The average time a customer is without electricity over the year.

WE CONTRIBUTE TO THE FOLLOWING UN SDGS IN THIS SECTION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

Ausgrid's electric vehicle fleet at head office

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   **OPTIMISED ASSETS AND OPERATIONS**   DELIVERING NET ZERO   DATA TABLES

Environment and biodiversity | Cyber security | Community and network resilience

Environment and biodiversity

"We've been ISO 14001 accredited for 27 years. At Ausgrid, we're serious about protecting the environment and reducing our environmental impact."

James Hart, Manager – Environmental Services.

Minimising our environmental footprint, protecting biodiversity and promoting a culture of environmental innovation and responsibility.

Why it is important to Ausgrid

Our network spans diverse environments with rural, suburban, and metropolitan settings in bushland, undulating terrain, hinterland and coastal landscapes, with flood- and fire-prone areas. Ausgrid is aware that we must proactively mitigate and minimise environmental and cultural heritage impacts. Managing and protecting this shared environment and our cultural assets is vital for future generations. We strive to maintain our social licence by playing a positive role in our communities and minimising our footprint.

How we manage environment and biodiversity

Ausgrid is committed to having a workforce 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 Team ensure the effectiveness of our environmental management approach.

Our network covers a range of biodiversity areas such as national parks and wilderness areas; wetlands; old growth forests and rainforests; and areas identified as core koala habitats, or having outstanding biodiversity value. We adhere to all applicable legislation relevant to these areas.

Our environmental responsibilities are defined in Ausgrid's Code of Conduct, Environmental Code of Conduct (Green rules), Environmental Handbook for Construction and Maintenance and relevant procedures, plans, training and charters. Ausgrid's Learning Management System supports these procedures and systems, and all our people undertake annual environmental awareness training.

Our comprehensive Environmental Management System has been accredited to ISO 14001 (international standard with criteria for an environmental management system) since 1996 and covers 100% of our operations (this is also a Ministerial Licence Condition). This system allows us to manage our environmental risks in operating, maintaining and building our network.

PERFORMANCE HIGHLIGHTS

0
environmental fines or prosecutions

0
environmental licence breaches

0.3ha
of habitat protected or restored (Lane Cove National Park)

0
significant impacts on biodiversity

3%
improvement in total environmental incidents on FY22 (down to 45 in FY23)

Exceeded our five-year average and target of 53 by 15%

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   **OPTIMISED ASSETS AND OPERATIONS**   DELIVERING NET ZERO   DATA TABLES

Environment and biodiversity | Cyber security | Community and network resilience

Environment and biodiversity (continued)

MANAGING VISUAL AMENITY AND SAFETY THROUGH TREE TRIMMING

Ausgrid recognises the value communities place on trees in local streets, and we work to balance local visual amenity with a safe and reliable electricity supply. Ausgrid employs qualified arborists, horticulturalists and specialist maintenance crews who ensure the trimming meets all required standards. We publish monthly tree-trimming schedules for our activities. To help improve our services, we regularly engage with customers, councils and arboriculture industry professionals to develop a shared understanding of how to manage trees growing under powerlines and improve how trimming is performed. We actively improve customer satisfaction when tree issues are reported to us, and we are reviewing our vegetation management contracts to improve stakeholder experience and efficiency.

It protects vulnerable species, heritage sites, our workforce and communities from environmental hazards. Ausgrid's Environmental Management System is audited annually by an external accreditor and Ausgrid's Internal Audit team to ensure our system remains effective.

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. We engage with internal and external stakeholders about the effectiveness of our controls and innovations and to find areas for improvement. Working closely with residents, businesses, councils, industry, regulators and other groups can minimise disruption to the community, provide valuable input into our overall operations and improve the outcomes for our specific projects.

We report regularly and transparently on our environmental performance to our regulators 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.

More information about our waste and emissions management is in the 'Energy transition' section of this Report. Our 'Valued people' and 'Thriving communities' sections contain information about our work with First Nations peoples to protect the cultural heritage of our network.

What we did this year

Improving vegetation management

This year we improved our vegetation management by offering data–sharing agreements with councils on our network. We have established a data–sharing arrangement with one council. We are using the data supplied on its tree assets to inform our decisions on where to target network upgrades efficiently. The Council uses our

geographic system data to inform its tree planting strategy and ensure appropriate species are planted near our powerlines. These outcomes help reduce the extent that Ausgrid needs to trim trees around the overhead network while ensuring leafy green aesthetics, which helps combat 'Urban Heat Island' effect.

Habitat restoration at Lane Cove National Park

Ausgrid facilitated rehabilitation with ecological restoration experts at Dragonfly Environmental, the NSW National Parks and Wildlife Service and volunteers at the Friends of Lane Cove National Park. Using an IFM Investors community grant, the area adjacent to an Ausgrid site in Lane Cove National Park was targeted for bush regeneration (0.28 hectares). Volunteers acquired new skills and experience in bushland rehabilitation, which continue to be applied in caring for the National Park and its surroundings.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   **OPTIMISED ASSETS AND OPERATIONS**   DELIVERING NET ZERO   DATA TABLES

Environment and biodiversity | Cyber security | Community and network resilience

Environment and biodiversity (continued)

Sharing learnings on Aboriginal heritage impact

Ausgrid undertook an Aboriginal Cultural Heritage Assessment and stakeholder consultation to obtain an Aboriginal Heritage Impact Permit (AHIP) for a project to upgrade two power poles in the vicinity of a midden (a collection of shell, bone, botanical remains, ash and charcoal which is evidence of past hunting, gathering and food processing activities) in Davistown (Wabba clan, Kuringgai country). To share learnings and the controls we implemented to protect the midden, Ausgrid invited employees and students of the local Brisbania Public School to the site. Traditional custodians of the area also shared their stories of the site's cultural significance, belonging and knowledge systems.

Making environmental training more accessible

Ausgrid seeks to make learning and development as accessible as possible. In FY23, we converted three more environmental courses to online. All Ausgrid environmental courses are now delivered online to replace face-to-face training. The new courses include Oil Handling and Spill Response, Discharging Water, and Erosion and Sediment Control.

Improvements in environmental incident performance

Our ongoing actions have helped us achieve our best environmental incident performance on record, including:

- One pollution incident reportable to the NSW Environment Protection Authority (down from two last year) – no evidence of ongoing environmental harm.
- 45 environmental incidents in total, a 15% improvement on our incident performance targets.

Wildlife and habitat protection

Our planning processes involve identifying sensitive environmental areas to avoid. However, there are times when removing native habitat is unavoidable. In these cases, we adopt controls to minimise our impact, such as installing artificial habitats. This year, we continued our program to support native species by installing 11 habitat boxes to replace ageing boxes.

When there are negative faunal interactions with the network, such as wildlife electrocutions and bird strikes, we also identify whether replacement or modifications of assets or the installation of diverters would be feasible. We use wildlife electrocution data to inform decision-making and prioritise network-wide programs that reduce the risk of wildlife electrocution, such as streetlight and low voltage mains bare conductor replacement programs. In FY23, we installed bird diverters on seven spans of overhead powerlines in the Hunter Valley, alerting birds to hard-to-see cables and infrastructure.

Enhanced environmental performance data

In FY23, we continued to improve the environmental data we gathered to analyse our performance, initiate actions and target improvements. Examples include a new environmental performance dashboard, enhanced waste data reliability, automatic notifications for water sampling exceedances, sulphur hexafluoride (**SF$_6$**) leaks, SF$_6$ errors and project proposals in environmentally sensitive areas. Risk assessments were also developed in Power BI for fluid-filled cables, oil containment systems and oil-filled equipment to align with Ausgrid's value framework.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   **OPTIMISED ASSETS AND OPERATIONS**   DELIVERING NET ZERO   DATA TABLES

Environment and biodiversity | Cyber security | Community and network resilience

Cyber security

"Maintaining cyber security vigilance is more important than ever with our expanding digital footprint."

Francis Mason, Chief Information Security Officer.

Protecting our assets, operations, data and information systems from cyber threats.

Why it is important to Ausgrid

Ausgrid is a critical infrastructure operator, and this heightens our risk of cyber–attack. A catastrophic cyber–attack on our network (which includes the Sydney CBD) would have social, economic, health and even geopolitical ramifications for Australia. Minimising cyber security risks and enhancing cyber–safe behaviours across Ausgrid is essential for continuing to provide a safe and reliable electricity supply to our customers, in line with regulatory obligations. As cyber–attacks become more frequent and sophisticated, we are committed to strengthening our security practices to keep our business and customers safe.

How we manage cyber security

Ausgrid recognises that the cyber security environment is in continuous change, and so is our business. We therefore consistently apply stringent cyber safe practices and integrate this into strategic planning to help minimise the threat and impacts of any potential cyber security incidents. NSW regulations require us to use 'best industry practice' to manage cyber threats to ensure our network and associated information, communications and technology systems can only be accessed, operated, and controlled from within Australia. New requirements now also exist under the recently amended *Security of Critical Infrastructure Act 2018* (Cth).

Our organisational Cyber Security Strategy enables us to take a holistic approach to cyber security and invest in a range of measures to protect our network. We focus on improving security capability and maturity and reducing overall security risk.

To lead this work, Ausgrid has appropriate executive leadership and governance in place. 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 practices. The Board is regularly updated on key cyber metrics.

Our Incident Management System framework has established staged business and control restrictions in the event of a cyber security incident.

PERFORMANCE HIGHLIGHTS

75m
historical and obsolete database records purged

1.5m
websites blocked due to suspicious or malicious software

13.3m
malicious, phishing and spam emails blocked

0
substantiated complaints concerning breaches of customer privacy and losses of customer data

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   **OPTIMISED ASSETS AND OPERATIONS**   DELIVERING NET ZERO   DATA TABLES

Environment and biodiversity | Cyber security | Community and network resilience

Cyber security (continued)

Uplifting cyber safety through security awareness month

Ausgrid dedicated a month to reinforcing our cyber security culture under the theme 'Security is about you!', which sought to remind our people that being secure at work is everyone's responsibility, whether it's being safe in person or online. We ramped up our staff communications about safe practices and held events with experts about security trends such as password security, data protection and phishing.

We seek to identify and mitigate risks through considered system design and architecture policies. This is supported by a suite of policies, including the Organisational Security Policy, Security Vulnerability and Patch Management Policy, and Acceptable Use of Technology Policy.

We also prioritise raising awareness and educating our people on cyber and physical security through campaigns, briefs, events and mandatory training. All employees and vendors undertake phishing simulations throughout the year. We consider our people our first line of defence and seek to empower them to 'see something, say something'.

Following extensive consultation with our stakeholders, Ausgrid seeks to invest $91 million to further protect against cyber–attacks in its submission to the AER in its 2024–29 Regulatory Proposal.

What we did this year

International recognition for security best practice

In recognition of our robust security management, Ausgrid received best practice recognition from the Smart Grid Index in the IT and OT security practices category. This framework measures the smartness of power grids globally and seeks to drive advancement.

Enhancing customer data protection

Ausgrid introduced further enhancements to our data protection rules by adding additional controls to our existing set to mitigate the risk of sensitive or classified data being lost, misused or accessed by unauthorised users.

New phishing campaign and policy to boost vigilance

We reinforced our expectations of staff to remain vigilant about emails and all other forms of electronic communication by implementing a new phishing policy and an internal phishing campaign to test staff awareness in response to cyber–attacks.

We consider our people our first line of defence and seek to empower them to 'see something, say something'.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   **OPTIMISED ASSETS AND OPERATIONS**   DELIVERING NET ZERO   DATA TABLES

Environment and biodiversity | Cyber security | Community and network resilience
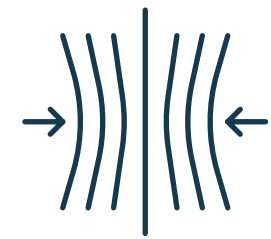
Community and network resilience

"Ausgrid is focused on balancing the need for prudent resilience investment in response to the impacts of climate change and community sentiment in the context of near-term affordability pressures."

