United Energy

Sustainability Report

2023




united energy

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About this Report

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

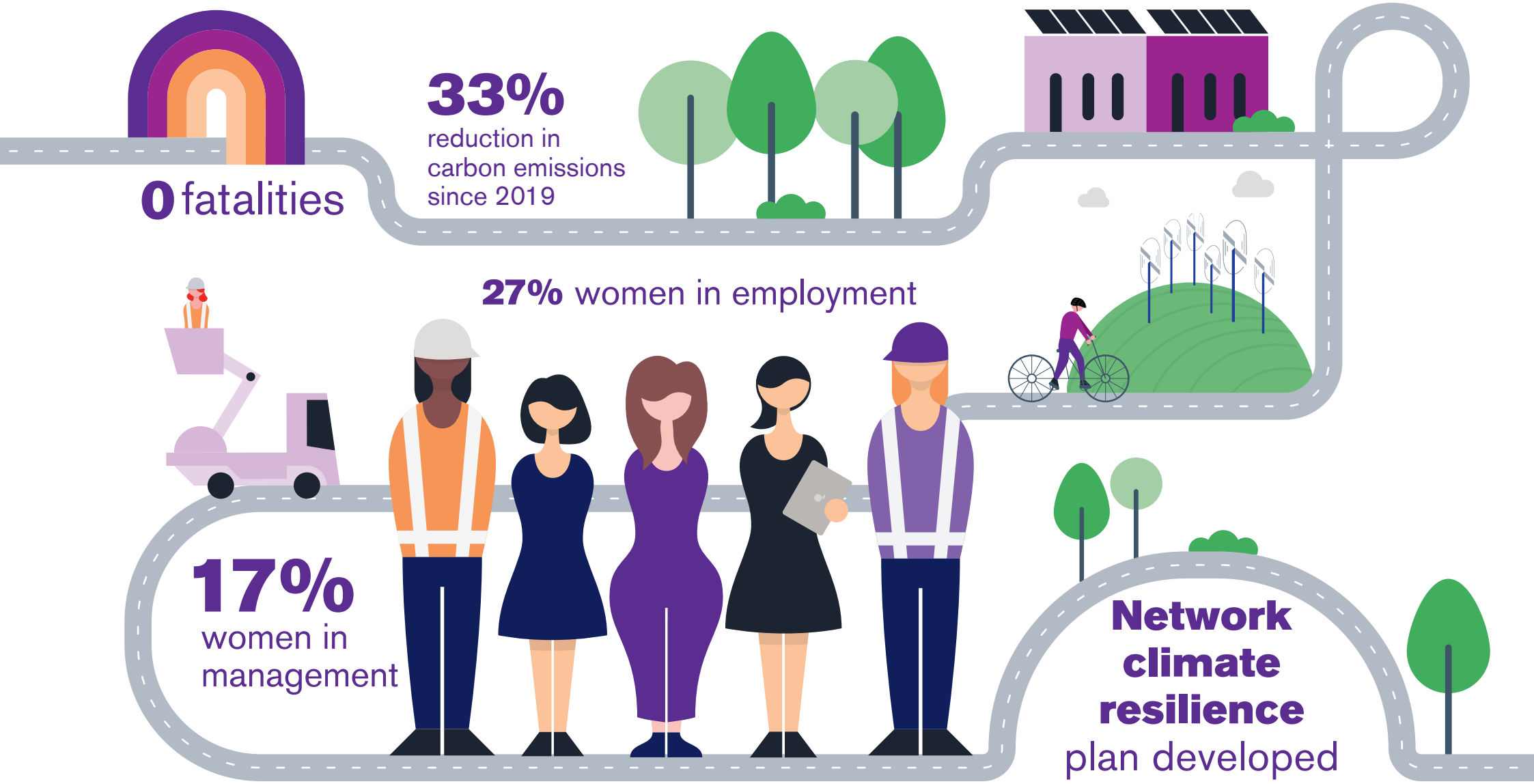
The reporting boundary of our sustainability performance includes all operations in our control in the calendar year 1 January 2023 to 31 December 2023. All financial data is presented in AUD unless otherwise noted. Reference to 'UE', 'the Company', 'we' and 'our' are to United Energy Pty Ltd.

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

Acknowledgment of Country

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

2023 highlights from our sustainability journey



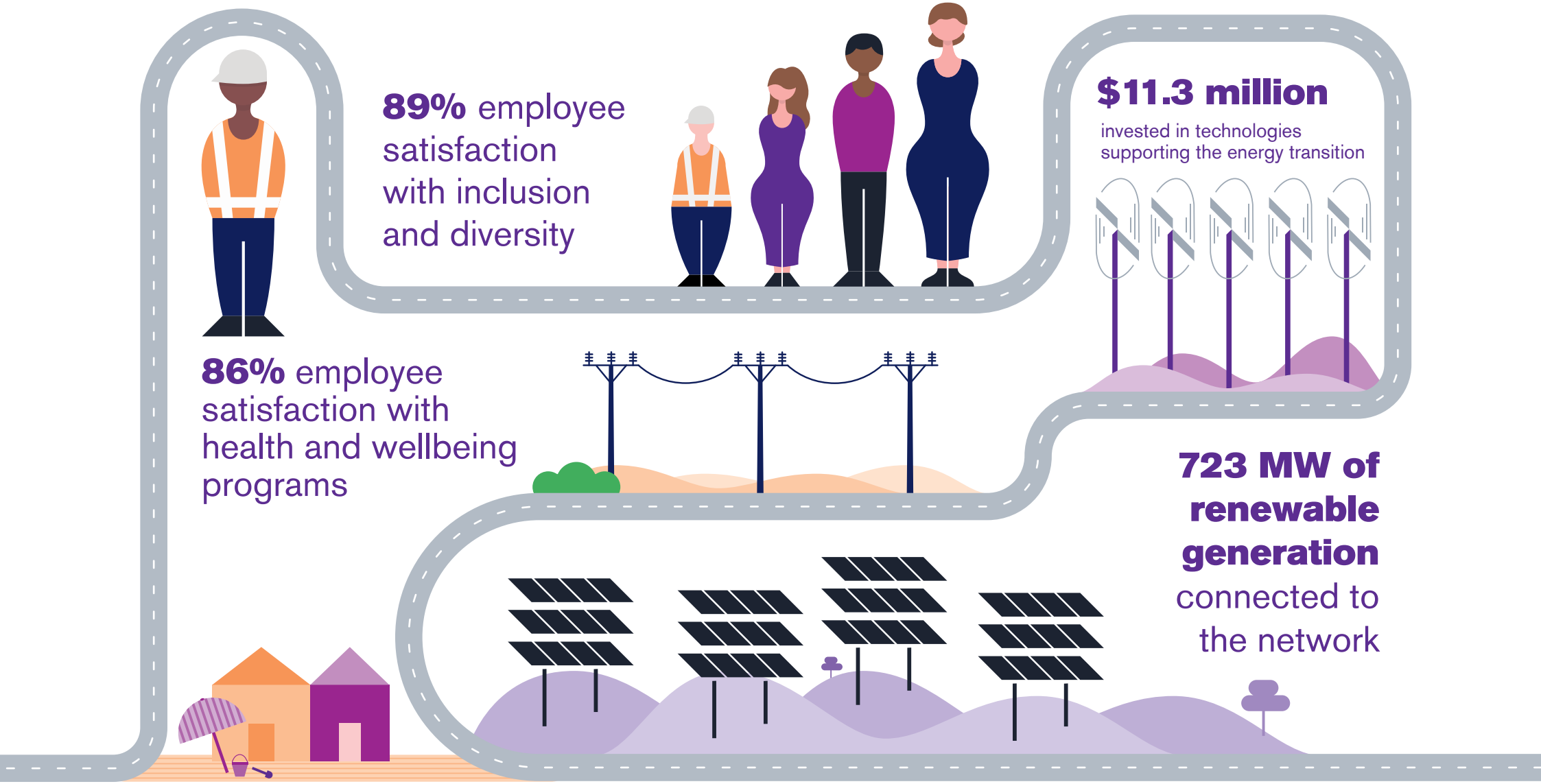
0 fatalities

33%
reduction in carbon emissions since 2019

27% women in employment

17%
women in management

Network climate resilience
plan developed


89% employee satisfaction with inclusion and diversity
$11.3 million
invested in technologies supporting the energy transition
86% employee satisfaction with health and wellbeing programs
723 MW of renewable generation connected to the network

Leadership message



Tim Rourke
Chief Executive Officer



Peter Lowe
Chairman

We are pleased to present United Energy's 2023 Sustainability Report.

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

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

Each year, we work with Zinfra to set a suite of lead and lag health and safety performance criteria that are tracked monthly. In 2023, Zinfra outperformed its HSE index target of 97.5%, achieving a result of 98.5%. This was a 2.8% improvement on their 2022 result of 95.7%.

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

We know that the last year hasn't been easy for many of our customers. We have engaged with urban, commercial and regional customers from across the network to better understand their needs and priorities as we develop our proposal for the 2026-31 regulatory period. Energy affordability and equity were the standout issues, with these insights reinforcing our continued focus on delivering safe, reliable and affordable energy to the 715,652 Victorian homes and businesses we service.

We pride ourselves on representing value for money. Our network is one of the most affordable in the National Electricity Market with the current typical residential network charge sitting at $432 per annum. In comparison, the New South Wales distributors charge households an average of $624 annually, a 44% increase on United Energy's current fees. We want to ensure no one is left behind as the energy transition progresses.

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

This year, we are pleased to announce a 33% reduction in Scope 1 and 2 emissions, with the network tracking ahead of our 2030 target of 30%. Meaningful gains have been made to the benefits and options we provide to customers as they connect rooftop solar, electric vehicles and other home energy assets to the network. This was achieved with 723MW of renewable generation directly connected to the network at the end of 2023, including 547MW of residential rooftop solar across 10,293 installations.

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

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

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

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



Tim Rourke
Chief Executive Officer



Peter Lowe
Chairman

About United Energy

United Energy Pty Ltd (UE) is a regulated distribution network service provider, supplying electricity to communities in Melbourne's east and southeast suburbs and the Mornington Peninsula.

