



connecting communities,
empowering lives

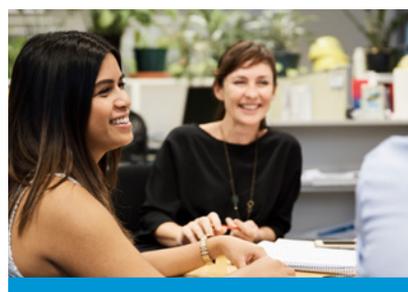
Connecting resilient communities

2019 SUSTAINABILITY REPORT



Our ambition is simple.
Together, we are
shaping the future
of energy.

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2019 highlights



Customers & communities



99.986%
whole organisation supply availability*



7
major storms that impacted our network



88.3%
of customers resupplied in under 3 hours after an unplanned outage



Our customer consultative committee formed and helped inform the development of our Regulatory Proposal, and is helping us become a customer-focused business



93%
of teachers believed electricity safety activities helped their **students be safer around electricity**



Newly appointed Chief Customer Officer, who ensures we place the customer at the centre of our business



People



61
Aboriginal & Torres Strait Islander descent employees. **Doubling in the last 24 months**



41%
reduction in recordable injuries in the last 12 months



Successful implementation of the **Inclusion and Diversity Council**



100% of employee progression is performance based

The Resilience Program



2,538
of our employees completed the Mental Health Workplace Audit



47
Mental Health coaching sessions conducted



Energy solutions



Helped 17 councils to replace streetlights with LED lamps to make them more energy efficient



Building one of New South Wales largest commercial solar installations



A 1 megawatt virtual power plant trial allowing electricity from 233 customers' batteries across 170 suburbs to be directed back into the grid



12,700 km
of overhead powerline in bushfire prone areas captured on LiDAR



132,000
solar customers



Ausgrid has developed a target to reduce its carbon emissions 8% by end FY2024

* excludes major event days as defined in our licence conditions

Our organisation



>4m

customers and users



4,274

employees and contractors



500,000

powerpoles



22,275 km²

of area supplied



50,000 km

power lines and
underground cables



30,000

small distribution
substations



230

large electricity
substations



OVERVIEW

Connecting communities,
empowering lives



Sustainability at Ausgrid

Connecting communities and empowering lives

We are pleased to be publishing our first Sustainability Report reflecting our new business, putting customers at the centre of our business as we undertake the sustainable energy transition.

This Sustainability Report communicates transparent information and facts on our progress towards: how we are responding and developing to be a sustainable organisation and what we are doing to address the issues that are material to our business and the successful delivery of our services.

Building trust takes time and it is our intent and wish through this Report and our related Energy Charter Report to share our journey with you.

We know that our customers want to know what we are doing to put our commitment to sustainability into action. This Report provides an opportunity for us to show our customers and communities what we are doing.

Our Report is structured in three sections - our customers and community; our people; and energy solutions. These aspects underpin sustainability for us and play an active role in our transformation to connect communities and empower lives.

Sustainability at Ausgrid

Sustainability at Ausgrid means operating in a safe, responsible manner that will enable us to deliver affordable, reliable and clean energy choices to our customers now and in the future.

This means listening and responding to our customers, playing an active role in the communities in which we operate, building a workforce that lives our values, and maintaining a resilient network to meet future energy needs.

Underpinning our approach to sustainability is our commitment to delivering the Energy Charter principles, and contributing to the UN Sustainable Development Goals. This will also be captured in our new sustainability policy, which is in development.



CEO's message

Our vision is to 'be a leading energy solutions provider, recognised both locally and globally'. Our purpose is 'connecting communities, empowering lives'. At Ausgrid, we know that we can only achieve our vision and purpose by working closely with our customers and stakeholders.



"This shift in focus is not only positioning Ausgrid as an active leader in the transition to cleaner energy but is bringing about key changes that offer customers wider choice."

Our increasing focus on sustainable thinking is defining our approach to doing business and shaping our role in supporting the communities we serve.

We have been working hard to identify where we have not been meeting expectations, and to transform Ausgrid into a nimble, responsive and simpler organisation that has the trust of the community.