Penny Joseph, Head of Climate Resilience.

Building resilience in our network and communities to anticipate, withstand, quickly recover, and learn from disruptive events, including climate change impacts.

Why it is important to Ausgrid

The need for network and community resilience is critical, with a growing body of evidence linking climate change to increased frequency and intensity of extreme weather events. Our climate impact assessment showed that by 2050, we can expect a 26% increase (on average) in exposure to climate risks across our network area, and by 2050 we can expect a similar rise in climate-related asset failures and climate-related interruptions experienced by our customers.

Since 2015, Ausgrid has experienced two of its worst storms, leaving hundreds of thousands of customers without power – some for over a week, and causing $71 million of damage to the network. Further, the Security of Critical Infrastructure Act requires Ausgrid, as far as it is reasonably practicable, to minimise material risks, including those exacerbated by climate change. As such, preventing, preparing for, responding to and recovering from disruptive events is crucial to Ausgrid's ability to provide safe and reliable electricity to our customers, who are increasingly electrifying their homes and businesses.

PERFORMANCE HIGHLIGHTS

20%

System Average Interruption Duration Index (SAIDI) improvement on FY22 (down to 59.62 in FY23).

The average time a customer is without electricity over the year.

15%

System Average Interruption Frequency Index (SAIFI) improvement on FY22 (down to 0.52 in FY23).

The average number of service interruptions to each customer over the year.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   **OPTIMISED ASSETS AND OPERATIONS**   DELIVERING NET ZERO   DATA TABLES

Environment and biodiversity | Cyber security | Community and network resilience

Community and network resilience (continued)

ONGOING PHYSICAL RESILIENCE MANAGEMENT

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 to the community, such as more resilient overhead structures to critical community infrastructure and community support hubs.

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 to ensure our network and staff are ready for potential incidents. We work closely with emergency services like the NSW Rural Fire Service to assist impacted communities and protect our infrastructure during bushfires and extreme weather events. Where possible, we 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.

How we manage community and network resilience

During FY23, our Executive General Manager of Asset Management and a dedicated resilience team led our resilience strategy that commits to planning practices and efficient investment today to maintain network and community resilience for decades to come. Ausgrid conducts ongoing activities to prepare for and mitigate physical climate change risks and make our network and communities more resilient. We invest in research to bolster our understanding of impacts and report regularly to the Board on our service target performance.
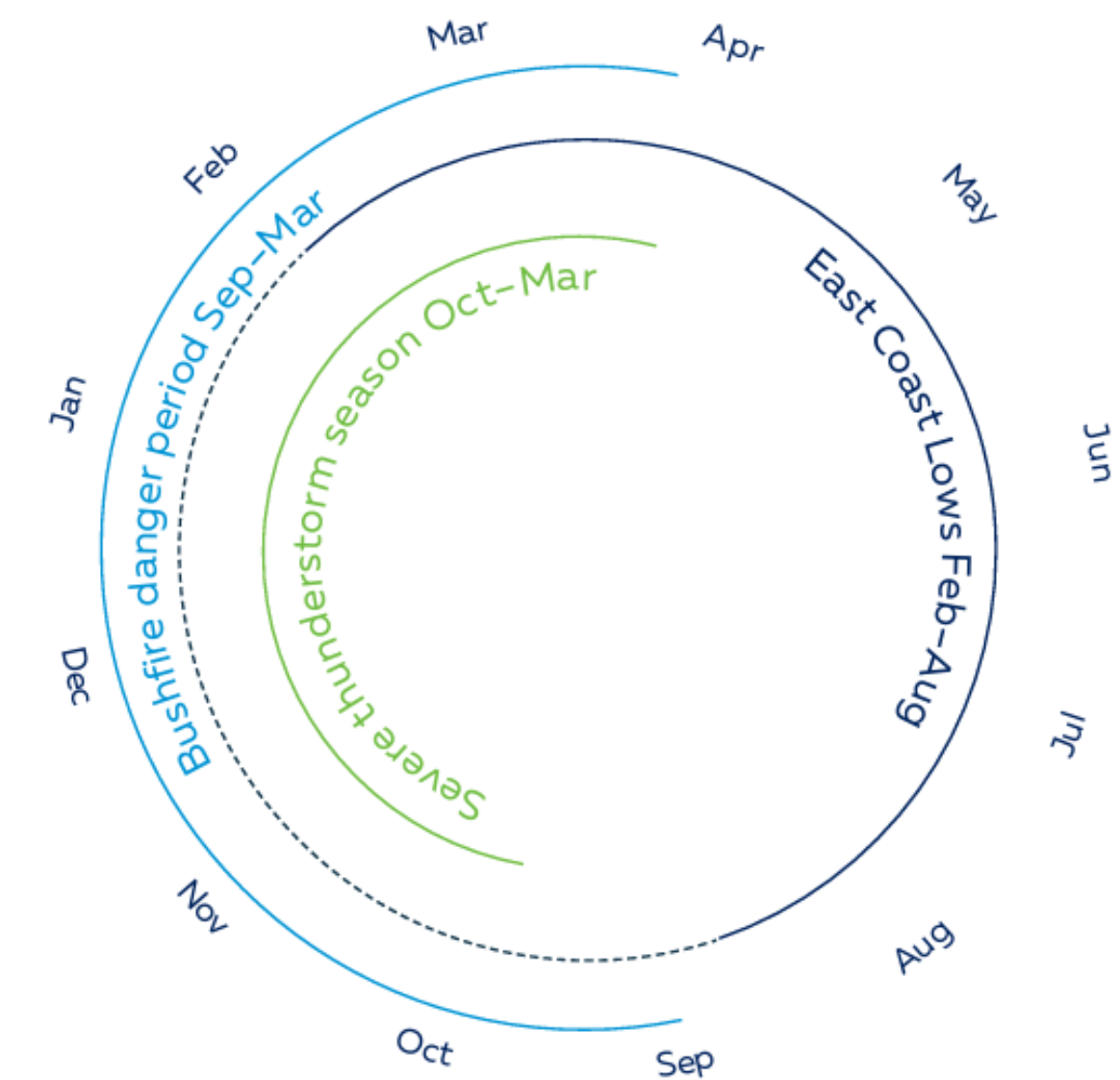
Our aims for building resilience are to:

- Make the network and community more resilient through bespoke solutions that work for them and allow for place-based planning.
- Demonstrate to our regulators and the public that we are collaborating and meeting community expectations to work effectively together.
- Work with Councils, other critical infrastructure organisations, and resilience actors on agreeing on roles and responsibilities for sustainable resilience.
- Identify opportunities for co-funding to improve the resilience of critical infrastructure and community-based solutions.

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 – see the 'Delivering net zero' section of this report for more information. Ausgrid's future approach to network resilience will be guided by evolving climate knowledge, regulatory treatment of resilience, and our industry and community partnerships, including our participation in the International Community for Local Smart Grids.

Ausgrid has extensively modelled physical climate change impacts on its network using the Representative Climate Pathways 2.6, 4.5 and 8.5 developed by the UN Intergovernmental Panel on Climate Change. It provides significant information on the impacts on our networks and the associated costs. We also consulted extensively with our customers on addressing these impacts, which was reflected in our 2024–29 Regulatory Proposal to the AER for $176.5 million in funding in our next five-year regulatory period.

BUSHFIRE AND STORM PERIOD CYCLE

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   **OPTIMISED ASSETS AND OPERATIONS**   DELIVERING NET ZERO   DATA TABLES

Environment and biodiversity | Cyber security | Community and network resilience

Community and network resilience (continued)

Targeted community engagement on resilience

We continued to engage communities to refine our resilience plans for Ausgrid's 2024-29 Regulatory Reset. Through our Voice of Community Panel, we began targeted engagement with three pilot areas – Port Stephens, the Central Coast and Lake Macquarie. These locations were selected based on climate impact modelling that found these areas had the most exposure to extreme weather from climate change. We worked with customers to understand their resilience stocktake and invited them to develop prioritised outcomes to guide how we develop local solutions. Based on this co-designed approach, we presented engineered options and community-based resilience solutions and discussed their preferences. While this consultation will continue into late 2023, this stage of the process culminated in a resilience package of $176.5 million (subject to regulatory approval), covering the proposed investment for the pilot areas and the entire Ausgrid network.

What we did this year

Energy Charter collaboration – Disaster Response Playbook

Through Ausgrid's membership with the Energy Charter and the #BetterTogether Resilience initiative, we delivered the Disaster Response Playbook for the energy sector in collaboration with AGIG, APA, Aurora Energy, EnergyAustralia, Energy Queensland, Endeavour Energy and Essential Energy, Evoenergy, SA Power Networks, TasNetworks and Powershop. It offers guidance on the roles, processes, and use of emergency agency information to enable a more coordinated approach to customer support during disasters. This initiative has transitioned into a Community of Practice co-chaired by Ausgrid, which facilitates the sharing of experience, knowledge and insights across the energy sector on an ongoing basis.

A co-designed Ausgrid Resilience Framework

We partnered with Ausgrid's Reset Customer Panel to produce the co-designed draft Promoting the long-term interests of consumers in a changing climate: A decision-making framework. This framework communicates how Ausgrid intends to build resilience and respond to the risks and impacts of extreme weather events. Our proposed program has been developed by applying this framework, incorporating feedback, and using network and non–network strategies to mitigate the impacts of climate change. We continue to consult widely alongside Ausgrid's 2024-29 Regulatory Proposal.

Alignment with other resilience actors

In parallel with our community engagement program, we commenced discussions with other resilience actors, including emergency response organisations, large commercial customers, Councils, utilities and community organisations, to understand their priorities, share our work, and identify partnership opportunities. Understanding the interdependencies and how these influence our capacity to support community resilience during extreme weather events will assist in identifying opportunities to partner on shared objectives and help minimise duplicated efforts.

Preparing for climate impacts with our 3D network twin

Ausgrid has invested in our people and tools for light detection and ranging (LiDAR) data collection so we can better manage our overhead network. We use a specially equipped vehicle and drones to capture the data needed to create a 3D model of our network in its environment. This digital twin allows us to:

· simulate climate impacts (including flooding);
· better plan incident response;
· enhance unplanned outage analysis;
· identify and repair asset defects and non-compliances outside normal inspection cycles; and
· undertake improved vegetation encroachment management.

This year we continued to develop our digital twin, and significant progress was made, with over 75% of the network now modelled.

Extreme weather preparation Forums

Ausgrid continued its partnership with its emergency response partners to ensure readiness for potential events. We hosted Summer Readiness Forums focused on how we work together to respond to storms, floods and bushfires, conducting customer welfare checks, learnings from previous incidents and the contractual arrangements we have in place.

Rewarded for asset management excellence

Prudent management of Ausgrid's assets underpins our ability to build resilience in our network and communities. In acknowledging our recent work in developing a risk-based approach to forecast asset replacement and defect priorities utilising advanced statistical modelling, we were handed the Asset Management Cost, Risk and Performance Award from the Asset Management Council.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   **DELIVERING NET ZERO**   DATA TABLES

Energy transition | Circular economy

Delivering net zero

Innovate and grow our business to support a net zero future.