While households represent 90% of our approximately 715,500 customers, we also support significant small, commercial and industrial businesses, including the peninsula's popular tourism industry.

Our work is led by a team of highly skilled professionals, based in our corporate office in Mount Waverley. Our people are responsible for network control, engineering and network management, while maintenance and fault response field services are outsourced to Zinfra; a national leader in the utility infrastructure sector. Operational services are delivered from depots in Keysborough, Mornington and Glen Waverley.

The Australian Energy Regulator's (AER) 2023 Annual Benchmarking Report of distribution networks in the National Electricity Market found United Energy to be the second most efficient network. UE is also the second most affordable for customers, based on network charges approved by the AER for the 2023 financial year.

Distribution network regions and business locations



Key facts

Number of employees:	**297**
Number of customers:	**715,652***
Total area serviced:	**1,472 km²***
Length of distribution network:	**13,495 km***
Number of poles in network:	**203,394***
Power distributed:	**7,607 GWh****

* Figures as at June 2023
** July 2022 - June 2023

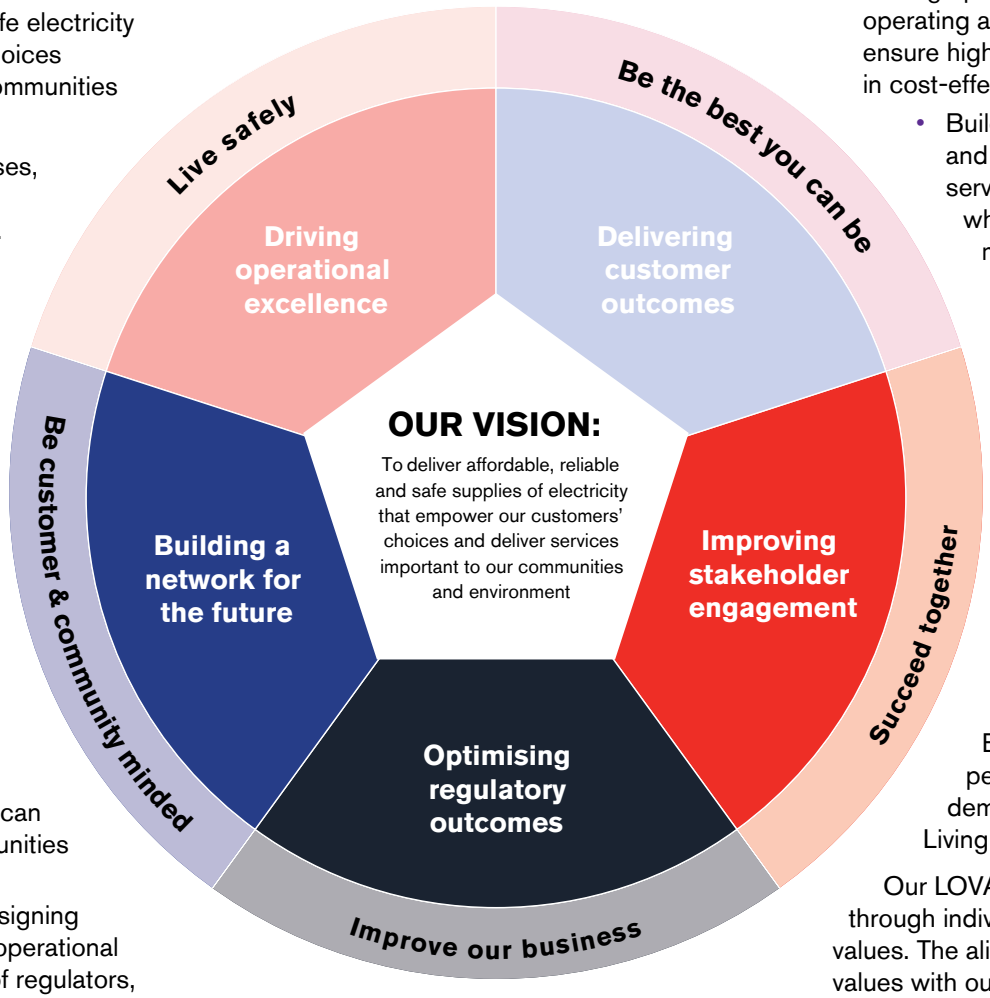
Our vision and values

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

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

Five strategic drivers form the basis of our corporate planning:

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



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

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

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

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

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


united energy
NEVER COMPROMISE
health & safety

Our approach to sustainability

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



Safe and equitable workplaces

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



Environmental and climate resilience

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



Empowering communities

Enabling customer choices for how they generate, store, use and sell energy to support the transition to a clean energy future.



Responsible governance

Sustaining our disciplined, risk-based approach to managing sustainability as part of our corporate governance and regulatory systems.

The framework was approved by the Executive Management Team and endorsed by the UE Board. The implementation of this framework is led by our Head of Health, Safety and Sustainability in collaboration with executives from across the business through the UE Environmental, Social and Governance (ESG) Steering Committee.

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

Materiality assessment

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

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

These inputs included:

- finance sector feedback in relation to developments in the International Sustainability Standards Board (ISSB) Standards
- reports on the supply chain for large scale solar panels, including componentry sources and production process sustainability
- changes to the Security of Critical Infrastructure Act 2018 in light of privacy breaches and cyber attacks reported in Australia
- findings from Customer Advisory Panel events, customer workshops and surveys of community members, consumer advocates and the Victorian Government to support the EDPR
- federal legislative change and regulatory action to incorporate emissions reduction within the National Electricity Objectives
- Victorian and Commonwealth Government consultation on topics associated with the energy transition, including the Australian Energy Regulator (AER) Gamechanger report on vulnerability and state engagement on electrification, system security and network resilience
- results of direct engagement with First Peoples' communities to inform the Reconciliation Action Plan, including feedback received through the First Peoples' Advisory Committee established in 2023
- corporate reporting under the National Strategy to Achieve Gender Equality and Women's Economic Equality Taskforce
- questions received during the year from investors and other interested parties in relation to various sustainability-related topics.

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

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

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

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

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

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

Table 1. Summary of material issues assessment

Focus area	Alignment to UN Sustainable Development Goals	Scale of importance to UE and stakeholders		
		Material	Highly material	Increasingly material
Safe and equitable work places		• Workplace diversity, equity and inclusion	• Workplace safety • Health and wellbeing	
Environmental and climate resilience			• Environmental protection and resource conservation	• Network resilience • Climate change
Empowering communities			• Public safety • Enabling customer energy choices • Electrification and innovation • Energy equity • Respect for First Peoples	
Responsible governance		• Sustainability management and governance • Responsible supply chain • Workplace behaviour and employee conduct		• Financial, risk and corporate governance • Cyber, privacy and data security

Safe and equitable workplaces

Our approach

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

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



Material issues

Workplace safety:

The safety of our people is our highest priority.

Health and wellbeing:

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

Workplace diversity, equity and inclusion:

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

Progress against targets

Fatalities

2026 Target:	0
2023 Performance:	0

Significant (high potential) incidents

2026 Target:	0
2023 Performance:	1

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

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

% Women in employment

2026 Target:	27%
2023 Performance:	27%

% Women in management roles

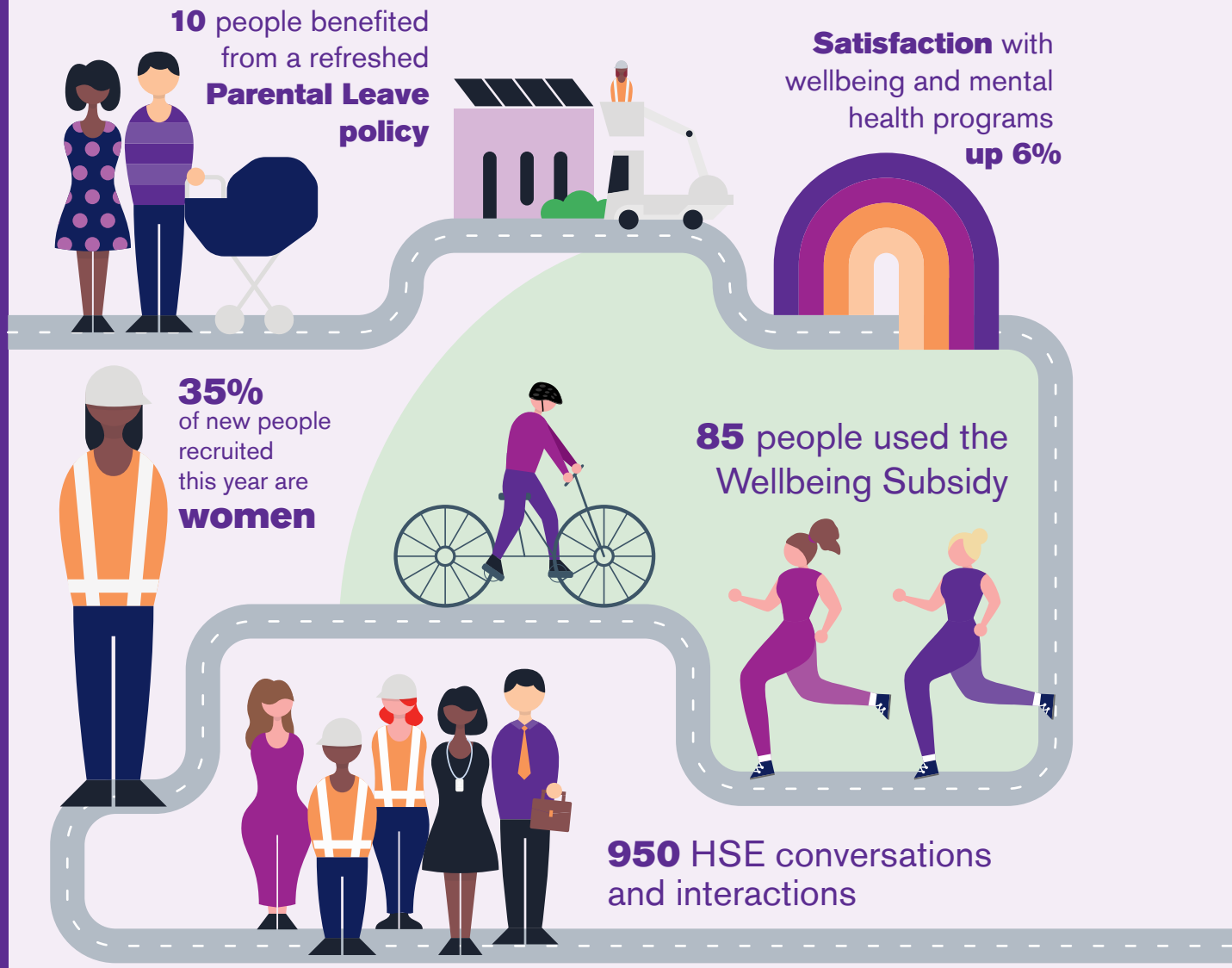
2026 Target:	15%
2023 Performance:	17%

Inclusion and Diversity Index Outcomes (Employee Opinion Survey)

2026 Target:	75% favourable
2023 Performance:	89% favourable

Target ✓ Delivered in 2023 → In progress

Highlights



Workplace safety

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

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

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

Our ISO45001 aligned Health and Safety Management System is centred on the following pillars:

- development and management of safe working procedures
- diligent identification of risks and attention to learning from hazard reporting, safety incidents and near misses
- equipping leaders with the resources necessary to promote safe workplace behaviour and conduct
- training programs to understand and address the human factors that can lead to safety incidents
- reviewing our performance and implementing system improvements
- rigorous requirements for our key contractor, Zinfra, including ISO45001 certification.