I acknowledge there is room for improvement in building this trust and it is through our people, who are the heart of this organisation, that we will make a difference.

This has been a year of learning, change, and also sadness with the death of one of our colleagues while working on our network. We will make sure that the lessons learnt from this tragic incident are not lost and that we build a safe and accountable organisation.

This shift in focus is not only positioning Ausgrid as an active leader in the transition to cleaner energy but is bringing about key changes that offer customers wider choice. We hope to empower our customers to make their own choices in shaping our shared energy future. Our customers have told us they want a network that supports households and businesses to generate their own electricity and sell it back to the grid or to other customers. To do all this we must have a culture that lives our values.

With our customers at the centre of everything we do, our new suite of customer engagement initiatives is helping us understand our customers' needs more clearly and address their expectations more effectively.

Sustainability is a measure of our past performance and a vivid indicator of our future, driving our effectiveness, our longevity and our resilience. This, Ausgrid's first Sustainability Report, sets us firmly on the path to a sustainably focused future.

Whether we consider sustainability from an economic, environmental, or community perspective, it supports our purpose: connecting communities and empowering lives.

A handwritten signature in black ink, appearing to read 'Richard Gross'.

Richard Gross
Chief Executive Officer



About this report

Listening to our customers

Guiding the preparation of our Report is the Global Reporting Initiative Standards, a widely used global standard for sustainability reporting.

Our first step was working with our customers and stakeholders to identify the issues, risks and opportunities that have the greatest impact on our business and communities. This is known as a materiality assessment.

A robust materiality process can help us to build better relationships with all our stakeholders: employees, customers, customer advocates, suppliers, contractors, industry bodies, regulators and shareholders.

It also enables us to prioritise topics according to their impact on our stakeholders, the communities in which we operate, and our ability to influence or address the impacts.

Our approach to determining materiality included the following steps:

- A review of a broad range of sources to understand current global and local sustainability and industry trends. This included a review of internal materials (e.g. customer surveys, business strategies) and external materials (e.g. government policies, print and social media).
- A benchmarking exercise, to help us understand how our performance and practices stack up against our peers.
- Engagement with our internal and external stakeholders to understand their views on potentially material issues.

Through the materiality process, a total of six material issues were identified – health and safety; emerging technologies; resilience; cyber and physical security; customers and communities; and affordability. We have also included information on inclusion and diversity, given its importance in our transformation. This Report reflects our performance from 1 July 2018 to 30 June 2019.

Our materiality review

Our sustainability material issues are shown in the diagram on the following page. The horizontal axis represents the issues that will have the greatest impact on Ausgrid. The vertical axis represents our stakeholders' views on which issues are important to them.

We reviewed these material issues to determine their alignment with our overall strategy and in selecting the UN Sustainable Development Goals on which we will focus our efforts. These are mapped on the page, 'Our sustainability focus areas'.

Our material issues



EMERGING TECHNOLOGIES

A range of new technologies have emerged or are emerging which will change the way our network operates. Climate change and a low-carbon economy are seen as the drivers for this change.



CUSTOMERS & COMMUNITIES

Customers have been placed at the centre of Ausgrid's strategy. Our focus is on continuing to build trust and our social licence to operate.



NETWORK RESILIENCE

Emerging technologies and the physical risks of climate change on our network are developing areas. Our proactive management will provide a safe and resilient network for our customers and communities.



HEALTH & SAFETY

The health and safety of our people, customers and communities is paramount.



CYBER & PHYSICAL SECURITY

Cyber & Physical Security – Protecting our assets, operations and information from intrusion, damage and theft.



INCLUSION & DIVERSITY

Ausgrid is implementing initiatives to help us progress towards a workforce that reflects our communities and society.