MATERIAL TOPICS

Energy transition

Circular economy

FY23 KEY HIGHLIGHTS

18%
reduction in scope 1 and 2 emissions from FY20

>19,000t
of waste avoided by recycling surplus or redundant equipment

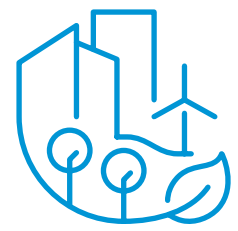**WE CONTRIBUTE TO THE FOLLOWING UN SDGS IN THIS SECTION**

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

Ausgrid's pole-mounted electric vehicle charger in Glebe.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   **DELIVERING NET ZERO**   DATA TABLES

Energy transition | Circular economy

Energy transition

"Ausgrid is a key player in the shift towards a clean energy future. We are pioneering new ways to reduce our environmental impact while enabling customers to switch to electric-based solutions."

Andrew Dunne, Net Zero Lead.

Reducing our emissions and addressing transitional climate change risks and opportunities by providing customers with access to technologies and solutions that enable energy choice, resilience and affordability.

Why it is important to Ausgrid

Climate change is the most significant risk to our business, communities and planet. Ausgrid is taking proactive steps to address the carbon footprint of our operations and support our 1.8 million customers' transition to net zero by making it a strategic priority and ensuring that our network is an enabler of clean energy solutions. Driving the electrification of everything for a net zero future also brings opportunities for Ausgrid, as the electrification of energy use powered by clean sources increases.

How we manage the energy transition

Ausgrid's Board considers climate change a material risk to the organisation and its business strategy. Our Board Health, Safety and Environment Committee oversees the environmental aspect of climate-related risks. In FY23, Our Chief Customer Officer and Executive General Manager of Asset Management managed our climate change impacts. Regular updates are provided to the Board on metrics such as carbon emissions, solar PV connected to our network, and the number of electric vehicle (**EV**) charging stations.

Our Sustainability Policy contains a set of guiding principles that ensure 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.

PERFORMANCE HIGHLIGHTS

18%
reduction in scope 1 and 2 emissions from FY20

Target is 50% reduction by 2030

76.9
Smart Grid Index score

Exceeded target of 75

2
pole-mounted batteries installed

27
public EV chargers installed on Ausgrid assets

Target was 44 in FY23

1,510MW
of embedded PV generation connected to our network

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YEAR IN REVIEW · · · OUR BUSINESS · · · THRIVING COMMUNITIES · · · VALUED PEOPLE · · · OPTIMISED ASSETS AND OPERATIONS · · · **DELIVERING NET ZERO** · · · DATA TABLES

Energy transition | Circular economy

Energy transition (continued)

Our emissions reduction

Ausgrid continues to pursue more ambitious targets and has increased its emissions reduction targets to align with net zero objectives. This increase in our targets reflects the significant progress made by Ausgrid and the broader industry to reduce emissions and decarbonise the electricity grid. With a scope 1, 2 and 3 footprint of over 1.1 million tonnes of CO_2-e, actions to reduce this footprint have a significant impact.

Our carbon emissions reduction commitments are:

· 50% reduction of our scope 1 and 2 emissions by 2030
· Net zero by 2045 for our scope 1, 2 and 3 emissions

Our scope 1 and 2 emissions are baselined to FY20 and scope 3 to FY21. Our full scope 3 emissions footprint for Ausgrid's ~$700 million per annum procurement spend has also been calculated using the Greenhouse Gas Protocol framework. These targets have been submitted to the Science Based Targets initiative (**SBTi**) for endorsement.

We have benchmarked our climate response to the global framework, Taskforce on Climate-related Financial Disclosures, so that we can communicate to investors and other stakeholders the impact of climate change on our business. We will share this further in FY24 with a public report.

Ausgrid annually reports its scope 1 and 2 emissions performance to comply with the Federal Government's National Greenhouse and Energy Reporting scheme. Our annual Carbon Emissions Performance Report summarises our activities and performance in reducing our carbon emissions.

Enabling customer emissions reduction

We are harnessing new technologies to support the energy transition and equipping our customers to access clean electricity.

Our technology investment is guided by an Innovation and Continuous Improvement Policy and governance process to ensure a targeted and practical approach.

We have a Network Innovation Advisory Committee to ensure a customer-centric approach to innovation. This committee comprises a broad range of customer representatives and oversees the program's implementation.

Our Network Innovation program supports us in incorporating the ever-increasing number of customer-owned flexible energy resources into our network, optimising our assets, and improving the customer experience. With an investment in innovation of $42 million from 2020 to 2024, this program allows us to test the benefits of emerging technologies, aiming to increase efficiency and meet changing customer expectations. This includes technologies such as community batteries that allow our network to support two-way energy flows. We are exploring how our services need to evolve to ensure customer-side flexibility, for example, through flexible connection arrangements and dynamic cost-reflective pricing.

Our Demand Management Innovation Allowance projects explore how we can partner with customers to leverage technologies to deliver lower costs to manage the network. Example projects include the Behavioural Demand Response

trial, Smart EV charging, Digital Energy Futures and Barriers to Electrification research.

Ausgrid participates in leading local and international research to help deliver a net zero future for our customers. For example, our membership of the International Community for Local Smart Grids enables us to collaborate on improving network resilience and increasing distribution flexibility. We are also a lead partner for the Reliable, Affordable, Clean Energy (**RACE**) for 2030 Cooperative Research Centre, which aims to reduce energy costs, cut carbon emissions and increase customer load flexibility.

We have submitted to the AER in our 2024–29 Regulatory Proposal for a further $126 million to support the equitable and accessible integration of consumer energy resources into the energy supply chain.

More information about how we are helping combat climate change impacts can be found in this report's 'Optimised assets and operations' section.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   **DELIVERING NET ZERO**   DATA TABLES

Energy transition | Circular economy

Energy transition (continued)

Driving electrification

Ausgrid recognises that it has a critical enabling role in driving the uptake of electric vehicles. Having a network that can reliably meet demand to support the connection of EV chargers, means Ausgrid can support the increased growth in EVs.

Ausgrid installed Australia's first power pole mounted EV charger in Newcastle through a partnership with EVX, followed by an installation in Glebe. We also connected JOLT EV chargers to our kiosk infrastructure at 11 other sites this year, bringing our total to 25 on our network. 0.8% of road-registered passenger vehicles in Ausgrid's network area were EVs in FY23. Ausgrid's partnerships in charging infrastructure make EVs more accessible and affordable for our customers, accelerating their adoption. In FY23, Ausgrid also conducted customer research and continued collaboration with industry retail partners to understand customer preferences and charging behaviours better.

What we did this year

Alignment with international climate frameworks

To reinforce our commitment to emissions reduction, we reassessed climate impacts on our business using the Taskforce on Climate–related Financial Disclosures framework this year. This work will inform our development of a public–facing report. We also lodged our emissions reduction ambitions for endorsement by the SBTi, a global body that defines and promotes best practices in carbon emissions target setting.

On track with emissions reductions

This year we reduced scope 1 (petrol, oils, diesel, LPG, natural gas and SF_6) by 51% on FY22 (11,400 tonnes of CO_2–e), primarily due to the transition to more accurate SF_6 reporting. Scope 2 (electricity use and distribution/transmission line losses) emissions were reduced 10% on the previous year (70,000 tonnes of CO_2–e), attributed to improvements on Ausgrid's property and grid decarbonisation. Ongoing increases in renewable generation on the electricity grid will steadily remove our scope 2 line loss emissions.

In partnership with one of our owners, IFM Investors and other infrastructure assets, we have entered an electricity contract for 100% green power for our operations. This commences in January 2024 and will remove Ausgrid's electricity use scope 2 emissions footprint.

These emission cuts put us on track to meet our SBTi interim target of a 50% reduction in scope 1 and 2 emissions by 2030 and net zero scope 1, 2 and 3 emissions by 2045.
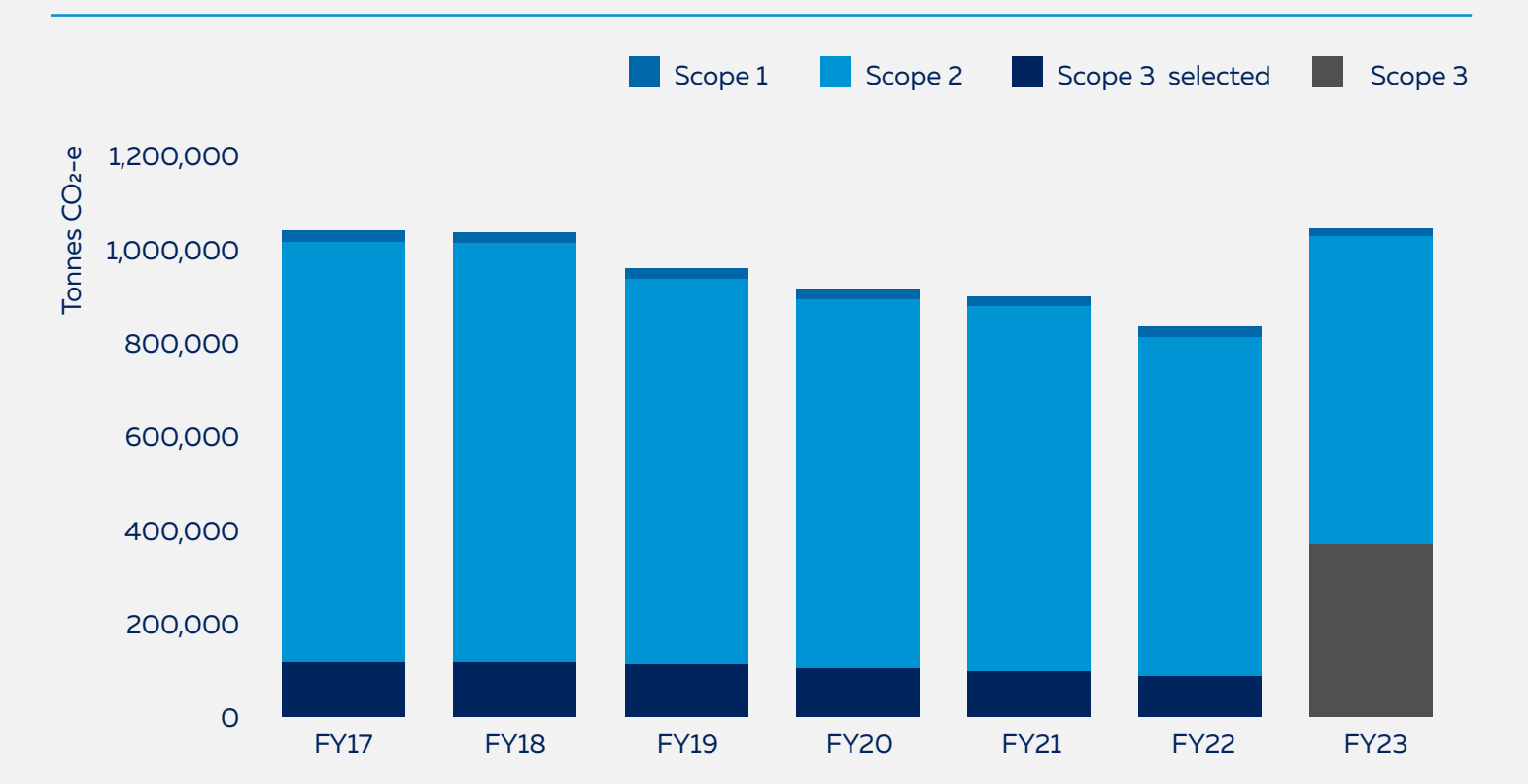
Breaking down our scope 3 footprint

As part of our new emissions target, aligning with international expectations, we have analysed our full scope 3 (indirect emissions) footprint from our annual ~$700 million purchase of goods and services. Fifteen categories were assessed, with most of the emissions coming from capital goods and lifecycle emissions from fuel and electricity use. This assessment has calculated our new scope 3 carbon footprint, baseline to FY21 and part of our net zero target. We will work with suppliers to reduce these emissions and inform our procurement choices.