At UE, we categorise all safety incidents and near misses based on their potential to cause harm, not only on the actual impact. We use a Class 1 to 5 classification framework, where Class 4 and 5 incidents and near misses are those with credible potential to cause permanent disability or death (known as significant incidents). Our safety management focuses on eliminating Class 4 or 5 incidents by implementing robust controls for all high-risk activities, whilst also learning from lower classified incidents. There has been one significant incident during 2023 categorised as a Class 4.

An employee of a delivery partner sustained multiple injuries after falling from height whilst working on a power pole from a ladder. A full investigation has been conducted and we are working with our contractor on an appropriate course of action.

Management of our contractor's safety performance

We work closely with delivery partners to communicate our expectations for health and safety management. To achieve our high standards, we have set targets and Key Performance Indicators to measure their performance.

We have strong governance processes in place to oversee our network services contractor, Zinfra, safety management. This includes weekly HSE (health, safety and environment) meetings, monthly incident review meetings, monthly reporting and a monthly HSE Steering Committee with escalation pathways to a contract governance committee.

During 2023, an HSE Improvement Plan was agreed with Zinfra which focused on:

- manual handling
- reducing at fault underground asset strikes
- controlling exposure to noise/dust
- improvements in HSE management system compliance
- increasing hazard identification and risk control.

One initiative implemented under the plan has retrained Zinfra's civil crews and enforced a pre-excavation checklist. This has resulted in a slight reduction in underground asset strikes, with further controls to be implemented in 2024.

Each year, Zinfra is set a suite of lead and lag health and safety performance criteria that are measured and tracked on monthly frequency. In 2023, Zinfra outperformed their index target of 97.5%, achieving a result of 98.5%. This was a 2.8% improvement on their 2022 result of 95.7%.

Hazard Awareness Program

The Hazard Awareness program developed in 2022 continued to be delivered in 2023 with 60 team members participating. This program recognises the need for greater hazard and situational awareness and has led to a 100% increase in hazard reporting 73 in 2022 to 146 this year.

Health and wellbeing

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

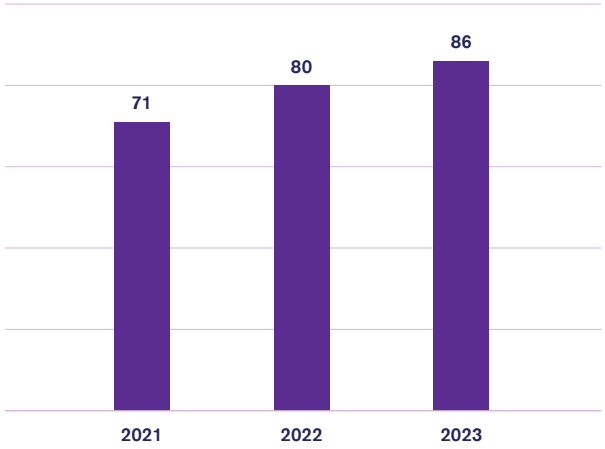
2023 Health and Wellbeing calendar



In 2023 we:

- launched the Wellbeing Champions Network to encourage more people to participate in activities on offer
- doubled the length of personal health check appointments to 20-minutes to provide time for analysis and discussion with a qualified practitioner
- provided training to Peer-to-Peer Support Group volunteers to equip them with the skills and confidence to help their colleagues with discussions about mental health, personal and work concerns
- relaunched the Employee Assistance Program to increase awareness of the importance of reaching out for support when it is needed.

Graph 1. Employee satisfaction RE wellbeing and mental health (Employee Opinion Survey) 2021-2023 (%)



Our annual involvement in The Push-Up Challenge, RUOK? Day, Movember and flu vaccinations continued to be well supported by our people.

We also saw an increase in participation in our Wellbeing Subsidy and in utilisation of the Converge Employee Assistance Program.

We received positive feedback on the impact of these programs through our annual Employee Opinion Survey (EOS). Employee satisfaction with health and wellbeing programs and benefits improved more than any other factor assessed by the survey, reporting an increase of 6% to 86% in 2023.

Psychological safety

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

- **Wellbeing Champion network:** Appointment of employees to a group which advocates, promotes, supports and drives health and wellbeing initiatives amongst their colleagues to help maximise engagement.
- **Psychosocial Safety Working Group:** UE employees are part of a group which supports the understanding of psychosocial risks in the workplace and are engaged in the process to assess and manage these risks in line with new legislation.
- **Mental Mindset training:** Onsite and virtual sessions offer practical steps to grow personal resilience, manage the internal versus external locus of control, address loneliness and educate on the importance of relationships.

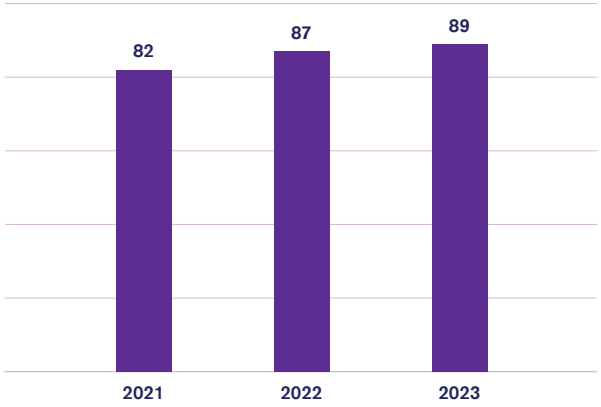
Workplace diversity, equity and inclusion

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

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

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

Graph 2. Employee Opinion Survey Inclusion and Diversity Index 2021-2023 (%)



2023 Employee Opinion Survey key findings

- 2% improvement in the Inclusion & Diversity index to 89%
- 3% increase in people believing our senior leaders are committed to achieving an inclusive and diverse business to 85%
- 91% of people feel the business encourages and promotes diversity of backgrounds, talents and perspectives
- 95% feel that in their workgroup, people treat each other with fairness, respect and consideration

Gender equality

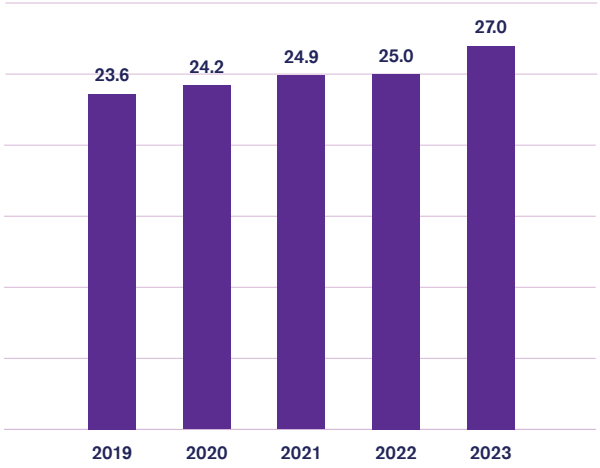
UE is committed to increasing the representation of women in our business and leadership positions.

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

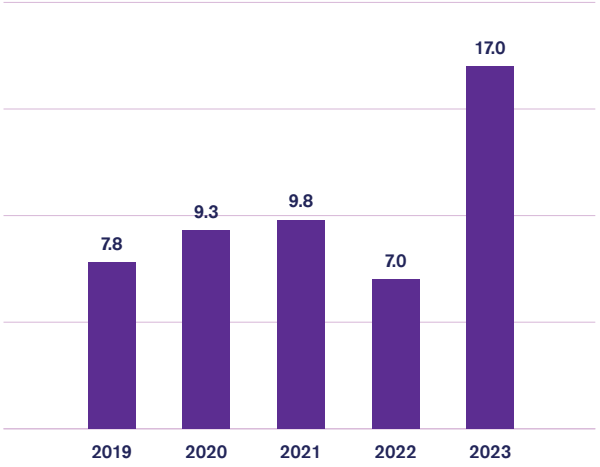
We introduced new measures to prevent sexual harassment or discrimination. This included the introduction of a Sexual Harassment Policy and implementation of the 'Inclusion in Action' program, which provided sexual harassment education for leaders.

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

Graph 3. Women in employment 2019-2023 (%)



Graph 4. Women in management roles 2019-2023 (%)





CASE STUDY:

New Parental Leave Policy

The decision to continue paying superannuation for employees taking paid or unpaid parental leave for up to 52 weeks is a key improvement to our refreshed Parental Leave Policy, which was launched in 2023.

The intent is to ensure women, who represent the majority of primary carers, are not disadvantaged by having less retirement savings at the end of their career.

The second significant change is the removal of a waiting period after joining the business to access the benefits of the Parental Leave Policy. New permanent employees are now immediately eligible, with benefits available subject to required notice periods.

UE offers 15 weeks parental leave on full pay (or 30 weeks at half pay) to primary carers and two weeks paid parental leave of secondary carers.