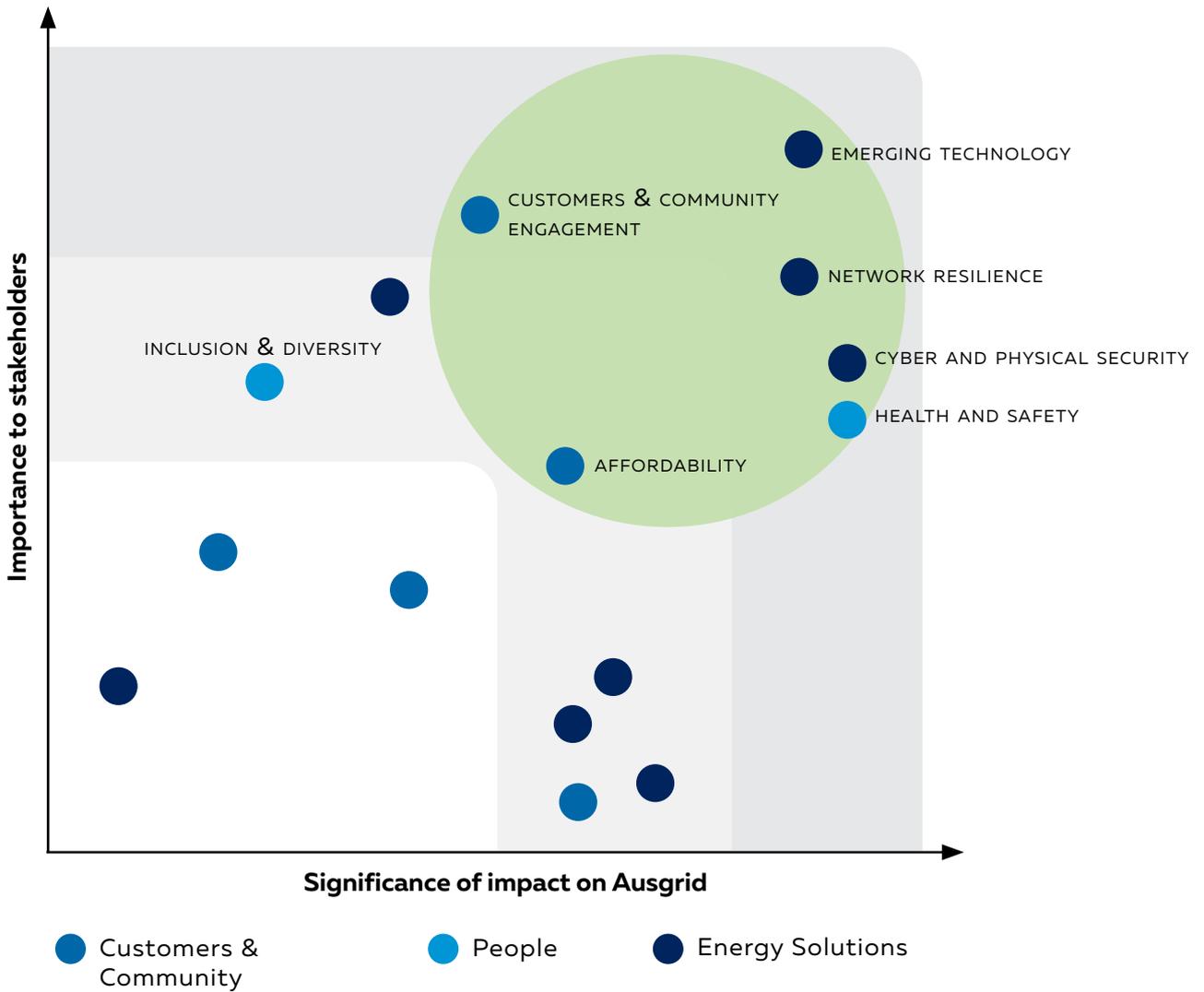


AFFORDABILITY

Energy affordability has historically been a significant issue, particularly for vulnerable groups. Many stakeholders felt that Ausgrid has made significant improvements. Of increased interest is customer choice in accessing emerging technologies that give them more control of their energy use and bills.

Ausgrid materiality matrix

Mapping the issues that are most important to our stakeholders against the issues with the greatest potential to impact on our business.



Ausgrid value chain

Our value chain

Our core business is electricity transmission and distribution.

As part of which, we maintain 500,000 power poles, 50,000 km of power lines and underground cables, 200 large electricity sub-stations, and 30,000 small distribution substations.