Australia's first Clean Air SF_6–free switchgear

In FY23, Ausgrid installed Australia's first Clean Air SF_6–free distribution–type high-voltage switchgear. This 'clean air' filled 12kV distribution ring main unit was installed in a Sydney shopping centre to gain experience with this new technology. The unit was sourced from a major switchgear manufacturer's initial production in Germany. The installation supports our ongoing endeavours to adopt SF_6–free switchgear where available and technically suitable.

Driving electrification of the Ausgrid fleet

Driving the electrification of vehicles is an important role for Ausgrid. We continue to invest in fleet efficiencies to help reduce our scope 1 emissions by procuring hybrid and EVs. As assets become due for renewal, all passenger vehicles will be replaced with hybrid or electric vehicles to reduce emissions by a minimum of 14%. 49 EVs were delivered in FY23, and a further 13 are on order for FY24, along with 20 hybrids. This year we also installed five EV chargers at Ausgrid depots across our network with 82 scheduled for FY24. Our purchase of 100% green electricity for our operations will mean that these vehicles will be charged from green power when charged at our premises.

AUSGRID SCOPE 1, 2 AND 3 EMISSIONS

Legend: Scope 1 | Scope 2 | Scope 3 selected | Scope 3

Y-axis: Tonnes CO_2–e (0 to 1,200,000)

X-axis: FY17, FY18, FY19, FY20, FY21, FY22, FY23

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Energy transition | Circular economy

Energy transition (continued)

Harnessing the sun with solar

In FY23, our 19 solar installations across 16 sites generated 2,990,109 kWh for our use. Solar continues to be popular with our customers, and this year we connected 30,000 solar customers – 12.9% of our customers are now with solar. The total capacity installed on our network is currently 1,500 MW, with an average PV system size of 6.6 kW.

Australia's largest community lighting upgrade

This year we installed almost 44,000 LEDs on main road streetlights, taking our total to more than 190,000 since the program began (75% of all streetlights in our network). 100% of Councils in our network have now signed up to upgrade over the next three years. Our major road rollout also adds smart controls to the lights to help detect faults, optimise maintenance, measure energy use, and facilitate dimming. Significantly, the LEDs have contributed to a 10% reduction in energy consumption from streetlighting from FY22 and ~7,500 tonnes of CO_2-e reduced.

Enabling a smart grid with ADMS

In FY23, we replaced our Distribution Network Management System with an Advanced Distribution Network Management (**ADMS**) System. This was the first phase of a multi-phase replacement program which will take several years to implement. The new system is a single integrated software platform for managing and optimising Ausgrid's network. It will improve our network management capability, reliability and outage response. Importantly, it will also support two-way electricity flows so our network can adapt to a growing mix of renewable and distributed energy resources in the future energy-sharing economy.

Empowering with community battery trials

Ausgrid continued to manage our trial of three community batteries installed in FY22. Over 60 customers with solar are participating and have virtually stored around 150 MWh of solar energy. The batteries can assist with demand management, and our trial is testing regulatory, pricing and implementation challenges. This year we were also awarded grants under the Community Batteries for Household Solar Program to begin installation at six new sites.

Our first pole-top battery trials

We commissioned our first two pole-top batteries on our network in Maitland and the Central Coast. This trial will add to the range of flexible solutions to support the growth of renewables by testing their ability to increase network capacity to host household solar, reduce voltage imbalance and manage peak loads in local areas. The system at each site has a capacity of 30 kVA/65 kWh, consisting of three cabinets, each containing a 10 kVA/21.9 kWh battery coordinated together to operate as a three-phase system.

Microgrid trial to deliver a more reliable and resilient power supply

In FY23, we launched our Merriwa microgrid trial, including solar panels, a backup diesel generator, battery storage, and control technologies. It will be able to operate autonomously during disruptive events and is proposed to power a community hub to improve resilience by providing services such as refrigeration, laundry and showering facilities and a central meeting point. Community input will help determine the location and services included in the community hub.

Enabling net zero through pricing reform

This year, we updated our controlled load tariff options for residential and small business customers. This allows retailers to operate the hot water systems of customers with smart meters when solar generation is the highest. Retail trials are underway, and we are open to collaboration to support further adoption. Our residential two-way tariff trial was successful, and we now have more than 1,000 customers and four retailers participating.

Developing industry knowledge through Project Edith

Project Edith aims to showcase how the grid can facilitate technology and sustainable energy solutions to keep the network within our operating limits. In FY23, we demonstrated we could use dynamic pricing to encourage the charging and discharging of electricity from customer energy resources (e.g., batteries) at times that were beneficial to both the customer and the network – 60 customers participated. We hosted multiple industry and stakeholder forums to share results and published our first Project Edith Overview Report to inform industry-wide transformation.

Energising remote communities with SAPS

This year we installed three stand-alone power systems (**SAPS**) to trial on our network (9,550 kWh), with a further 15 planned for FY24. Stand-alone power systems are an alternative for providing electricity to inaccessible or remote communities. Our project aims to demonstrate how this could increase reliability during extreme weather events while reducing network maintenance and replacement costs. Other benefits include reducing bushfire and electrical safety risks due to the reduction of remote poles and wires.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   **DELIVERING NET ZERO**   DATA TABLES

Energy transition | Circular economy

Circular economy

"Circular strategies make business sense. We are committed to learning more about minimising linear resource use."

Jacob Muscat, Head of Commercial Finance and Control.

Reducing our emissions and waste through the sustainable procurement and end-of-life management of goods and services.

Why it is important to Ausgrid

Sustainable consumption is more critical as we work to limit our impact on nature. Ausgrid seeks to develop and implement circular strategies to simultaneously reduce waste and greenhouse gas emissions through intelligent procurement decision-making and recycling end-of-life infrastructure and materials.

Ausgrid has an annual procurement spend of ~$700 million. This large amount of goods and services we purchase, and the long lifespan of materials used in our network infrastructure, means that the decisions we make now will have an impact for many years. Embracing circular economy principles can reduce embodied and ongoing greenhouse gas emissions, reduce waste, and improve the overall sustainability of the products we buy and use. We are working on adopting circular economy principles to deliver on Ausgrid's vision.

How we manage circular economy

Ausgrid is at the start of its journey on circular economy. We have always been mindful of reducing waste, and our Environmental Management System guides our waste management with procedures such as our Environmental Code of Conduct, Waste Guidelines and Environmental Handbook. Ausgrid's new emissions reduction targets, including its supply chain scope 3 emissions, have opened an increased dialogue with our suppliers on a broader range of social impact topics such as greenhouse gas emissions and human rights. More information about this can be found in this report's 'Valued people' section.

Our approach is that circular economy should not just include the management of waste products by reducing, recycling and re-using;

it should also start with the engagement of our suppliers to identify products and innovations that can provide environmental and social benefits in their creation, ongoing use, and then their disposal or repurposing.

Our procurement teams, as part of their tender processes, seek ESG-related information on human rights, health and safety, quality, cost, maintenance and durability, and we wish to extend this to include the emissions footprint in the creation of the goods or services and indicators on the suppliers' social performance. We will be examining how we can increase our engagement with suppliers in a meaningful way so that we can identify the impact of the goods and services we buy for their whole-of-life creation, use, and end-of-life.

With our recognition that the circular economy is still new to our business, we will develop our roadmap and approach to addressing this topic meaningfully.

PERFORMANCE HIGHLIGHTS

19%
(480 tonnes) of solid waste generated was diverted from landfill[14]

24%
(684 tonnes) of all waste streams generated was recovered for re-use, recycling or energy use[14]

>19,000t
of waste avoided by recycling surplus or redundant equipment

14 Data is limited to waste disposed of via Ausgrid's main waste contractor.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   **DELIVERING NET ZERO**   DATA TABLES

Energy transition | Circular economy

Circular economy (continued)

iPads given new life

Ausgrid refurbished more than 250 iPads and sourced new chargers with the help of our ICT business partners, who supplied professional services and equipment. The iPads were donated to groups that work with culturally and linguistically diverse communities and people experiencing vulnerabilities.

What we did this year

Making business recycling easy through a new waste app

Ausgrid developed a new user-friendly app allowing people to search for all common business waste. The app provides details about where and how the waste should be recycled or disposed of, any licensing requirements, and links to processes and forms required as part of the process.

Embracing circular economy with our accommodation strategy

Ausgrid's We're Making Moves accommodation strategy will come into effect from 2024 when we retire old sites and refurbish and build purpose-designed new ones. In FY23, we established a framework for a circular economy in managing surplus furniture and equipment by using third parties to reuse and recycle. The new furniture being procured is also GreenStar certified.

Savings through recovered kiosks

We have a Recovered Kiosk Program that involves refurbishing and reusing kiosk substations in planned network projects. These kiosks are either ex-distribution substations or high-voltage customer connections. In FY23, Ausgrid commissioned 15 recovered kiosks, which have resulted in estimated savings of over $1 million. The program also provides a hold for emergency spares and relieves COVID-19 supply chain issues. There are now 38 recovered kiosks in stock as part of this program, with over $3 million material savings.

Nitrile gloves supporting wildlife rescue

In FY23, over 600 packs of nitrile gloves were donated to the Animal Rescue Cooperative as part of our stock management. These gloves were used for animal and wildlife rescue packs. By donating, we extended the life of these goods and provided valuable assistance to our community by helping sick and injured animals.

Re-using green waste from tree trimming

Ausgrid maintains vegetation along power lines and access tracks to meet minimum legislated clearances to ensure public safety, minimise bushfire risk, provide reliable electricity supply, and enable the safe maintenance and operation of the network. In FY23, more than 16,500 tonnes of green waste was mulched, re-used, or donated to local Councils, environmental groups, bush regeneration programs, schools, residents and landscape suppliers.

Ensuring our network power poles continue to add value

In FY23, 1,070 scrap timber poles from our network were recycled. Ausgrid partners with a recycling business to repurpose the poles to minimise the number ending up in landfill. The recovered timber has a wide range of applications, including use in landscaping, fencing and horse arenas; and was transformed into stools, flooring, decking, cladding and benchtops.

Reintegrating retired transformers and switchgear into production

Our environmental business partner supports Ausgrid to manage the repurposing of scrap transformers and switchgear. The metal in the core and coil of equipment is melted down and reused in manufacturing new transformers. By facilitating this process, Ausgrid ensures all components from the scrap transformers and switchgear find their way back into the industry. In FY23, ~729 tonnes of Ausgrid's network equipment were recycled.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   **DATA TABLES**

Data tables

Ausgrid's ADMS–enabled Sydney Control Room.

Ausgrid workforce

Workforce (Headcount)

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Total	Number	**2,909**	2,836	2,750	3,052	3,493	3,716	3,841

Includes Ausgrid and Emerging Energy Solutions employees under the Enterprise Agreement or individual contract. Excludes PLUS ES, labour hire and contractors.

Prior to FY23, labour hire was included.