The comprehensive and compassionate policy acknowledges the importance of employees' parental and family responsibilities. It provides a range of benefits and support for people in various scenarios, including pregnancy, surrogacy, adoption and children's health issues.

Our target to achieve 27% women in employment in UE has been achieved this year. This comes after female applicants were successful in more than one third of all new appointments recruited this year and the total number of female recruits was three times greater than the number voluntarily resigning from the business.

Action to develop the percentage of women in management is continuing. Results on this metric are however influenced by the small number of management positions available within UE's workforce.

UE is a WORK180 endorsed employer for women and part of the WORK180 global jobs network. We are among 200 businesses globally that have been endorsed to join the platform and in 2023, were rated in the top 10% of all endorsed employers through an annual DEI assessment.

The attraction and retention of women in our workforce is supported by the efforts of a dedicated Diversity Engagement Lead appointed in 2022 as well as the initiatives of the Women in Power internal network and our Inclusion & Diversity Working Group. During 2023, work continued to promote diverse career opportunities through schools, tertiary and technical education institutions, and opportunities were provided for work experience and vacation programs for students and graduates.

Celebrating our diversity

To support and recognise our diversity, UE celebrates significant cultural events to encourage conversations and acceptance. Key days on our calendar are chosen by employees based on their relevance to the cultural identities of our people.

In addition to recognising Lunar New Year, Harmony Day, Ramadan and Eid; the two biggest events are NAIDOC Week and the Diwali Festival.

Members of the UE Executive Management Team and Reconciliation Action Plan Working Group participated in the annual Flag Raising Ceremony to launch NAIDOC Week in July. The event was held at Federation Square on Wurundjeri Woi Wurrung Country alongside Aboriginal and Torres Strait Islander community and the Minister for Treaty and First Peoples in Victoria, Gabrielle Williams.

All employees were invited to an internal celebration attended by two guest speakers from the Bunurong Land Council who spoke about the significance of the week and its influence on reconciliation objectives, and how social equity can help change lives.

We are honoured to attend events like these and commit to continue to learn about and recognise the enormous contribution that First Peoples make to our whole community.





LGBTIQ+ inclusion

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

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

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

Environmental and climate resilience

Our approach

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

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



Material issues

Network resilience:

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

Climate change:

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

Environmental protection and resource conservation:

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

Progress against targets

Carbon emissions

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

2030 Target:	30% reduction on 2019 baseline of 425kt CO_2-e
✓ 2023 Performance:	33% reduction to 287kt CO_2-e

Climate resilience and reliability

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

2026 Target:	50.7 minutes
✓ Performance:	32.1 minutes

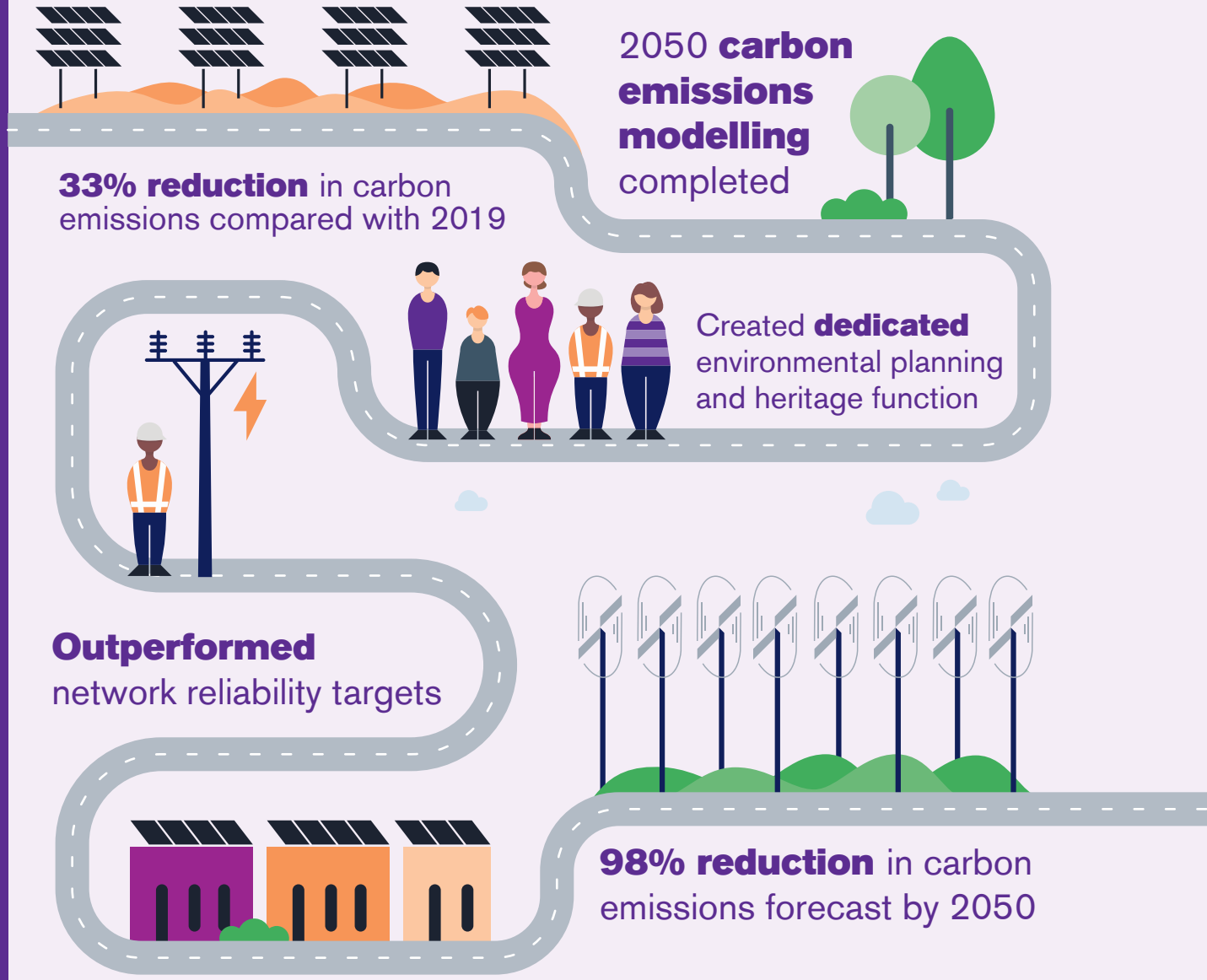
Environmental protection and resource conservation

Contractors responsible for network operations and projects hold ISO14001 Environmental Management System certification.

2026 Target:	Certified
✓ 2023 Performance:	Certified

Target ✓ Delivered in 2023 → In progress

Highlights

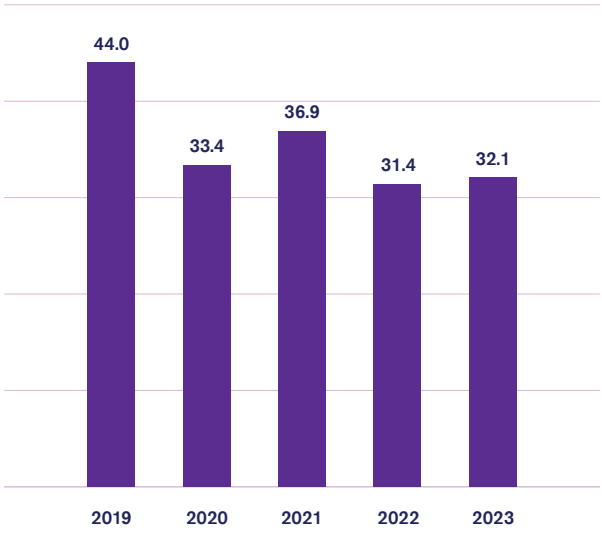


Network resilience

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

As shown in graph 5, UE customers were without power due to unplanned outages for 32.1 minutes in 2023, which is reduction on our 2019 baseline of 44 minutes and well below the regulated target of 50.7 minutes. Our consistent outperformance over the past four years has been achieved through an active focus on reliability, proactive identification of risk areas and the deployment of industry leading technology.

Graph 5. United Energy reliability index (SAIDI) 2019 – 2023 (minutes)



While 28% of powerlines are underground within our network, extreme heat, wind, lightning, and floods can result in damage which affects the reliability of electricity supplies. Our framework to continually improve network resilience therefore involves plans that protect our people, assets, facilities and systems as well as minimise the impact to our customers and communities.

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

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

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

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

Physical climate hazards and risks

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

The scope of works referenced two Representative Concentration Pathways[1] (RCP 8.5 for high concentrations of greenhouse gases and RCP 4.5 for moderate emissions scenario) and included:

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

The climatic hazards considered were extreme rainfall, bushfires, extreme heat, average temperatures, extreme wind, lightning, drought, sea level rise, humidity, atmospheric carbon dioxide (CO_2) and solar radiation.

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

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

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

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

Hazard	Areas of greater exposure in the UE region
Extreme rainfall (flooding)	Changes in heavy rainfall are projected to be greatest around Rosebud and Red Hill. Areas of greater asset exposure include Elwood, Parkdale, McKinnon and Frankston. Assets across the Mornington Peninsula Shire Council area are also likely to be exposed.
Bushfires	Mornington Peninsula region from Frankston to Red Hill and Rosebud.
Extreme heat (heatwaves)	Greater Melbourne and Frankston.
Extreme wind (as determined by intersection with vegetated areas)	Mornington Peninsula south of Frankston.
Sea level rise	Bayside suburbs between St Kilda and Carrum, and assets in parts of Frankston and Mount Martha.

Investing in reliability and safety

Work has continued in 2023 to improve the reliability and safety of our network through investments in our assets and technology.

Remote switches associated with our innovative Fault Location, Isolation and Service Restoration system were further deployed across the network. This has increased the number of customers benefitting from the ability to restore power within one minute of a fault occurring, in certain conditions. This technology has also now been applied to zone substations in anticipation of faults affecting the flow of power into the substations from the sub-transmission network.