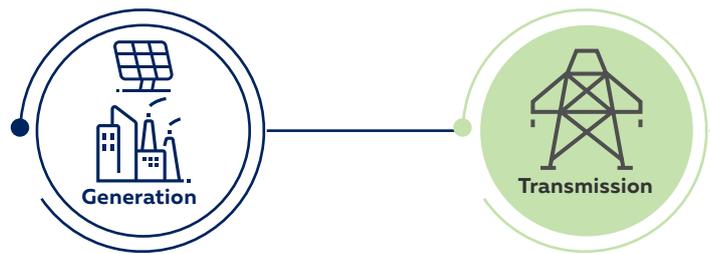
We provide over 260,000 streetlights for 33 Council areas across Sydney, the Central Coast and the Hunter region, and maintain these so they keep our communities safe.

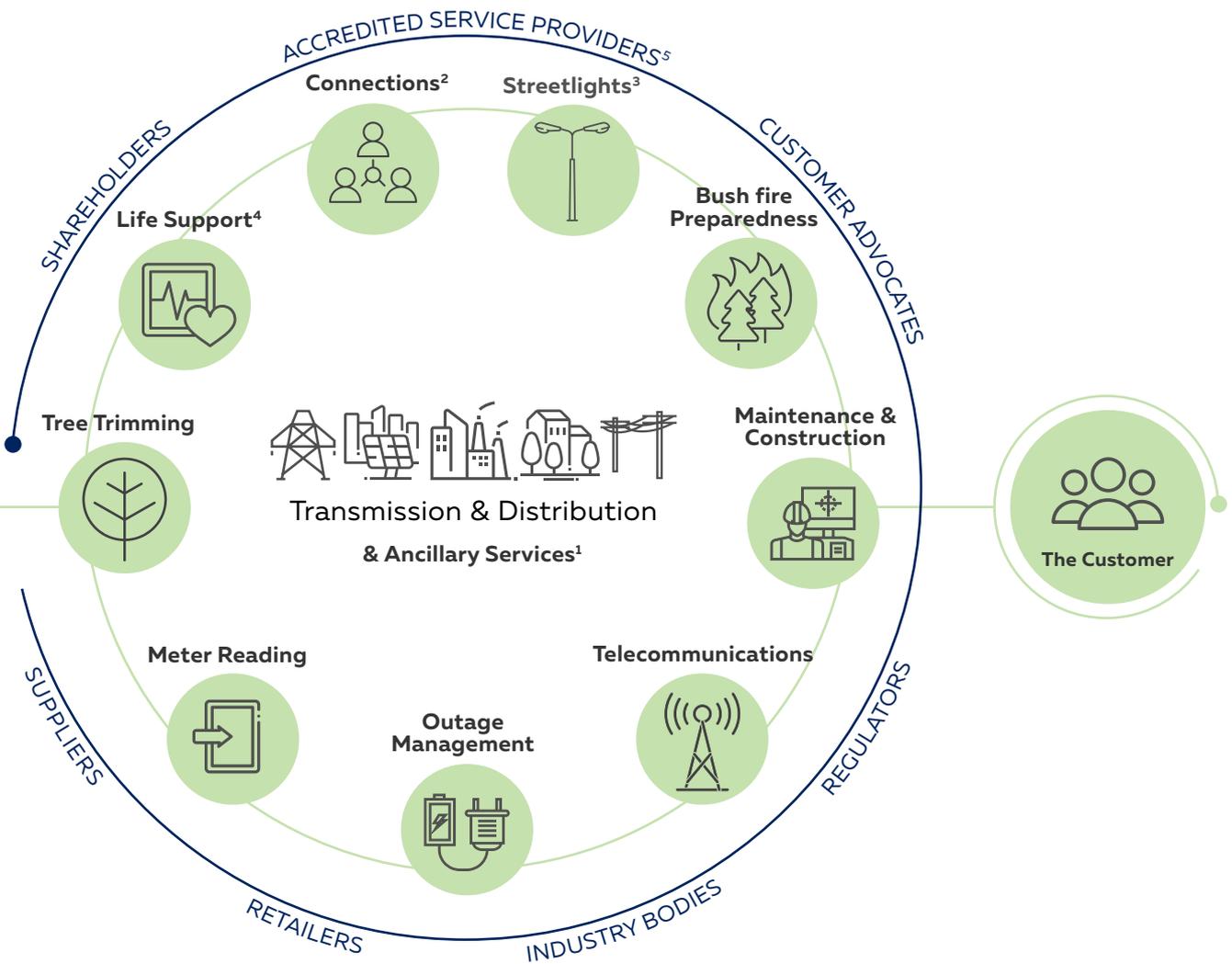
We provide a safe and reliable network that involves us undertaking maintenance works and construction, trimming vegetation, and conducting helicopter and ground patrols. This helps to protect our customers (in particular our life support customers), communities and network from bush fires, outages, and storm impacts.