Workforce demographics (Headcount)

	Unit	FY23			FY22			FY21			FY20			FY19			FY18			FY17		
Prior to FY23, labour hire was not included		**Female**	**Male**	**Total**	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employee information																						
Employees	Number	**512**	**2,397**	**2,909**	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	%	**18**	**82**	**100**	17	83	100	16	84	100	17	83	100	16	84	100	16	84	100	16	84	100
Employees by employment type, gender and region																						
Full-time	%	**15.5**	**81.9**	**97.4**	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
Hunter/Central Coast	Number	**161**	**781**	**942**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sydney	Number	**288**	**1,601**	**1,889**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Victoria	Number	**1**	**1**	**2**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Part-time	%	**2.1**	**0.5**	**2.6**	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
Hunter/Central Coast	Number	**33**	**6**	**39**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sydney	Number	**29**	**8**	**37**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Victoria	Number	**0**	**0**	**0**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Non-guaranteed hours (no fixed or minimum hours, but available as needed)	%	**0**	**0**	**0**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Hunter/Central Coast	Number	**0**	**0**	**0**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sydney	Number	**0**	**0**	**0**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Victoria	Number	**0**	**0**	**0**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	%	**17.6**	**82.4**	**100**	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

Ausgrid workforce (continued)

	Unit	FY23			FY22			FY21			FY20			FY19			FY18			FY17		
		Female	**Male**	**Total**	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employment permanency																						
Permanent (indefinite contracts)	%	**15.7**	**78.3**	**94.0**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Hunter/Central Coast	Number	**178**	**758**	**936**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sydney	Number	**278**	**1,519**	**1,797**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Victoria	Number	**1**	**1**	**2**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Temporary (contract for fixed term)	%	**1.9**	**4.1**	**6.0**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Hunter/Central Coast	Number	**16**	**29**	**45**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sydney	Number	**39**	**90**	**129**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Victoria	Number	**0**	**0**	**0**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Gender diversity																						
Executive General Managers	Number	**2**	**8**	**10**	2	8	10	3	8	11	2	10	12	2	9	11	2	9	11	3	6	9
Heads of		**8**	**34**	**42**																		
Managers	Number	**34**	**110**	**144**	38	142	180	32	141	173	30	147	177	35	149	184	30	147	177	37	139	176
Supervisors	Number	**36**	**204**	**240**	30	211	241	28	198	226	40	216	256	38	272	310	36	265	301	39	236	275
Non-managers	Number	**432**	**2,041**	**2,473**	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	Number	**512**	**2,397**	**2,909**	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	Number	**92**	**186**	**278**	77	151	228	37	61	98	71	75	146	59	55	114	50	127	177	16	37	53
Internal Appointments	Number	**72**	**375**	**447**	23	162	185	39	173	212	36	204	240	32	123	155	125	276	401	122	393	515
Parental leave by gender																						
Parental leave by gender	Number	**31**	**168**	**199**	33	182	215	31	179	210	50	220	270	39	211	250	44	219	263	45	201	246

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   **DATA TABLES**

Ausgrid workforce (continued)

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Employee age groups								
16–24	%	**2**	1	1	1	1	1	2
25–34	%	**13**	15	17	19	19	21	22
35–44	%	**35**	36	36	35	34	33	32
45–54	%	**33**	32	31	30	29	29	29
55–64	%	**16**	15	14	14	16	15	14
65+	%	**1**	1	1	1	1	1	1
Employee tenure								
<1 year	%	**8**	7	3	5	3	4	1
1–2 years	%	**6**	3	4	2	4	1	1
2–5 years	%	**6**	8	6	5	2	2	3
5–10 years	%	**4**	3	5	10	15	21	27
10–20 years	%	**51**	56	60	57	55	51	47
20+ years	%	**24**	23	21	20	21	20	20
Employee other								
Redundancies	Number	**7**	10	187	449	209	282	239
Attrition rate excluding redundancies	%	**5.4**	4.7	3.3	3.6	2.6	2.1	2.4
Employment arrangements								
Employees on Enterprise Agreement	%	**92.3**	92	93	94	95	96	93
Employees not on Enterprise Agreement	%	**7.7**	8	7	6	5	4	7
Indigenous employees								
Number of First Nations employees (voluntarily self–identified)	Number	**51**	42	45	50	61	24	30
Employees with a disability								
Number of employees with a disability (voluntarily self–identified)	Number	**25**	25	27	35	41	47	53

Ausgrid workforce (continued)

Contractors and labour hire

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Labour hire (headcount)	Number	49	–	–	–	–	–	–
Contractors (headcount)	Number	1,308	–	–	–	–	–	–
Headcount total		**1,357**	–	–	–	–	–	–
Labour hire (FTE)	Number	49	–	–	–	–	–	–
Contractors (FTE)	Number	**Not available**	–	–	–	–	–	–
FTE total	Number	**49**	–	–	–	–	–	–

- New data added from FY23 to support new GRI requirements including employees by region, non-guaranteed hours, permanency and contractors.

- Contractors are those that are employed by another party and have IT system access and/or a premises access pass.

- Labour hire are contractors employed via an agency.

FY23 Executive Leadership Team

CEO	Marc England
Chief Financial Officer	Michael Bradburn
General Counsel and Company Secretary	Nigel Lowry
Chief Customer Officer	Rob Amplett Lewis
Executive General Manager People	Celina Cross
Executive General Manager Asset Management	Junayd Hollis
Executive General Manager Network Delivery Services	Kelly Wood
Executive General Manager Field Operations	Sam Sofi
Executive General Manager Health and Safety	Paul Jones
Executive General Manager Emerging Energy Solutions	Jason Clark

Ausgrid energy and emissions

Emissions

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Greenhouse gas emissions								
Total carbon emissions (scope 1 and 2)	tCO_2-e	**666,910**	748,185	803,282	811,237	846,358	917,310	921,693
Total carbon emissions (scope 1, 2 and 3)	tCO_2-e	**1,035,909**	834,433	899,063	914,279	959,125	1,033,714	1,037,443
		Uses FY21 GHG protocol scope 3 emissions						
Carbon footprint scope 1								
Carbon footprint scope 1	tCO_2-e	**10,827**	22,263	22,438	21,950	22,855	21,958	23,047
Carbon footprint scope 1 component parts								
Stationary energy use	tCO_2-e	**164**	227	218	180	415	396	335
Transport energy use	tCO_2-e	**8,290**	7,921	8,343	8,621	9,409	8,614	10,474
Sulphur Hexafluoride (SF_6)	tCO_2-e	**2,305**	14,049	13,804	13,088	12,987	12,829	12,068
Other	tCO_2-e	**67**	66	73	61	44	119	170
Carbon footprint scope 2								
Carbon footprint scope 2	tCO_2-e	**656,083**	725,921	780,844	789,287	823,503	895,352	898,646
Carbon footprint scope 2 component parts								
Property electricity emissions	tCO_2-e	**9,156**	10,159	10,444	10,741	14,937	17,449	19,241
Line losses during distribution of electricity on our network	tCO_2-e	**646,927**	715,762	770,400	778,546	808,566	877,903	879,405
Average line losses on our network	%	**3.5**	3.6	3.7	3.7	3.7	4.0	3.9
Carbon footprint scope 3								
Carbon footprint scope 3 – Total GHG protocol categories	tCO_2-e	**Not available**	Not available	368,999	–	–	–	–

Ausgrid energy and emissions (continued)

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Carbon footprint scope 3 GHG protocol categories								
Category 1: Purchased goods and services	tCO_2-e	–	–	16,147	–	–	–	–
Category 2: Capital goods	tCO_2-e	–	–	188,478	–	–	–	–
Category 3: Fuel and energy related	tCO_2-e	–	–	158,450	–	–	–	–
Category 4: Upstream transport	tCO_2-e	–	–	–	Not material	–	–	–
Category 5: Waste	tCO_2-e	**1,552**	1,160	4,039	–	–	–	–
Category 6: Business travel	tCO_2-e	**474**	142	110	–	–	–	–
Category 7: Employee commuting	tCO_2-e	–	–	1,775	–	–	–	–
Category 8: Upstream leased assets	tCO_2-e	–	–	–	Not relevant	–	–	–
Category 9: Downstream transport	tCO_2-e	–	–	–	Not relevant	–	–	–
Category 10: Processing of sold products	tCO_2-e	–	–	–	Not relevant	–	–	–
Category 11: Use of sold products	tCO_2-e	–	–	–	Not relevant	–	–	–
Category 12: End-of-life treatment of sold products	tCO_2-e	–	–	–	Not relevant	–	–	–
Category 13: Downstream leased assets	tCO_2-e	–	–	–	Not relevant	–	–	–
Category 14: Franchises	tCO_2-e	–	–	–	Not relevant	–	–	–
Category 15: Investments	tCO_2-e	–	–	–	Not relevant	–	–	–
Categories total		**Not available**	–	368,999	–	–	–	–

Note: FY21 scope 3 baseline calculated and submitted to Science Based Targets initiative in FY22 and baselined to FY21. FY23 scope 3 emissions categories are undergoing review and process improvements and not yet available. Total includes PLUS ES.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   DATA TABLES

Ausgrid energy and emissions (continued)

Energy use and efficiency

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Energy consumed								
Energy use (scope 1 and 2)	GJ	**3,361,037**	3,429,254	3,598,012	3,637,838	3,759,806	4,024,722	4,019,237
Percentage reduction in scope 1 and 2 emissions from FY20								
Percentage reduction in scope 1 and 2 emissions from FY20	%	**−17.8**	−7.8	−1.0	–	–	–	–

Power generation and production

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Renewable energy generated for our use								
Solar	kWh	**2,990,109**	1,861,768	1,799,233	2,029,191	843,571	26,503	26,503

· From FY20, Ausgrid NGER reporting excluded PLUS ES data which can be up to 4% of (fleet, property, waste, business travel) emissions and energy, and water totals. PLUS ES was formed in FY18. FY18 and FY19 data has been similarly adjusted to exclude PLUS ES energy, emissions, waste, water and business travel.

· Due to data disruptions for solar generation, the reported number was completed from statistical modelling in FY21 and FY22.

Ausgrid environment

Waste

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Waste types								
Solid waste	tonnes	**2,524**	2,251	2,171	2,177	3,054	3,993	4,186
Liquid waste	kL	**204**	227	262	198	202	205	166
Hazardous waste	tonnes	**87**	60	62	64	82	145	91
Recycling and recovery								
Solid waste diverted from landfill (%)	%	**19**	22	–	–	–	–	–
Waste recovery – re-used/recycled/energy use (%)	%	**24**	27	–	–	–	–	–

Water

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Potable water								
Potable water used	kL	**51,545**	52,684	53,646	166,850	186,948	99,439	136,129
Captured/self sourced water								
Captured/self sourced water	kL	**72,453**	72,643	72,216	68,400	46,080	46,080	48,000
Water discharged								
Water treated and discharged	kL	**70,285**	70,365	66,184	66,235	68,456	76,000	76,268

Environmental Management Systems

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Environmental management system certification coverage	%	**100**	100	100	100	100	100	100

Ausgrid environment (continued)

Environmental compliance

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Legal action								
Prosecutions	Number	**0**	0	0	0	0	0	0
Other non-compliances								
Licence breaches	Number	**0**	0	0	0	0	0	0
Reportable pollution incidents	Number	**1**	2	6	6	3	2	9
Written warnings or infringement notices	Number	**0**	0	0	1	0	0	0

· Waste emissions are based on data from our current key waste contractor who took over Ausgrid's entire network area in April 2018 and their emissions data was only available for part of FY17, which accounts for the lower values for FY17 and FY18 compared to the waste volumes (includes entire disposal data for the FY17/FY18 period).

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

· Waste data has been adjusted to better reflect waste categories and minor rounding/apportioning errors.