A program to upgrade 16 distribution substations has also been completed ahead of the 2023–2024 summer. This is expected to improve power reliability during peak demand periods for more than 2,000 customers. The locations selected for upgrades were based on faults experienced in the previous summer and Advanced Metering Infrastructure (AMI) data on load profiles. The aim is to deliver the electricity our customers need during summer.

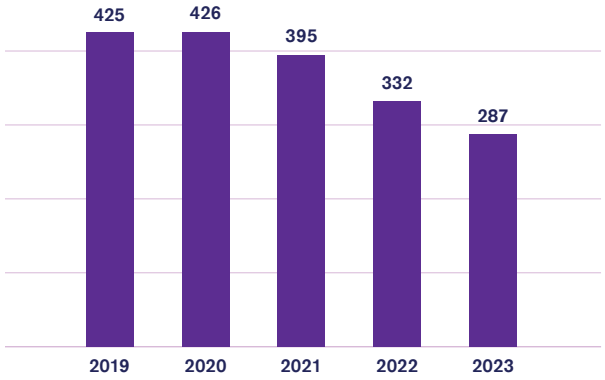
Climate Change

2023 Energy and Emissions Report

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

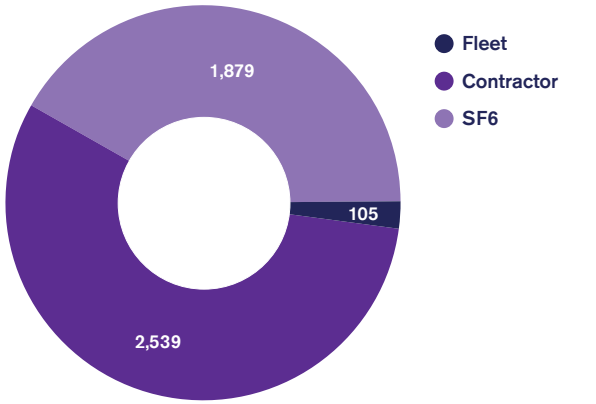
Our 2023 Energy and Emissions Report demonstrated a 33% reduction in total GHG emissions against 2019 baseline levels to 286 kt CO_2-e. As shown in graph 6, UE is tracking ahead of forecast to achieve our 30% 2030 targeted carbon emissions reduction.

Graph 6. Scope 1 and Scope 2 carbon emissions 2019 – 2023, (kt CO_2-e)

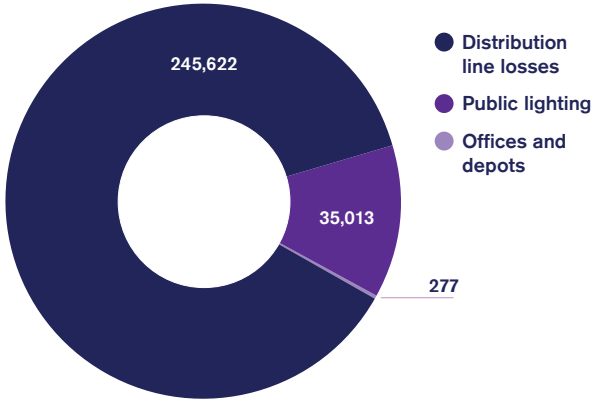


Consistent with previous years, Scope 1 and Scope 2 emissions respectively represent 1% and 99% of total emissions (as shown in graphs 7 and 8).

Graph 7. Scope 1 carbon emission by source 2023 (t CO_2-e)



Graph 8. Scope 2 carbon emission by source 2023 (t CO_2-e)



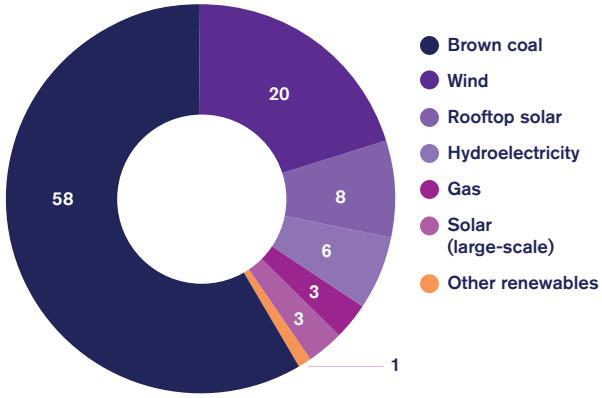
Scope 1 emissions include fuel usage for fleet, mobile plant and generators, and Sulphur Hexafluoride (SF6) leakage from switch gear.

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

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

The associated carbon emissions due to these system losses are falling as the generation mix of the energy distributed changes in favour of more renewables. By enabling greater penetration of residential rooftop solar, as well as large-scale renewable connections, the carbon associated with each unit of electricity we distribute falls. Reports from the Victorian Government show that during the 2023 financial year, energy generated by rooftop solar systems contributed more than double the amount of power generated by large-scale solar generators (see graph 9).

Graph 9. Victorian electricity generation sources 2022-2023 (%)



Source: Department of Environment, Energy and Climate Action

Carbon modelling review

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

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

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

Decarbonisation of our Scope 2 emissions is largely influenced by the achievement of the Victorian Government's Victorian Renewable Energy Targets (VRET), which were strengthened in 2022. The VRET target now mandates 65% of electricity generation to be sourced from renewables by 2030, which lifts to 95% by 2035. The Victorian Government also aims to achieve net-zero emissions by 2045.

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

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

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

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

Climate-related financial disclosures

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

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

Each of these frameworks are structured around four thematic areas:

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

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

Table 3. Climate-related financial disclosures program update

Category	Activity	Detail	Progress
Governance	Climate-related financial disclosures oversight	Report on climate-related disclosures program to management and Board ESG Committee on regular basis.	Completed
	Board's oversight of climate-related risks and opportunities	Publish an ESG Committee Charter including clear definition of ESG Charter Committee's roles, responsibilities and purpose in terms of climate-related risks and opportunities.	Due 2024
Strategy	Define climate-related risks, opportunities and scenarios	Refer page 29.	Completed
	Update carbon emission modelling	Refer page 27.	Completed
	Develop quantitative climate scenario analysis	Conduct modelling to assess financial impacts of climate-related risks and opportunities. Consider impacts on supply chain and other business areas.	Due 2024
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks	Refer page 43 and 24.	Completed
	Integrate climate-related risks into business enterprise risk register	Integrate climate-related risks and opportunities into the enterprise risk register, and other relevant business unit risk registers for ongoing monitoring and management.	Due 2024
Metrics and Targets	Scope 1 and 2 carbon emissions reporting - Limited assurance	Refer page 26.	Completed
	Scope 1 and 2 carbon emissions reporting - Full assurance	Undertake and achieve full assurance audit status of Scope 1 and 2 carbon emissions data.	Due 2024
	Scope 3 carbon emissions reporting	Establish a methodology for our business to commence reporting on these emissions from 2024.	Due 2024
	Scope 3 carbon emissions reporting - Limited assurance	Undertake and achieve limited assurance audit status of Scope 3 carbon emissions data.	Due 2024
	Review long term carbon target	Review and define long term carbon target, considering the outcomes of the carbon modelling.	Due 2024
	Explore Science Base Target initiative (SBTi) alignment and target setting	Explore business requirements to setting and aligning to an SBTi target.	Due 2024

Climate-related risks and opportunities

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

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

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

Table 4. Climate-related risks

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

Table 5. Climate-related opportunities

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

Environmental protection and resource conservation

UE requires our primary contractor, Zinfra, to continue to hold certification of the ISO14001 Environmental Management System. This management system enables us to continually assess our environmental and cultural risks, as well as legislative and permit requirements.

Additionally, we assess all incidents, review updates to legislation and continually scope stakeholder expectations. Doing this allows us to identify future risks, opportunities for improvement, and instils best practice environmental governance across our business.

Improving waste management

Waste management processes across the UE network are managed by the Network Service Agreement contractor Zinfra. Currently, waste disposal and recycling are undertaken by designated contractors SIMS and Veolia. Zinfra collates waste data monthly and reports to UE quarterly.

In the first quarter of 2023, Zinfra undertook a detailed assessment to establish a baseline for waste generation and management across its operations and projects, including the UE network. This found:

- 'Reuse, Recycle' principles are predominantly used in managing the waste in UE, focusing mainly on scrap, recovery and recycling
- There are good processes surrounding waste segregation, re-use culture and worker engagement

Opportunities included:

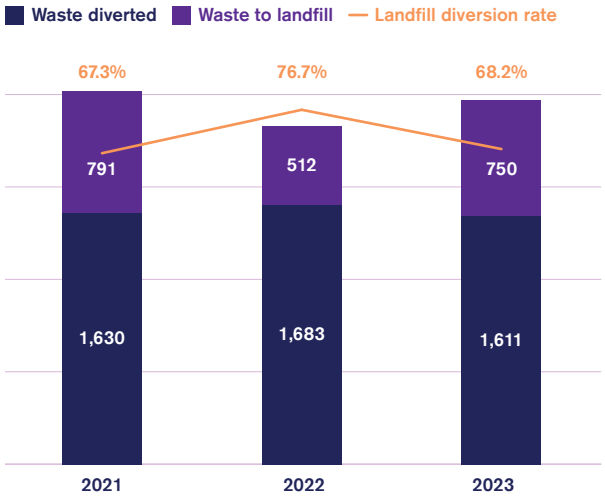
- Improvements to disposal of SF6 equipment and recycling of the treated timber poles
- Use of absorbent powder to manage spills or leaks

Zinfra is assessing these opportunities with different contractors and will report back to UE on these activities.