We have our own tele-communications fibre network on our infrastructure, which is also used by third parties, and this assists in our communities staying connected.

Our materiality assessment considered our full value chain, as described above.

This report does not include Ausgrid's affiliate, PLUS ES.





LEGEND

- 1 Ancillary Services**
Customer specific services
- 2 Connections**
These include solar panels, emerging technologies such as batteries, connecting new customers and upgrading existing customers
- 3 Streetlights**
Maintenance to keep our communities safe and upgrading to LED for more energy efficiency
- 4 Life Support**
Keeping the power on for our vulnerable customers
- 5 Accredited Service Providers**
Third parties authorised to work on or near our network on behalf of customers

KEY

- Ausgrid** ————●
- Third party** ————●

UN Sustainable Development Goals

The United Nations adopted the Sustainable Development Goals (SDGs) in September 2015. The 17 goals are designed to end poverty, fight inequality and injustice, and tackle climate change by 2030. The goals, associated targets and indicators for success provide a roadmap to help organisations navigate the major environmental, social and economic challenges our world faces. Reaching these goals will take everyone's contribution, including government, civil society and business. To this end, businesses are exploring how they contribute to the SDGs in the most impactful manner.

We have identified five SDGs that are most important to our customers and business. This is where we will focus our contributions.



Gender equality

There is extensive diversity within our customer base, and we believe our workforce should reflect this diversity. Our Inclusion & Diversity Council is working towards making sure we reflect the communities we serve. Such diversity includes working to change the gender balance in our traditionally male-dominated field workforce.



Sustainable cities and communities

Sustainable cities and communities rely on safe, reliable and affordable energy from sustainable sources, delivered by energy networks that are resilient to climate change. We continually seek ways to manage demand on our network in innovative ways that reduce costs, maintain safety and reliability and provide our customers access to new services and clean energy technologies.



Affordable and clean energy

Affordable, safe, and reliable energy are vital areas of focus for us. This involves making sure our network is not only an essential service, but something that is valued by our customers and communities in allowing them to access energy when, where, and how they want. We believe that our network and services are important enablers in supporting a clean energy future in Australia.



Climate action

We are investing in understanding and addressing the physical and transitional risks and opportunities associated with climate change. We believe that our customers and community are seeking more significant choices in how they access and use clean energy. This has a significant impact on how we develop our electricity network and other services that we provide, and has shaped our strategy to be the 'internet of energy'.



Decent work and economic growth

Our essential service powers schools, hospitals, homes and industry for 4 million Australians. Our network contributes to the wealth of New South Wales and Australia. We also recognise the inherent danger in the use of electricity and the safety of our employees and community is our priority.

The Energy Charter

Ausgrid is one of the 15 foundation members of the Energy Charter. In doing so, we are publicly committing to the five key principles.



The Energy Charter is focused on embedding a customer-centric culture in the industry to create real improvements in price and service delivery. This is creating accountability, so that customers can feel confident about their choices and that the energy sector is working in their interests.

We produce an annual report that communicates the initiatives and programs we have implemented that align with the principles. This year's first report highlights a range of measures including rolling out digital customer dashboards to hold us accountable for embedding a 'customer-centric' culture; integrating relevant indicators in staff performance to ensure staff are engaged in delivering customer-focused outcomes; and improving customer engagement and research.