Ausgrid power supplied

Power supplied

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Power supplied								
Power supplied to residential customers	GWh	**8,589**	8,818	8,597	8,640	8,623	8,494	8,738
Power supplied to business customers	GWh	**15,977**	15,417	15,860	16,294	16,801	16,892	16,931
Total Power sold	GWh	**24,566**	24,235	24,457	24,934	25,424	25,386	25,669
Number of customers								
Residential customers (households)	Average customer numbers	**1,607,474**	1,598,223	1,590,154	1,578,910	1,564,021	1,545,428	1,524,732
Business customers	Average customer numbers	**185,668**	184,829	184,050	183,169	182,253	181,866	182,182
Total number of customers	Average customer numbers	**1,793,142**	1,783,052	1,774,204	1,762,079	1,746,274	1,727,294	1,706,914
Tariffs								
New and existing residential and business customer transfers to demand tariffs	Number	**75,585**	56,587	–	–	–	–	–
Total residential and business customers on demand tariffs	Number	**240,250**	164,665	–	–	–	–	–
Share of residential and business customers on demand tariffs	%	**13%**	9%	–	–	–	–	–
Reliability								
System Average Interruption Duration Index (SAIDI)	Average time that a customer is without electricity in minutes	**59.62**	74.8	70.7	92.2	74.7	69.4	79.0
System Average Interruption Frequency Index (SAIFI)	Average number of service interruptions to each customer	**0.52**	0.61	0.56	0.68	0.66	0.68	0.71
Power prices								
Network charge – average residential customer revenue	$/year nominal [15]	**$559.30**	$574.77	$558.20	$546.68	$640.47	$643.89	$666.86

15 Based on 5,000 kWh per annum on a flat tariff structure. Excludes metering changes and controlled load usage. Excludes GST. Includes Ausgrid distribution charges, transmission charges and NSW Government Climate Change Fund costs.

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YEAR IN REVIEW   OUR BUSINESS   THRIVING COMMUNITIES   VALUED PEOPLE   OPTIMISED ASSETS AND OPERATIONS   DELIVERING NET ZERO   **DATA TABLES**

Ausgrid power supplied (continued)

Electric vehicle (EV) infrastructure

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Public EV charging stations on Ausgrid assets (does not include other EV chargers in our network area)								
Charging stations on Ausgrid assets (JOLT and EVX partnership)	Number	27	14	–	–	–	–	–
Total electricity delivered (JOLT and EVX partnership)	MWh	392.0	45.4	–	–	–	–	–
EVs in Ausgrid's network area								
Road–registered passenger vehicles in Ausgrid area that are EV	%	0.8	0.3	0.2	0.1	0.0	0.0	0.0

Community batteries

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Community batteries owned by Ausgrid (does not include other batteries in our network area)								
Community batteries owned by Ausgrid	Number	3	3	–	–	–	–	–
Total storage of Ausgrid owned community batteries	kWh	1,159	1,159	–	–	–	–	–

Stand Alone Power Systems (SAPS)

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
SAPS owned by Ausgrid (does not include other SAPS in our network area)								
Installed and commissioned by Ausgrid	Number	3	–	–	–	–	–	–
Electricity generated by Ausgrid SAPS	kWh	9,550	–	–	–	–	–	–

Streetlights

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Percentage owned by Ausgrid converted to LED	%	75	57	48	35	26	16	–
Number of Ausgrid owned streetlights	Number	258,541	257,155	256,058	255,160	259,928	258,742	–

Customer solar connections

Customer owned solar connections in our network

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Network customers with solar connection								
Residential customers	%	13.9	12.3	10.8	8.9	7.7	6.8	6.2
Total customers	%	12.9	11.5	10.1	8.4	7.2	6.3	5.7
Total capacity installed								
Residential customers	MW	1,270	1,030	831	590	441	346	289
Total customers	MW	1,510	1,283	1,038	765	576	449	367
Average size of PV system								
Residential customers	kW	5.7	5.2	4.8	4.2	3.7	3.3	3.1
Total customers	kW	6.6	6.3	5.8	5.2	4.6	4.1	3.7

Ausgrid customer experience

Customer experience

	Unit	FY23	FY22	FY21	FY20
Customer service					
Complaints resolved within 20 days	%	**89**	89	77	–
Outage and emergency calls answered within 30 seconds	%	**87.5**	87	89.91	85.4
Contact Centre first contact resolution	%	**91.6**	92.5	90.1	–
Energy and Water Ombudsman NSW complaints	Number	**131**	133	175	220
Reputation					
RepTrak stakeholder score	Number	**83.6**	74.6	73.4	–

Ausgrid health and safety

Data includes Ausgrid and PLUS ES employees and contractors.

Safety

	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Managing personal safety								
Total recordable injury frequency rate (TRIFR)	Number	2.9	4.4	5.4	6.5	7.4	13.6	15.8
Lost time injury frequency rate (LTIFR)	Number	1.3	1.5	1.0	1.2	1.7	1.9	2.8
Employee fatalities	Number	0	0	0	0	1	0	0

Employee health

Injury	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
All injuries (including First Aid and No Treatment)	Number	218	206	191	232	290	279	328
Manual handling injuries (all injuries)	Number	69	91	81	93	111	112	100
Total recordable injuries	Number	24	34	42	54	71	102	118
Lost time injuries	Number	11	12	8	10	16	14	21
Preventative								
AEDs owned (automated external defibrillator)	Number	1,047	1,047	1,047	1,052	1,052	85	85
Mental Health First Aid trainers	Number	102	95	102	102	112	78	70
Health checks (voluntary)	Number	0	0	0	0	640	0	589
Medical and functional checks	Number	1,111	1,600	1,100	1,500	–	–	–
Vaccinations – influenza (voluntary)	Number	782	828	1,142	1,682	1,609	1,493	1,191

Community health and safety

Public safety	Unit	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Electrical Safety Week – primary schools (in our catchment area) participation	%	93	89	94	92	92	92	95
Electrical Safety Week – primary schools (in our catchment area) participation	Number	806	766	805	789	782	813	812
Incidents								
Third party motor vehicle pole collisions	Number	496	456	465	503	491	439	441
Third party motor vehicle pillar kiosk collisions	Number	94	105	83	107	97	71	47
Third party contact with overhead assets	Number	357	336	326	319	374	351	211
Third party contact with underground assets	Number	69	88	91	99	128	142	99

Ausgrid

connecting communities,
empowering lives

Ausgrid Corporate Governance – Detailed Overview

Ausgrid

Contents

1. Introduction

This detailed overview describes our approach to corporate governance. Our approach to corporate governance is designed to ensure that Ausgrid is effectively managed and that its statutory obligations are met through a culture that is continuously aligned with and lives our values.

The Ausgrid Board **(Board)** assumes overall responsibility for Ausgrid's corporate governance, overseeing the performance of the organisation, our management, employees and the interests of our shareholders and stakeholders.

Underpinning our approach to corporate governance are strong risk management principles and our Code of Conduct which helps ensure we consistently live our values.

1.1 Ausgrid ownership

Ausgrid is a private partnership (non-listed) that is jointly owned by IFM Investors (25.2%), APG Asset Management Group (16.8%), AustralianSuper (8.4%) and the State of New South Wales (NSW) (49.6%) under a long-term lease.

AustralianSuper

Australia's largest super fund. It is one of Australia's biggest infrastructure investors, with an expansive portfolio of Australian infrastructure assets. This includes direct investments in Ausgrid, WestConnex, Australia Tower Network and Axicom, Sydney Airport and Moorebank Logistics Park.

IFM Investors

A leader in infrastructure investing on behalf of institutional investors globally, with a 25-year track record. IFM Investors manages a significant amount of infrastructure investments on behalf of an array of institutional investors. This includes Ausgrid, Atlas Arteria Group, Sydney Airport, Melbourne Airport, Brisbane Airport and NSW Ports.

APG Asset Management Group

One of the largest asset management groups in the world, managing a significant amount of assets for their funds. APG Asset Management Group has a strong presence in Australia including investments in the infrastructure and real estate space including EastLink, Lendlease International Towers Sydney Trust and the Lendlease Retirement Living business. It is committed to long term sustainable investments.
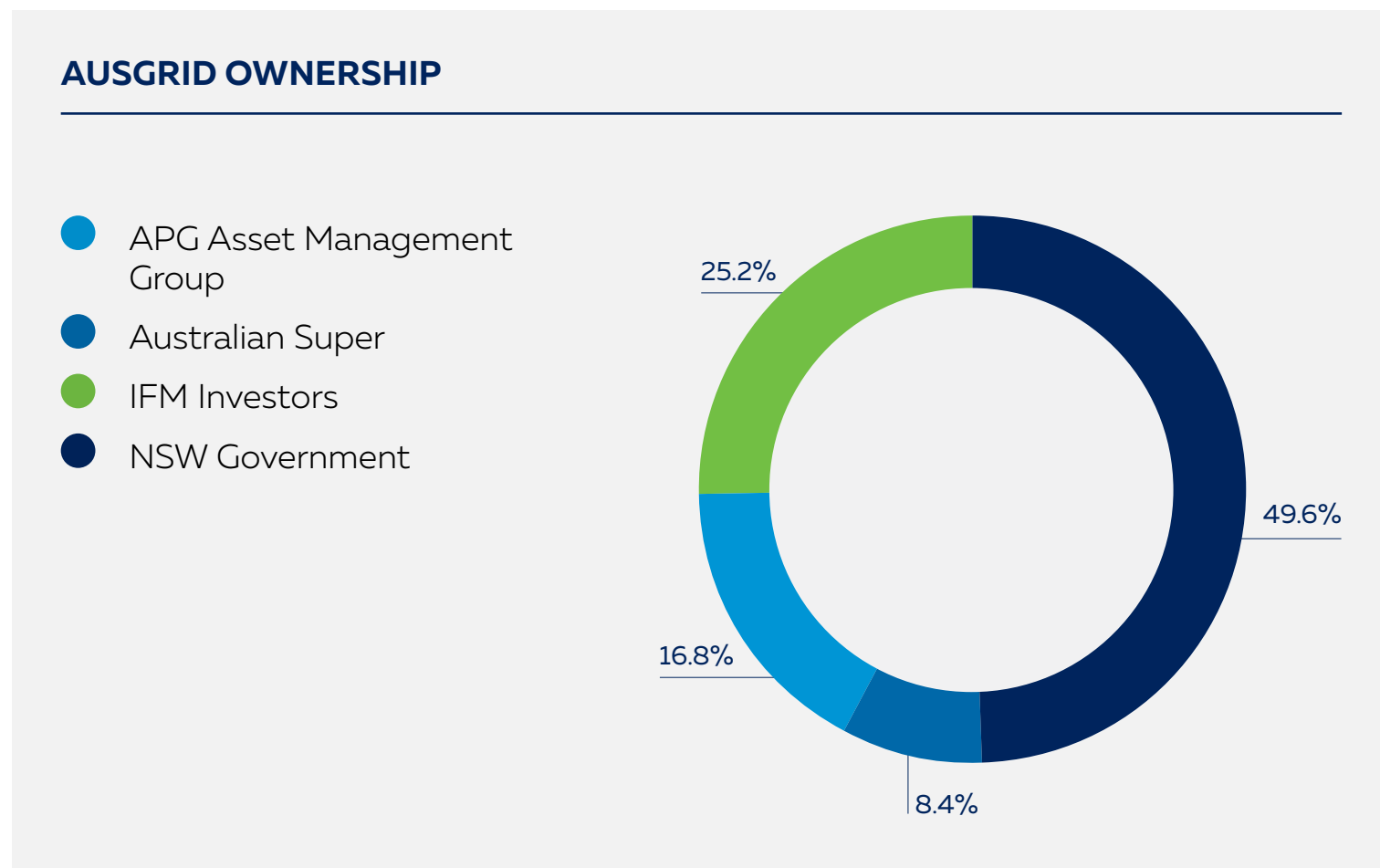
1.2 Purpose, Vision & Values