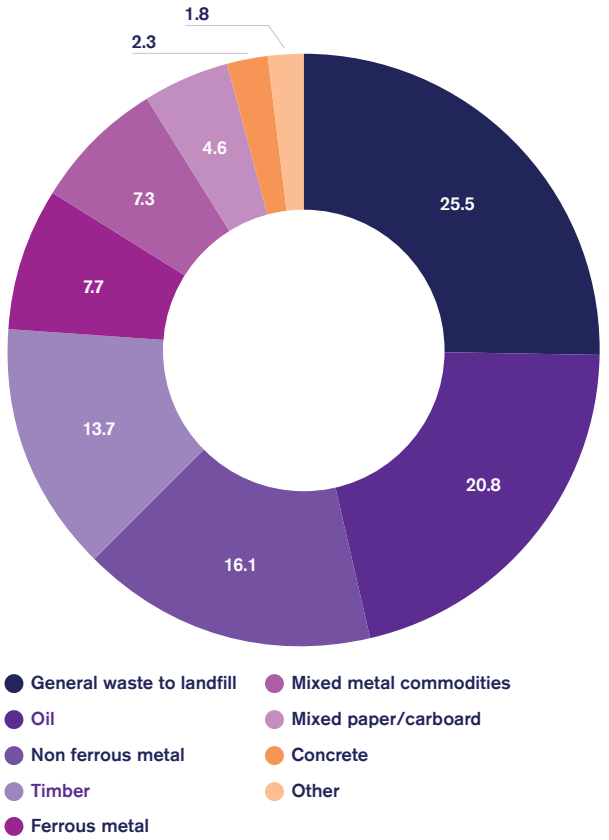
In 2023, UE continued to focus on the quality of our waste management data, completing a Limited Assurance audit to provide confidence of the results.

As shown in graph 10, there was an 8% increase in total waste generated which is due to increase in general waste. As general waste is disposed to landfill this negatively impacted our diversion rate.

Graph 10. Waste generation data 2021-2023 (tonnes, %)



Graph 11. Waste composition 2023 (%)



As shown in graph 11, general waste to landfill remains the predominate source of waste from the UE operations.

The annual waste assessment will be continued, as it serves as a pivotal step toward adopting sustainable waste management practices.

Biodiversity and cultural heritage

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

- uplift knowledge in assessment processes
- providing advice during scoping out works to reduce environmental impacts of works
- building relationships with our regulators (DEECA, local governments), Registered Aboriginal Parties and other approval agencies

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



Empowering communities

Our approach

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

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

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

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

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



Material issues

Public safety:

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

Enabling customer energy choices:

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

Electrification and innovation:

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

Energy equity:

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

Respect for First Peoples:

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

Progress against targets

Total renewable capacity on the network

Total installed capacity of renewable energy generation on our network.

2026 Target:	800MW
2023 Performance:	723MW

Energy literacy

2026 Target:	1,000 per annum
2023 Performance:	13,784

Innovation funding

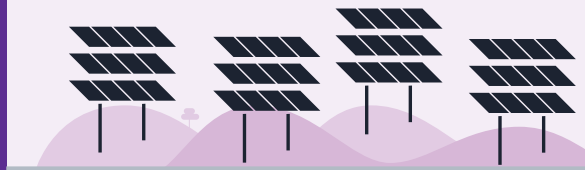
Value of network and technology investments in innovation to support distributed energy resources.

2026 Target:	$12.7m (over 5 years)
2023 Performance:	$11.3 m

Target ✓ Delivered in 2023 → In progress

Highlights

723 MW of renewable generation connected to the network



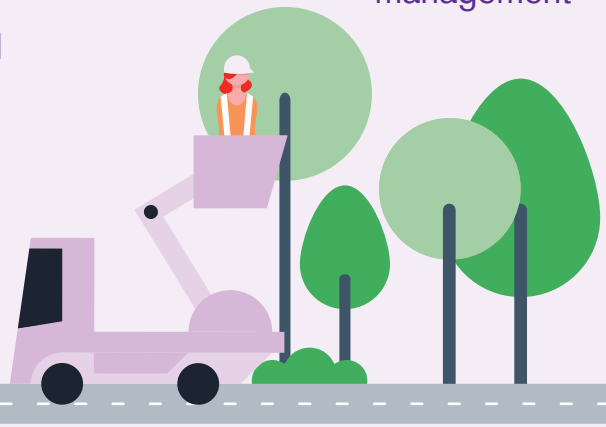
Residential solar makes up **75% of installed renewable energy**



10x increase in people engaged in energy literacy program



30% increase in cutting resources for vegetation management



270 km of powerlines inspected by drones in innovative trial



Public safety

We use robust management systems and technologies to minimise risks and keep communities safe, while delivering reliable energy to meet household and business needs. To do this, UE has advanced processes covering asset maintenance, vegetation management, and bushfire mitigation which are transparently reported within our Fire Prevention Plan, which is approved by Energy Safe Victoria.

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

Asset inspection, maintenance and replacement

Innovative new technologies are advancing our approach to maintaining our network infrastructure to reduce the risk of power outages and bushfires.

Our trained and qualified inspectors work year-round to check our assets (the poles, wires and other infrastructure involved in supplying energy) and maintain them in line with our policies and Energy Safe Victoria regulations.

This year, we have also refined the use of drones to perform remote asset inspections. As part of ongoing tests, 270 kilometres of powerlines were inspected using a specialist drone service that utilises an Artificial Intelligence (AI) system trained to identify assets requiring replacement. The findings were verified by a qualified asset inspector and have informed planning for powerline replacements. Comparisons of on-the-ground asset inspections versus drone piloted inspections show an improved ability to identify defects, a significant uplift in the quality of data collated and increased speed in analysis. This approach is also safer for inspectors and creates less environmental impact.

We are working with the industry safety regulator, Energy Safe Victoria, to seek approval to operationalise remote asset inspections under our compliance framework.





Vegetation management

Vegetation Management is a key element of our bushfire mitigation program. Every year, we inspect every powerline for regrowth, hazards and clearances to identify vegetation that requires cutting. This year, the high voltage network in high bushfire-risk areas was flown twice to provide an additional level of assurance prior to the start of the traditional bushfire season.

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

We use a variety of specialised vegetation cutting equipment to maintain a safe and reliable supply of electricity to our customers, including mechanical cutting units. Mechanical units can cut challenging, highly vegetated areas quickly and safely.

This year, a 30% increase in the availability of cutting resources (compared to 2022) has improved powerline clearance compliance rates. The 3D model of the network created by the LiDAR imagery collated is also being used to assess the risks of powerlines clashing, which be a cause of fire starts. This innovation is supporting our mitigation of climate-related risks, particularly extreme heat conditions.

Enabling customer energy choices

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

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

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

The changing energy landscape has been a focus as we consult with customers to inform our proposal for the 2026-2031 Electricity Distribution Price Review. In 2023, these consultations included customer and community forums.

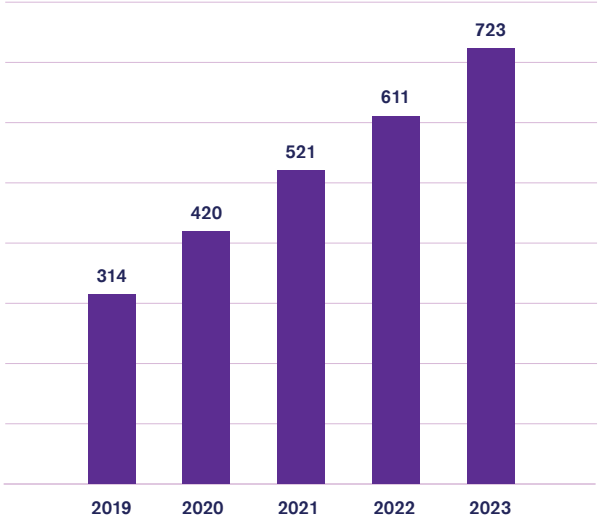
As the end of 2023, United Energy had enabled 723MW of renewable energy to be directly connected to the network, including the approval of a further 112MW of solar generation (as shown in table 7). Residential solar now represents 75% of all renewables connected to the network.

Victorians continue to invest in solar at record rates, with 17.3% of United Energy customers installing rooftop systems and able to export their excess generation back into the grid.

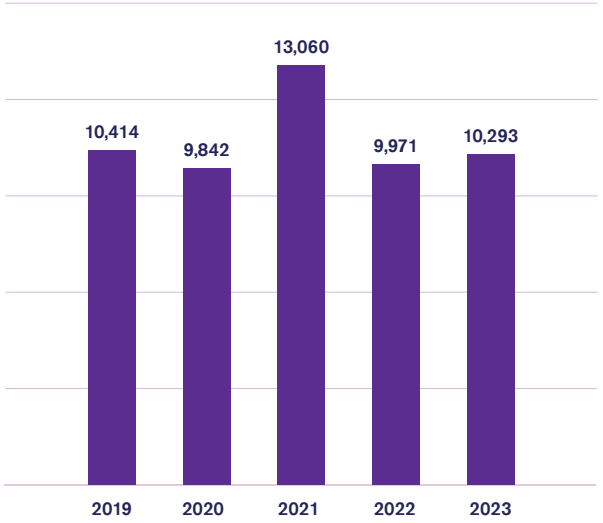
Table 6. Total installed capacity of renewables on our network 2023 (MW)

Generation type	MW
Residential Solar	547
Non-Residential Solar	173
Large-scale Solar	3
Large-scale Wind	0
Total	**723**

Graph 12. Total installed capacity of renewable energy generation on our networks 2019-2023 (MW)



Graph 13. New residential solar connections 2019-2023 (Number of connections)



Investing in energy storage

As power becomes more distributed and supply more variable, battery storage needs to be distributed too. We continue to lead the industry in the deployment of pole-top batteries for network support and are participating in new programs to increase energy storage, which are supported by both state and federal governments.

Under our Electric Avenue portfolio of neighbourhood batteries, there have been a number of activity during 2023.

Electric Avenue Pole-Tops

The rollout of our innovative pole-top battery program is continuing under a three-year program partly funded by the Australian Renewable Energy Agency (ARENA). This project is more than halfway completed, with 20 units installed and commissioned. A further 17 units are expected to be installed by the end of March 2024.

Pacific Blue, Dromana

In collaboration with Pacific Blue, a division of Pacific Hydro, UE has connected a 950kW/2MWh battery in Dromana. As of December 2023, the battery is energised and undergoing site acceptance testing. A network support agreement is being finalised for the battery to provide peak demand or contingency support to UE and sustain high power reliability for customers.

Data accessibility

UE is helping to enable community energy initiatives by improving access to the data that informs decision making processes.

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

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

- Consumption data: information on electricity consumed by residential, commercial and solar customers on both a postcode and local government area basis.
- Network visualisation portal: a geographical map containing multiple layers of information about the capacity of the network including constraints.
- Network data request service: If the information sought is not freely available via the services above, then community stakeholders can submit a network data request form to lodge their needs. Depending on the scope of data sought, these requests are often fulfilled free of charge as well.