WHAT IS THE ENERGY CHARTER?

The Charter is focused on embedding a customer-centric culture and conduct in energy businesses. The aim is to create tangible improvements in affordability and service delivery.

Each year our Energy Charter report will tell our customers how we are working to achieve the five principles, making sure we keep our customers at the centre of our decisions.

Our sustainability focus areas

Sustainable Development Goals



The Energy Charter Principles



Customers and community: Collaborating with and responding to the needs of our customers and communities

Community & customer engagement:

Ongoing engagement with customers and communities to earn their trust

Affordability: Affordability encapsulates price as well as cost efficiency, including for our vulnerable customers

	✓	✓	✓	✓	✓	✓	✓	✓	✓
	✓	✓				✓			



People: Building a workforce that delivers on our values, and reflects the customers and communities we serve

Health & safety: Protecting the health and safety of our workforce and communities

Inclusion & diversity: Inclusion and diversity improves decisionmaking and innovation, enhancing resilience and our ability to support customers

		✓					✓		
✓		✓	✓						



Energy solutions: Establishing a resilient and innovative network that provides cost effective energy solutions now and into the future

Emerging technology: Enabling the transition to clean energy including our own contribution to reducing emissions

Network resilience: Climate change is delivering new opportunities and risks, including physical risk to our infrastructure

Cyber and physical security: Our network provides an essential service and critical infrastructure that supports Australia's economy

	✓	✓	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓			✓		
		✓					✓		

Sustainable Development Goals



Gender equality



Affordable and clean energy



Decent work and economic growth



Sustainable cities



Climate action

The Energy Charter Principles



Customers at the centre



Affordability



Safety, sustainability and reliability



Customer experiences



Vulnerable customers

About Ausgrid

We are the custodians of a shared asset that connects communities and empowers the lives of its customers, and has done so for over a century on the east coast of Australia.

Our network is made up of large and small substations connected through high and low voltage power lines, underground cables, tunnels, and power poles. Our operations include infrastructure construction and maintenance, customer connections, street lighting, and telecommunications.

Our focus is on making sure our network is ready for a future where renewables play a major role in the power mix, and households and businesses can generate their own electricity and sell it back to support the grid or other customers. Generating one's own energy enables customers to have greater control over their energy bills.

Our customers and users

There are over 4m customers and users of Ausgrid's services spread across Sydney, the Central Coast and the Hunter Valley. They range from urban residents in Australia's largest city to rural customers and users in the Central Coast and Hunter Valley, and businesses from corner shops to mines.

In addition to residents and businesses, our customers and users include Councils, telecommunication providers, and developers. We also service critical infrastructure within our network footprint, including schools and hospitals.

OUR VISION

is to become a leading energy solutions provider, recognised both locally and globally.

OUR PURPOSE

is to connect communities and empower lives with a focus on affordability, reliability and sustainability.

OUR VALUES

- Work safe, live safe
- Customer-focused
- Commercially minded
- Collaborative
- Honest and accountable
- Respect