Purpose
Connecting communities, empowering lives

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

Values

Work safe, live safe

Customer focused

Commercially minded

Collaborative

Honest and accountable

Respect

AUSGRID OWNERSHIP

- APG Asset Management Group
- Australian Super
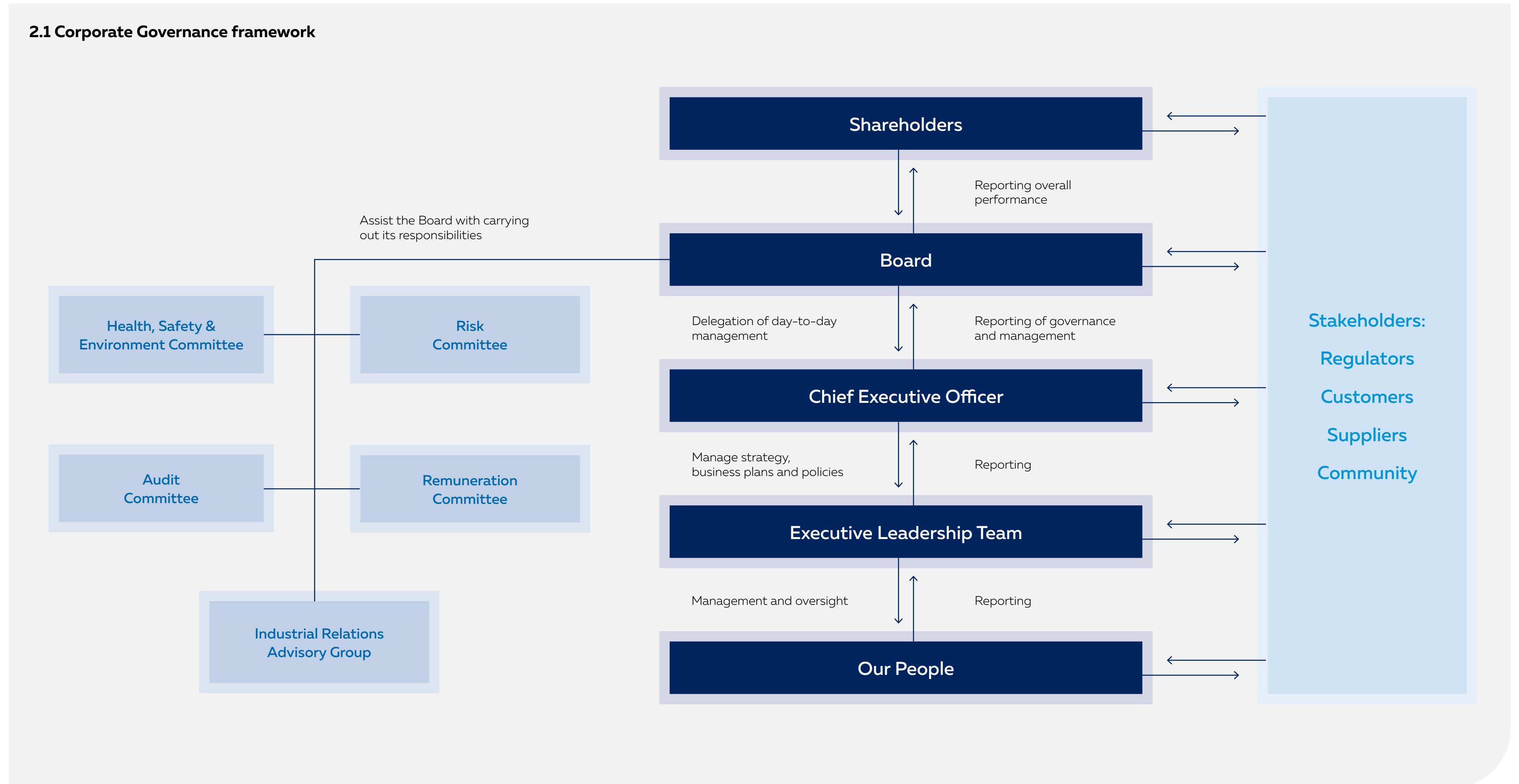- IFM Investors
- NSW Government

25.2%

49.6%

16.8%

8.4%

2. Corporate governance framework

Ausgrid's corporate governance framework ensures that risk is effectively managed, statutory obligations are met, and our people and culture are nurtured. This supports us to live our values and work safely and responsibly to deliver on our vision.

2.1 Corporate Governance framework

Shareholders

Reporting overall performance

Assist the Board with carrying out its responsibilities

Board

Health, Safety & Environment Committee

Risk Committee

Delegation of day-to-day management

Reporting of governance and management

Chief Executive Officer

Audit Committee

Remuneration Committee

Manage strategy, business plans and policies

Reporting

Executive Leadership Team

Management and oversight

Reporting

Industrial Relations Advisory Group

Our People

Stakeholders:

Regulators

Customers

Suppliers

Community

3. Ausgrid Board and Executive

The Board has overall responsibility for corporate governance, overseeing performance, our management, employees, and the interests of our shareholders and other stakeholders. The Board gives direction and exercises judgment in setting strategy and objectives and oversees implementation by the Executive Leadership Team.

To the extent reasonably possible, the Directors must also strive to serve and balance the interests of employees, customers, suppliers, and the broader community.

The Board reviews its performance annually, with particular attention paid to the extent to which it has met its responsibilities and its effectiveness in focusing on matters of key importance to the organisation.

The Board appoints the Chair upon a recommendation from the Remuneration Committee that co-ordinates the selection process utilising a range of criteria for assessing candidates, including skills and expertise, industry and stakeholder experience, diversity and independence. The Board appoints the members and Chair of each Board Committee.

3.1 Board composition

The Board consists of 10 non-executive members comprising of an independent chair, one director appointed by AustralianSuper, three directors appointed by IFM Investors, two directors appointed by APG Asset Management Group, and three directors appointed by the State of NSW.

A profile of each Board member can be found on the Ausgrid website at https://www.ausgrid.com.au/About-Us/Our-Board.

3.2 Board committees

The Board has established five committees:

· Health, Safety and Environment;
· Risk;
· Audit;
· Remuneration; and
· Industrial Relations Advisory Group.

These committees support the Board in carrying out its responsibilities – with directors appointed to them considering the respective Committee issues in detail. They also support the Board to manage sustainability issues, as appropriate across the Committees. Refer to section 6 for further information on the Board's role in relation to ESG issues.

Senior members of management or expert advisors may be invited to attend Board or committee meetings to present reports on or seek approvals within their areas of responsibility.

3.3 Decision-making

All decisions relating to the operation of Ausgrid are made by or under the authority of the Board. The Board meets at least six times each calendar year, and at least once in every quarter (with additional meetings as the Chair deems appropriate). In general, Board decisions can be made by ordinary majority (and the Board members appointed by AustralianSuper, IFM Investors and APG Asset Management Group comprise an ordinary majority).

3.4 Delegated authority

The Board delegates authority to the Chief Executive Officer **(CEO)** for managing business operations, activities and impacts except for matters reserved solely for the Board, such as CEO appointment, significant organisational structure changes and legal entities, corporate strategy and risk management framework.

In exercising the authority delegated by the Board, the CEO must comply with any directions of the Board, all relevant policies and procedures and any limitations imposed by the law.

The CEO has the authority to sub-delegate functions to an employee, subject to any directions of the Board. This includes appointing specified employees as Attorneys to act for and on behalf of Ausgrid and execute documents and instruments subject to applicable restrictions.

3.5 Executive

Ausgrid's Executive Leadership Team is responsible for day-to-day operations and provides a forum for oversight and endorsement of strategic and operational decisions on significant matters that affect the business. This team monitors performance reporting against a corporate scorecard and the delivery of reform initiatives. It also acts as a review mechanism for matters to be considered by the Board or committees.

Key responsibilities include:

· a corporate planning process with strategies, plans and procedures for financing, resourcing, structuring and direction;
· developing and implementing appropriate control mechanisms to manage risks;
· maintaining an effective organisational structure that clearly assigns responsibility, authority and reporting relationships;
· measuring performance;
· providing regular and reliable reports to the Board, which assist members in monitoring performance against the Board's directions, strategies and policies;
· establishing, maintaining and improving an integrated policies and procedures framework that meets the needs for day-to-day management internally, as well as aligning with any external standards adopted; and
· training in the elements of the corporate governance framework.

A profile on each current Executive member can be found on the Ausgrid website at https://www.ausgrid.com.au/About-Us/Leadership-Team.

4. Risk management

4.1 Risk management framework

Underpinning our approach to corporate governance is a formalised risk management framework with strong risk management principles and our Code of Conduct. Our Risk Committee provides oversight of the risk and compliance management frameworks, monitoring and reporting.

We have adopted a 'three lines of defence' risk management model across the business, which defines the roles and responsibilities of the business and the oversight functions, including the internal audit function.

Our risk management framework facilitates the 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.

We consider a plausible worst-case scenario that could lead to the highest possible risk and identify both the preventative controls to reduce the likelihood of the risk occurring, and mitigation controls to reduce the consequence of the event should it occur.
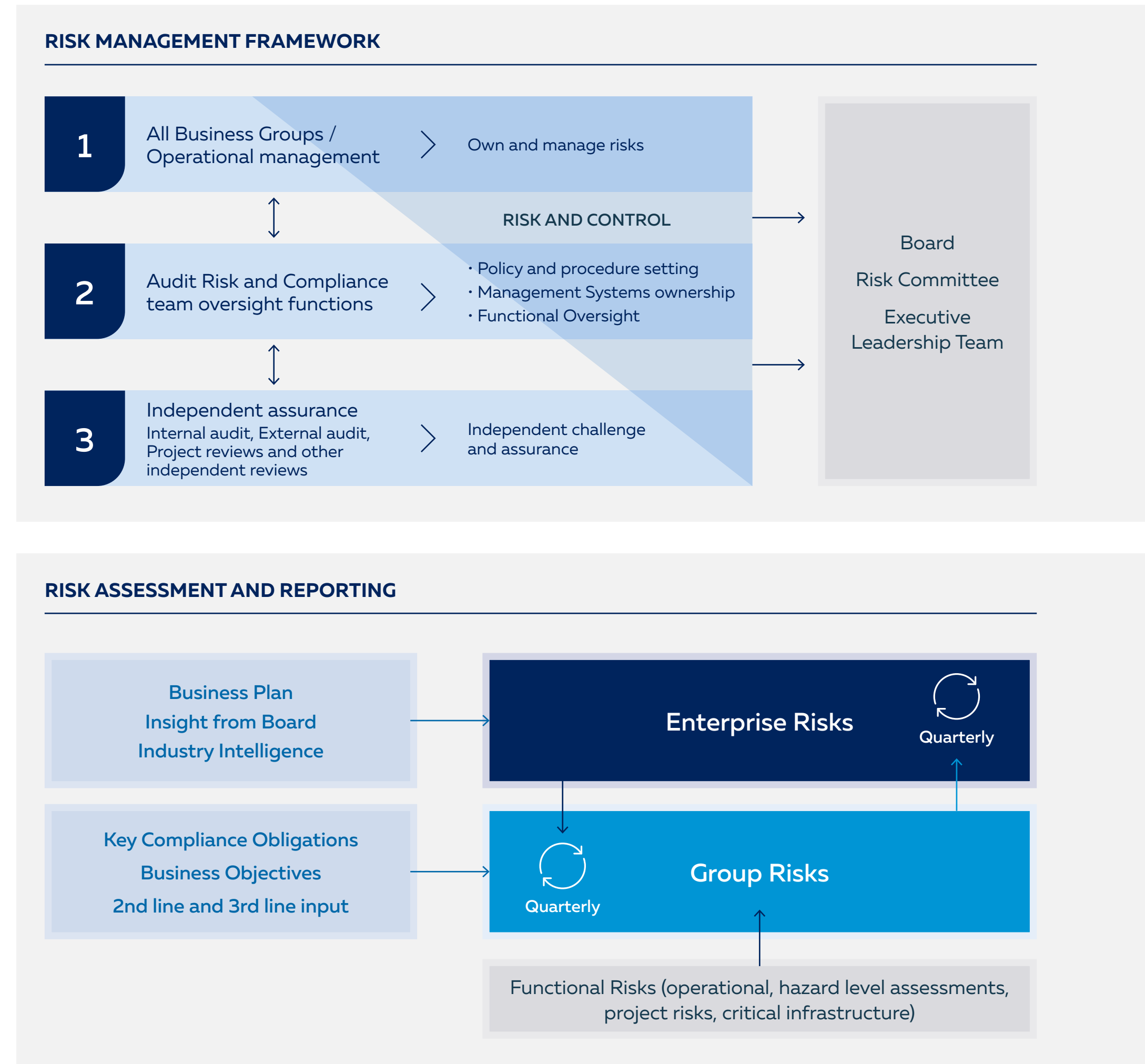
4.2 Risk assessment and reporting

Risks are evaluated to determine those that are acceptable and those that require further treatment. This evaluation considers the context of the risk, emerging risks, risk ratings, effectiveness of controls and the agreed organisational risk appetite. Where the current risk rating is above the 'target risk' rating, risk treatment actions need to be implemented to reduce the risk rating to an acceptable level.