A working group has been established with the Victorian Government and AEMO to define and prioritise data needs including low voltage network visibility, electric vehicle information, consumer and network metrics. This work will continue in 2024 and is intended to assist in developing products and services to support the further deployment of consumer energy resources.

Energy literacy

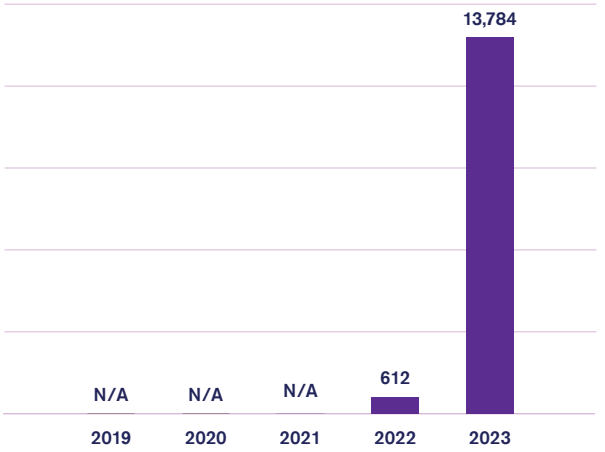
A substantial lift in the number of consumers reached through our energy literacy program in 2023 was achieved through successful new engagement strategies. These seek to empower customers, their families, communities and businesses with the necessary tools and information to achieve their individual energy priorities.

We have improved the effectiveness of a campaign launched in 2022, which provides a welcome pack to new customers advising on ways to manage costs and energy usage. In 2023, it was supported by additional marketing activities related to our annual 'Summer Saver' demand management program and community outreach activities that support people choosing to electrify their homes and transport.

Information about managing costs has been the most popular, as consumers became concerned about the affordability of energy in light of rising inflation and cost of living pressures.

Overall, the number of people accessing the available information online has increased from 612 in 2022 to 13,784 in 2023.

Graph 14. Customer participation in energy literacy programs 2019-2023 (Number of engagements)

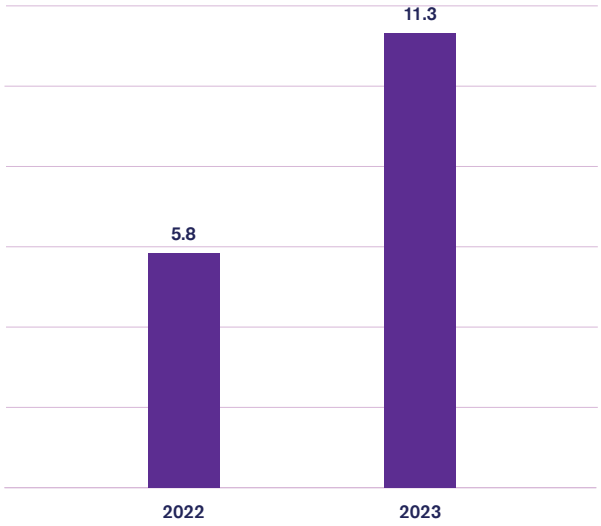


*UE energy literacy program was not introduced until 2022.

Electrification and innovation

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

Graph 15. Investment in technology (per baseline*) 2022-2023 ($m)



*the baseline was set on 2019 data $0.8m

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

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

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

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

Energy equity

We understand the importance of delivering reliable, stable power for customers; regardless of where they live or their individual energy requirements.

As we prepare our proposal for the 2026-31 regulatory period, we have engaged customers from across the network to better understand their priorities and needs. This is part of our focus on ensuring that nobody is left behind as more customers electrify their homes and businesses, and consumer resources including solar, home batteries, smart appliances and electric vehicles grow in popularity.

Respect for First Peoples

We acknowledge and pay respects to the Traditional Custodians and appointed Registered Aboriginal Parties and Aboriginal Community Controlled Organisations within our network region. Our services are delivered on Bunurong, Boon Wurrung and Wurundjeri Woi Wurrung Country.

The appointment of a dedicated First Peoples Engagement Team has been an important step in developing our partnerships with First Peoples and their representative organisations. The team's work is supported by the establishment of a First Peoples Advisory Committee, who have been consulted on UE's inaugural Reconciliation Action Plan.

The draft Reconciliation Action Plan has been submitted to Reconciliation Australia and is expected to be finalised in 2024. It sets out to build meaningful and mutually beneficial relationships with First Peoples, their communities and organisations with three specific areas of focus: cultural heritage management, social procurement and learning and development. Work has already commenced to progress initiatives within each of these areas.



Responsible governance

Our approach

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



Material issues

Sustainability management and governance:

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

Financial, risk and corporate governance:

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

Workplace behaviour and employee conduct:

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

Cyber, privacy and data security:

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

Responsible supply chain:

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

Progress against targets

Board and ESG Committee oversight of risk and compliance framework

2026 Target:	5 Board meetings 4 ESG Board Committee meetings annually
✓ 2023 Performance:	5 Board meetings 4 ESG Board Committee meetings

Holding our employees accountable for our values and Code of Conduct

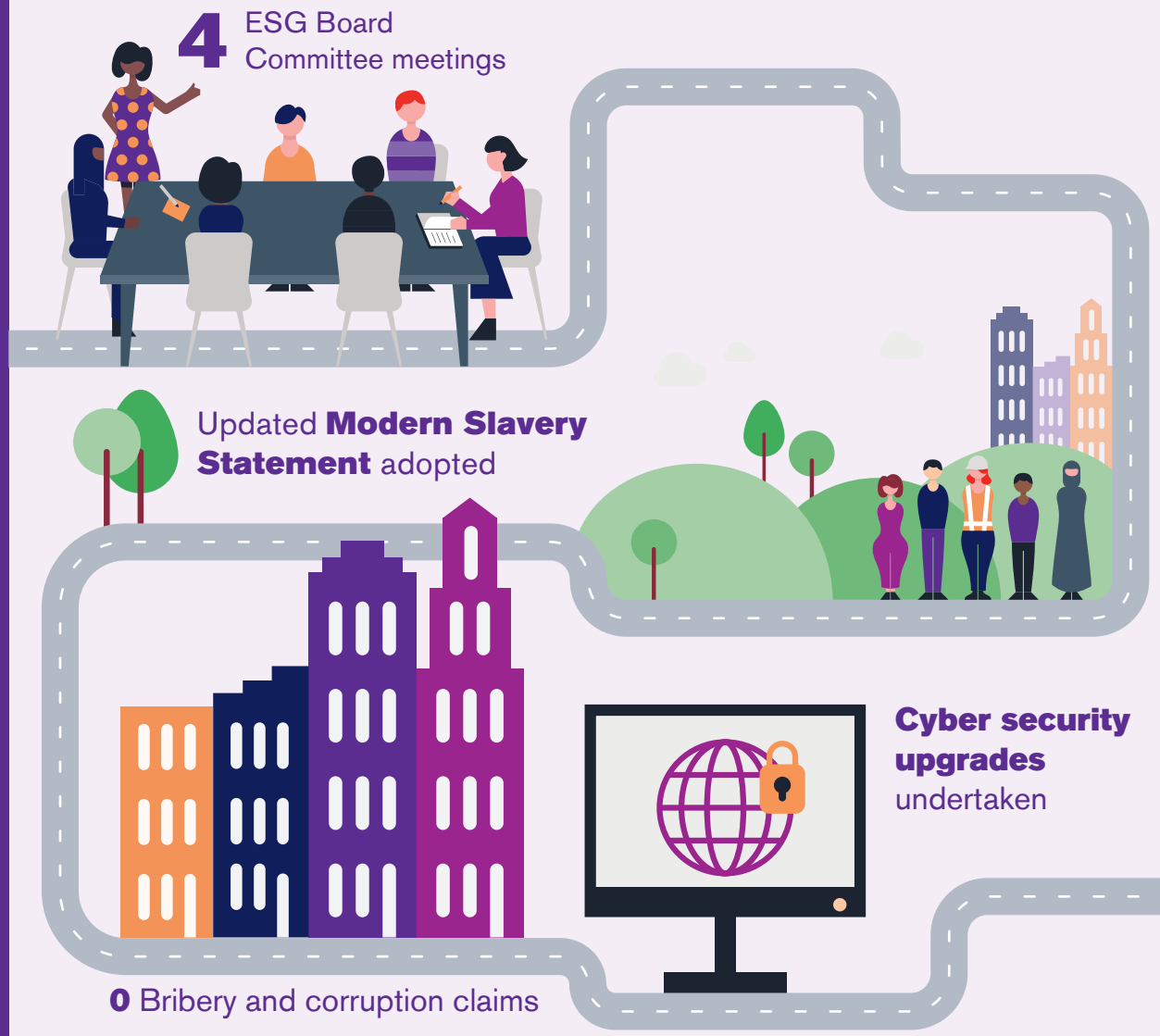
2026 Target:	Annual performance management process
✓ 2023 Performance:	Complete