>4m

Australians



1.5m

homes



20%

of Australia's GDP



1,238

schools



105

hospitals



200k

businesses

About Ausgrid

Governance

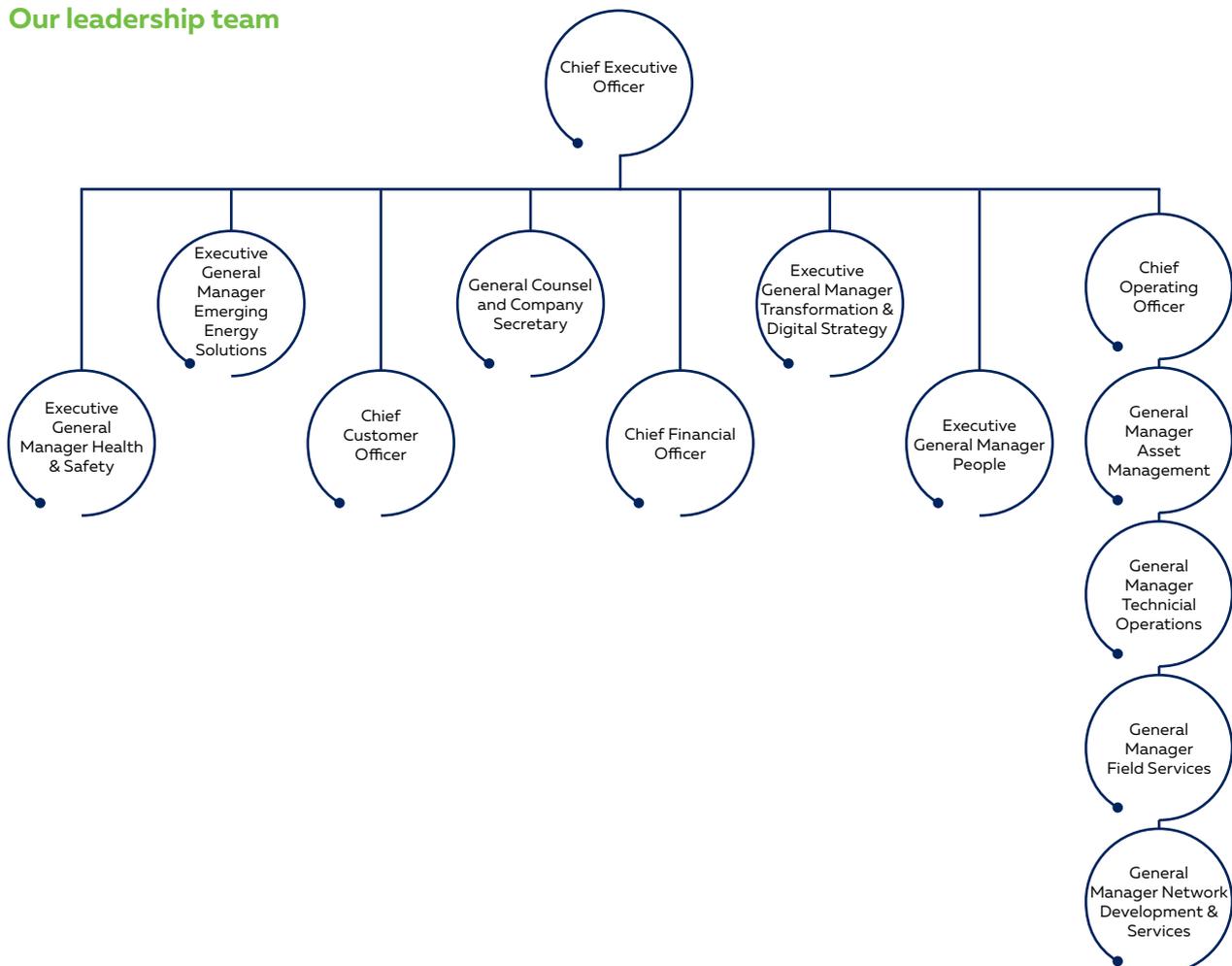
Our Board assumes overall responsibility for Ausgrid's corporate governance, overseeing the performance of the organisation, our management, employees and the interests of our shareholders and stakeholders. Our Board consists of ten members comprising four women and six men. The Board maintains five committees – health, safety and environment; finance; risk; audit; and remuneration.

Our Executive is responsible for day-to-day operations. The Executive has four committees – health and safety; investment; transformation; and operations.

Underpinning our approach to governance are strong risk management principles and our Code of Conduct, which helps ensure we consistently live our values and work towards a sustainability focused future. We have adopted a 'three lines of defence' model across the business which defines the roles and responsibilities of the business and the oversight functions, including the internal audit function.

We understand that good corporate governance is essential to financial success and the sustainability of our company.

Our leadership team



Our transformation journey

The 'new' Ausgrid – moving from asset centric to customer centric

On 1 December 2016, we became a private entity. Our ownership structure now includes IFM Investors and AustralianSuper (50.4%) and the NSW Government (49.6%).

Since then, we have been working hard to transform the way we do business. This transformation is fundamentally changing how we work, how we interact and communicate with our customers, and how we see the future of the electricity network.