The organisation has adopted a top-down and bottom-up approach to risks.

To ensure new and emerging risks are captured and risk levels are reviewed, we assess our risk registers regularly (at least quarterly and at the start of major projects).

As part of the monitoring and review process, Ausgrid undertakes biannual Signpost Tracking Reviews which include a review of changes occurring in the market, including consumer usage changes, policy and regulation changes and what other energy generators, retailers, transmission and distributors are doing. This process also informs the update of Ausgrid's Business Plan and associated operational strategies. Debrief sessions are held with the risk team, who subsequently update relevant risk registers.

RISK MANAGEMENT FRAMEWORK

1	All Business Groups / Operational management	Own and manage risks
		RISK AND CONTROL
2	Audit Risk and Compliance team oversight functions	· Policy and procedure setting · Management Systems ownership · Functional Oversight
3	Independent assurance Internal audit, External audit, Project reviews and other independent reviews	Independent challenge and assurance

Board

Risk Committee

Executive Leadership Team

RISK ASSESSMENT AND REPORTING

Business Plan
Insight from Board
Industry Intelligence

Enterprise Risks   Quarterly

Key Compliance Obligations
Business Objectives
2nd line and 3rd line input

Quarterly   **Group Risks**

Functional Risks (operational, hazard level assessments, project risks, critical infrastructure)

5. Compliance and culture

5.1 Compliance with laws and regulations

Compliance is an outcome of the organisation meeting its obligations. It is made possible by embedding compliance into our culture, including in the behaviour and attitude of all employees.

All employees must comply with the letter and spirit of applicable obligations, act ethically at all times in the performance of their duties and in their dealings with fellow employees, colleagues, customers and members of the public.

This is supported through the implementation of a Compliance Management Framework, aligned to the International Standard, ISO 37301:2021 Compliance Management Systems – Guidelines.

We require staff to regularly undertake relevant training and induction modules to satisfy requirements relating to knowledge and understanding of relevant laws, regulations and prohibited business practices.

The Risk Committee receives a quarterly report on the compliance performance of the organisation.

5.2 Code of Conduct

The Board, Executive Leadership Team, and employees must adhere to the principles, standards and processes in the Code of Conduct. Procedures are followed for reporting breaches of the Code of Conduct and resolution and disclosure, as required.

Our Code of Conduct is intended to promote a safe, healthy, ethical and productive workplace that we are proud to be a part of, and where we are held in the highest regard. The Code sets out the:

· minimum standards of behaviour that:
   · our customers, suppliers, regulators and stakeholders expect of us;
   · we should expect of each other, and;
· consequences of engaging in behaviour that is not acceptable.

Our Code, together with our Values, guide our decisions and actions, and how we conduct business.

5.3 External Partner Code of Conduct

Ausgrid expects our external partners to drive positive social impact and mitigate negative social impacts to provide the best outcomes for our communities. Our Partner Code outlines our expectations for:

· Human Rights
· Inclusiveness
· Supply chain diversity
· Health and Safety
· Business ethics
· Whistle-blower
· Environmental footprint
· Privacy, confidentiality, and IP

5.4 Conflicts of Interest

Ausgrid's Conflicts of Interest Procedure sets out our process for identifying, disclosing, and managing any conflict of interest that may arise.

This includes requirements for the Board and Executive Leadership Team, who must declare any conflict of interest upon appointment and on an ongoing basis.

Where a conflict of interest is disclosed by the Chief Executive Officer, the Company Secretary will facilitate Board approval of a management plan to manage the disclosed conflict of interest.

5.5 Fraud and corruption prevention

The Board and the organisation expect its employees and service providers to conduct themselves to the highest ethical standards.

We place a high value on maintaining probity in all of our activities and dealings with others and have implemented robust systems and processes to prevent, detect and manage fraudulent or corrupt behaviour, including inappropriate payments and relationships with regulators.

5.6 Whistleblower protection

We have implemented a whistleblower protection program that is an important part of detecting corrupt, illegal or other misconduct as part of upholding the highest safety and ethical standards.

We encourage openness, integrity and accountability to promote and encourage the disclosure of matters involving breach of our Code of Conduct or any improper circumstances relating to the organisation.

Our whistleblower protection program includes a grievance mechanism and also encourages individuals to voice or escalate such concerns in relation to misconduct on a confidential basis, without fear of reprisal, dismissal, discrimination, demotion, harassment or bias.

6. Sustainability management

Ausgrid strives to be a sustainable business, and we are committed to continually improving our performance on all material Environmental, Social, and Governance **(ESG)** 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, and 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.

6.1 Board role in ESG

The Board sets our vision for communities to have the power in a resilient, affordable, net zero future and the supporting business strategy.

Our ESG risks are integrated into our Enterprise Risk Register and managed through ownership by the Executive Leadership Team or relevant Executive(s) (as the case may be) and with oversight by the applicable Board committee and, ultimately, the Board. ESG metrics aligned to key strategic objectives are tracked on a regular basis through a Business Performance Report and frequently reported at Board meetings. Board members are also responsible for approving our ESG materiality assessments following Executive Leadership Team endorsement.

6.2 ESG materiality assessments and reporting

Materiality assessments help organisations identify and prioritise the ESG issues most relevant to their business. Undergoing this process assists us in shaping our sustainability approach and structuring how we report on ESG. Our comprehensive materiality assessments are compliant with the Global Reporting Initiative **(GRI)** and led by external ESG experts, involving:

· Business and current state analysis, complemented by industry trend analysis and peer benchmarking.

· Stakeholder engagement with internal and external subject matter experts and senior leaders.

· Executive Leadership Team and Board validation.

This is followed by an annual refresh in consultation with our Executive Leadership Team to ensure our list of material ESG issues remains current.

Ausgrid's primary ESG disclosure is the annual Sustainability Report, produced in accordance with the GRI. The Sustainability Report outlines Ausgrid's ESG performance and ambitions, in accordance with our strategy, business plan and vision.

Ausgrid produces a suite of other annual disclosures, such as our Carbon Emissions Performance Report, Modern Slavery Statement, and Energy Charter Disclosure Report. ESG incidents are also directly communicated to key stakeholder groups as applicable. This includes our shareholders, investors, the Customer Consultative Committee and its sub-committees, and regulators such as the Independent Pricing and Regulatory Tribunal **(IPART)**, NSW Environmental Protection Authority, and the Australia Energy Regulator **(AER)**.

7. Policy and controls

Ausgrid has policies and procedures that govern our operations, manage our key risks and compliance obligations, and ensure responsible business conduct.

In addition to the key policies and procedures mentioned in previous sections of this document, there are several other corporate governance-related policies and controls.

7.1 Ausgrid policies

The Controlled Document Framework maintains corporate governance and controls to provide a trusted source of accessible, consistent, up-to-date policies, procedures and associated documents.

This framework enables information to be found through a single access point, ensures maintenance, and is integrated with organisational processes and compliant with applicable legislation.

The policies and associated procedures are available to all staff via our intranet. Training and implementation guides are provided when documents are new or refreshed with monitoring and assurance of key controls conducted on a risk basis.

Policies at Board and organisation level are reviewed and refreshed of a risk-based rating or when changes need to be addressed.

Applicable policies and standards are available on the Ausgrid website.

7.2 Audit

Ausgrid undertakes co-sourced internal audit to provide strategic support, advice, and compliance assurance. Ausgrid's financial statements are externally audited.

Our Audit Committee provides oversight of the audit process, assisting the Board to discharge its duties in relation to tax-related risk management, financial reporting, accounting policies, internal controls, the appointment of auditors, and internal and external audit performance.

The Audit Committee reviews and assesses actual or perceived impairment of the independence of the external audit firm, including but not limited to any relationships with any company, partnership or entity that may impair or appear to impair the external audit firm's judgement or independence.

Ausgrid's Board Policy – External Audit Firm Independence, details the requirements for the independence of external audit firms and the engagement of external auditors for audit and non-audit services.

7.3 Cybersecurity and data protection

The need to protect our assets and data from electronic or physical intrusion is highly important to Ausgrid. We invest in cyber and protective security measures to further reduce Ausgrid's risks and access to our systems and premises. Ausgrid makes a significant investment in raising cyber awareness and educating employees.

This has comprised a series of campaigns, information briefs and events, and a competency-based eLearning module that all employees and contractors must complete.

7.4 Transparency

Ausgrid is committed to robust corporate governance, transparency and accountability to regulators, customers and other stakeholders.

We provide significant information to the AER to assist in determining our efficient expenditure allowance that promotes the long-term interest of consumers. Publicly available documentation on the AER website contains information on productivity, costs, revenue, operational expenditure, provisions, our regulatory asset base, operational data, physical assets, quality of service, and our operating environment.

We report to IPART, and the IPART website contains our licence conditions and safety information.

Transparency is upheld through engagement with our Customer Consultative Committee. This committee represents a diverse spectrum of our customer-base, and we proactively share and seek their input on most major business activities.

Ausgrid also seeks to make information about our operations accessible to all interested stakeholders through our website.

7.5 Board and Executive Leadership Team remuneration

The Remuneration Committee and its charter assist the Board to oversee our remuneration processes. This is supported by a Senior Contract Employees Short Term Incentive Plan.

Except for the Chair, Board members do not receive any remuneration from Ausgrid in connection with their role as a Director. The Chair is remunerated in accordance with the terms of appointment, which is comprised of a Fixed Annual Remuneration, including superannuation. There is no Short-Term Incentive Plan **(STIP)**, or Long-Term Incentive Plan **(LTIP)** included in the terms of appointment for the Chair.

Ausgrid's Executive Leadership Team remuneration framework comprises a Fixed Annual Remuneration (FAR) and an at-risk component. FAR includes cash salary, compulsory superannuation contributions and any other salary-sacrificed benefits. The at-risk remuneration component comprises a STIP and a LTIP.

7. Policy and controls (continued)

7.6 Gender pay equity

Ausgrid's recruitment, development, promotion and remuneration decisions are based on performance, capabilities and gender equity. We report annually to the Australian Government's Workplace and Gender Equality Agency on our performance. Our targets include:

· Increasing the number of women in people leader roles to 25% by the end of 2025

· Tripling the number of women in frontline roles by the end of 2025.

Gender diversity is one of the five key diversity pillars of our Diversity and Inclusion Plan. We also have a Gender Diversity Employee Resource Group, which aims to allow employees from across Ausgrid to participate in developing and implementing programs to drive gender diversity and an inclusive workplace.

We annually review the pay gap between genders at Ausgrid.

7.7 Lobbying and political involvement

Ausgrid regularly works with stakeholders and regulators for a better outcome for our customers. We also seek to influence the shape and direction of the energy transition and Ausgrid's role.

However, to avoid the potential for bribery and corruption, the Ausgrid Board Policy – Delegation of Authority to the CEO prohibits donations being made to political parties.

7.8 Membership associations

Ausgrid is an active member of industry associations such as:

· Energy Networks Australia

· Energy and Water Ombudsman NSW

· The Energy Charter

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