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

2026 Target:	0 Cyber breaches
→ 2023 Performance:	0 Cyber breaches

Target ✓ Delivered in 2023 → In progress

Highlights



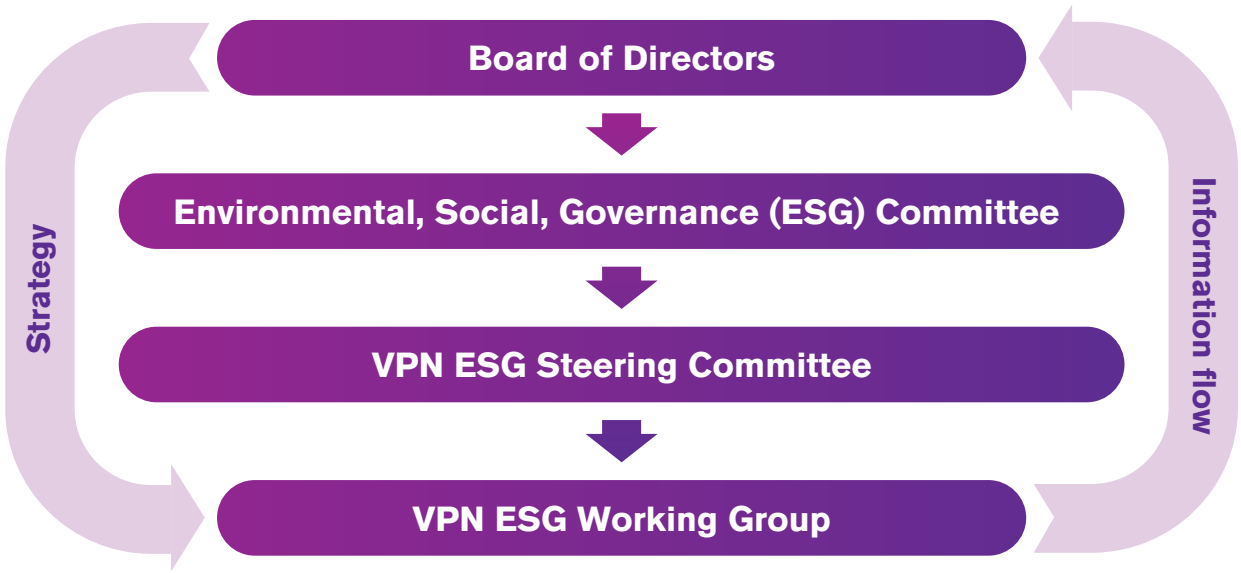
Sustainability management and governance

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

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

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

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



Financial, risk and corporate governance

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

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

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

Additionally, our business has been deemed 'Critical Infrastructure' under Commonwealth legislation (*Security of Critical Infrastructure Act 2018*), which aims to strengthen the security and resilience of Australia's critical infrastructure by improving risk management practices and information exchange between industry and government. We are therefore required to comply with the requirements of the 'Critical Infrastructure Risk Management Program Rules' that came into effect on 17 February 2023, relating to identification and mitigation of material risks to our critical infrastructure assets.

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

Workplace behaviour and employee conduct

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

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

We have no risk appetite for fraud and other deliberate breaches of financial controls. Our Fraud and Corruption Policy commits UE to maintaining an anti-fraud culture in the organisation and outlines the business' approach to preventing, detecting and investigating any suspected instances of fraud.

This includes structural elements relating to fraud management and the associated control framework, as well as operational elements concerning responsibilities and required procedures. (*Note: The use of the term 'fraud' includes bribery and corruption.*)

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

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

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

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

Responsible supply chain

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

The three key risks are now categorised as:

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

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

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

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

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

Cyber, privacy and data security

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

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

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

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

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

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

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

Sustainability metric performance summary

Focus areas	Metric	Unit	2019 - Baseline	2020	2021	2022	2023	2026 Target
Safe and equitable workplaces	Fatalities	No.	0	0	0	0	0	0
	Significant (high potential) incidents	No.	0	0	0	0	1	0
	Employee satisfaction re wellbeing and mental health (Employee Opinion Survey)	%	N/A[2]	N/A[2]	71	80	86	75
	Females in employment	%	23.6	24.2	24.9	25.0	27.0	27.0
	Females in management roles	%	7.8	9.3	9.8	7.0	17.0	15.0
	Inclusion & Diversity index outcomes (Employee Opinion Survey)	%	N/A[2]	N/A[2]	82	87	89	75
Environmental and climate resilience	Outperform targets for average minutes off supply per customer for unplanned outages - System Average Interruption Duration Index	minutes	44.0	33.4	36.9	31.4	32.1	50.7
	Contractors responsible for all network operations and projects are ISO14001 Environmental Management System certified	-	Certified	Certified	Certified	Certified	Certified	Certified
	Reduce both direct and indirect[1] carbon emissions including distribution line losses based on 2019 baseline	kt CO_2-e	425	426 (+ 0.2%)	395 (- 7%)	332 (- 21%)	287 (- 33%)	298[3] (- 30%)
Empowering communities	Total installed capacity of renewable energy generation on our networks	MW	314	420	521	611	723	800
	Customer participation in energy literacy programs	No.	N/A[4]	N/A[4]	N/A[4]	612	13,784	1,000
	Value of network and technology investments in innovation - over 5 yrs	$m	0.8[5]	N/A[6]	N/A[6]	5.8[5]	11.3[5]	12.7
Responsible governance	Board Meetings per annum	No.	5	5	5	4	5	5
	ESG Committee meetings per annum	No.	N/A[7]	N/A[7]	N/A[7]	3	4	4
	Holding our employees accountable to our values and Code of Conduct	-	Annual performance management process	Complete	Complete	Complete	Complete	Annual performance management process
	Number of critical cyber security breaches on our network's operational technologies	No.	0	0	0	0	0	0

[1] Indirect and direct carbon emissions based of *National Greenhouse Energy Reporting Regulations 2008* definition of Scope 1 and 2
[2] Not applicable as these questions were not part of the Employee Opinion Survey during that period
[3] 30% reduction in carbon emissions by 2030 from a 2019 baseline
[4] Not applicable as energy literacy programs were introduced in 2022
[5] Aggregated spend on innovation and technology. 2022 data has been updated to align it with the full scope of the definition, post audit.
[6] Not applicable as the target period for innovation investment is 2022-2026
[7] Not applicable as the ESG committee was formed in 2022

Sustainability metrics definitions

Focus areas	Metric	Unit	Definition
Safe and equitable workplaces	Fatalities	No.	Number of workplace fatalities of UE's employees or contractors working on behalf of UE.
	Significant (high potential) incidents	No.	Number of incidents with a Maximum Credible Potential rating of '4' or '5' as defined by the UE HSE Incident Management Procedure.
	Employee satisfaction re wellbeing and mental health (Employee Opinion Survey)	%	Annual Employee Opinion Survey favourable score result on the question "The programs and benefits the business provides helps me maintain my well-being and mental health".
	Females in employment	%	% of females based on total head count of the organisation as at year end 2023.
	Females in management roles	%	% of females in management based on the total head count of management within the organisation as at year end 2023.
	Inclusion & Diversity index outcomes (Employee Opinion Survey)	%	Annual Employee Opinion Survey favourable score result for the Inclusion and Diversity Index category.
Environmental and climate resilience	Outperform targets for average minutes off supply per customer for unplanned outages System Average Interruption Duration Index	minutes	Unplanned SAIDI (System Average Interruption Duration Index) is the sum of the duration of each unplanned sustained customer interruption (in minutes), divided by the Customer Base. Unplanned SAIDI excludes momentary interruptions (three minutes or less).
	Contractors responsible for all network operations and projects are ISO14001 Environmental Management System certified	-	Contractors responsible for all UE network operations and projects are ISO14001 Environmental Management System certified.
	Reduce for both direct and indirect1 carbon emissions including distribution line losses based on 2019 baseline - 30% by 2030	kt CO_2-e	Indirect and direct carbon emissions based of National Greenhouse Energy Reporting Regulations 2008 definition of Scope 1 and 2.
	Total installed capacity of renewable energy generation on our networks	MW	All renewables on our network including residential and large-scale connections.
Empowering communities	Customer participation in energy literacy programs	No./annum	Number of customers engaged in digital and face-to-face initiatives related to energy literacy.
	Value of network and technology investments in innovation - over 5 yrs	$m	Total aggregated investments in programs that support the business in exploring innovative demand management strategies, encompassing digital innovation and technology improvements, network automation, network analytics, and demand management projects, aimed at reducing costs for electricity consumers in future.
	Board Meetings per annum	No.	A formal meeting of UE board of directors.
Responsible governance	ESG Committee meetings per annum	No.	A formal meeting of UE ESG Committee members.
	Holding our employees accountable to our values and Code of Conduct	-	Annual performance review completed, including the assessment against the business values, for all eligible UE employees.
	Number of critical cyber security breaches on our networks' operational technologies	No.	A cybersecurity incident that results in significant impact and/or sustained disruptions to operational technology systems or an equivalent consequence.

Data assurance

INDEPENDENT LIMITED ASSURANCE STATEMENT TO THE MANAGEMENT AND BOARD OF DIRECTORS OF UNITED ENERGY DISTRIBUTION HOLDINGS PTY LTD

Introduction

RSM have conducted a limited assurance engagement for United Energy Distribution Holdings Pty Ltd ("**UE**") on the Business Committed Sustainability Metrics ("**Subject Matter**"), pertaining to the period 1 January 2023 to 31 December 2023, disclosed in the UE Annual Sustainability Report.

Information Subject to Assurance

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

Table 1: Business Committed Sustainability Metrics

Subject Matter	
Safe and Equitable Workplaces	
Number of fatalities	0
Significant (high potential) incidents	1
Employee satisfaction; Mental Health and Wellbeing (%)	86
Females in employment (%)	27
Females in management roles (%)	17
Inclusion and Diversity index outcomes (EOS) (%)	89
Environmental and Climate Resilience	
System Average Interruption Duration Index (SAIDI)	32.1
Environmental Management System (EMS) 14001	Certified
Carbon Emission Reduction (ktCO2-e)	287
Empowering Communities	
Total installed capacity of renewables on our networks (MW)	723
Customer participation in energy literacy programs	13,784
Innovation funding (including DMIA & Digital) – over 5 years ($m)	11.3
Responsible Governance	
Board meetings per annum	5
ESG Committee meetings per annum	4
Holding our employees accountable to our values and Code of Conduct	Complete
Number of critical cyber security breaches	0

Criterial Used as the Basis of Reporting

The Subject Matter have been reviewed against UE's 2023 internally established definitions and criteria ("**Criteria**").

Responsibilities of the Board of Directors and Executive Management

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

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

Our Independence and Quality Control

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

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

Our Responsibility

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

INDEPENDENT LIMITED ASSURANCE STATEMENT TO THE MANAGEMENT AND BOARD OF DIRECTORS OF UNITED ENERGY DISTRIBUTION HOLDINGS PTY LTD

Inherent Limitations

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

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

Use of this Report

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

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

Summary of Procedures Undertaken

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

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

Basis for Conclusion

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

Conclusion

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

Signed



J ELKHISHIN
Partner
RSM Australia Pty Ltd

Brisbane
13 March 2024



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