Our transformation has involved implementing new processes, systems and internal structures that will help us work efficiently and become a flatter, simpler organisation that is nimble and responsive to the needs of our customers.

We are developing our culture to build a better and more productive relationship with our workforce and customers that reflect our values of:

- We work safe and live safe
- We are customer-focused
- We are commercially minded
- We are collaborative
- We are honest and accountable
- We are respectful

A vital aspect of this process has been the continued improvement in the way we engage and collaborate with customers. While there is more work to be done, strengthening our relationships with customers and their advocates is improving the decisions we make.

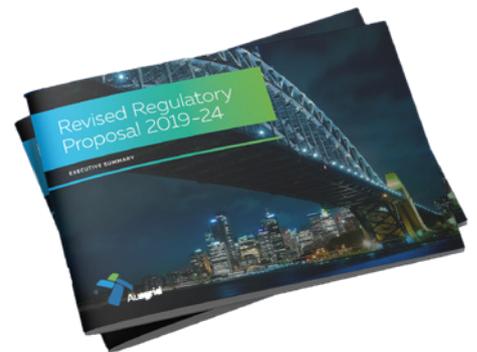
Our regulatory proposal – the reset

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

In April 2019, we submitted an initial proposal, which set out our planned capital investment, operating expenditure plans and total revenue requirements for the next five years.

We worked closely with customer advocates and the AER to revise our capital and operational expenditure and pricing plans. This revision helped us to better reflect customer expectations while providing us with sufficient resources to operate safely and maintain our network.

In 2019, our revised proposal was accepted. It means we will deliver a lower network charge, which is the portion of a customer's bill that covers the maintenance of electricity poles and wires. This resulted in lower charges for the average residential customer.



Providing an affordable, reliable and sustainable electricity supply requires prudent planning and sound investment in our network. We are committed to planning for the future and improving the network by applying the most cost effective, innovative and efficient ways to develop and maintain our network.

Climate change statement

As the custodian of an energy network shared by over 4 million Australians, Ausgrid has a critical role to play in leading and delivering the transition to a low-cost, reliable and decarbonised economy.

We accept unequivocally that human-induced climate change presents a growing threat to our business, economy, society and the planet.

Climate risks have the potential to impact Ausgrid in two ways:

through physical impacts caused by changes in climactic conditions, such as the increased frequency and severity of heatwaves, bush fires, droughts, storms and floods

through transitional impacts that arise from the extensive policy, legal, technology and market changes required to shift to a low-carbon economy.

As we seek to deliver responsible and sustainable energy solutions for our customers and communities, we are implementing actions that address and mitigate these risks.

OUR ACTIONS

To address our long-term carbon risks, and support national and international climate goals, we are:

1. Minimising our own carbon footprint

- Setting targets to lower our greenhouse gas emissions – 8% reduction (44% excluding line losses) by 2024; 17% for all carbon emission by 2030 – and publicly reporting progress to hold ourselves accountable.
- Increasing the use of renewables in our properties through generation from our own solar panels.
- Establishing an internal cost of carbon on SF6 and energy, to assess alternatives.

2. Mitigating climate change risks

- Ensuring our network is prepared for the start of the bush fire danger period each year.
- Maintaining the ability to quickly restore service after extreme weather events.
- Maintaining a resilient grid, capable of managing high-stress periods during heat waves and other extreme weather events.

3. Supporting our customers in the transition to a low-carbon economy

- Making it easy for customers to connect DER (Distributed Energy Resources) to the network.
- Trialling and supporting community solar and batteries to improve access to sustainable energy for all.
- Priming our network to assist in the transition of Australia's vehicle fleet from fossil fuels to electric power.
- Helping our customers participate in the DER market by providing options for them to supply energy into the grid.
- Reducing the carbon footprint of line losses by facilitating the use of renewable energy in the grid.

4. Engaging constructively and transparently with our customers and stakeholders

- Reporting transparently on our progress in our annual Corporate Sustainability review.
- Supporting the achievement of the UN Sustainable Development Goals most closely aligned with our business model and impacts.

Bush fire and storms

We accept unequivocally that human-induced climate change presents a growing threat to our business, economy, society and the planet.

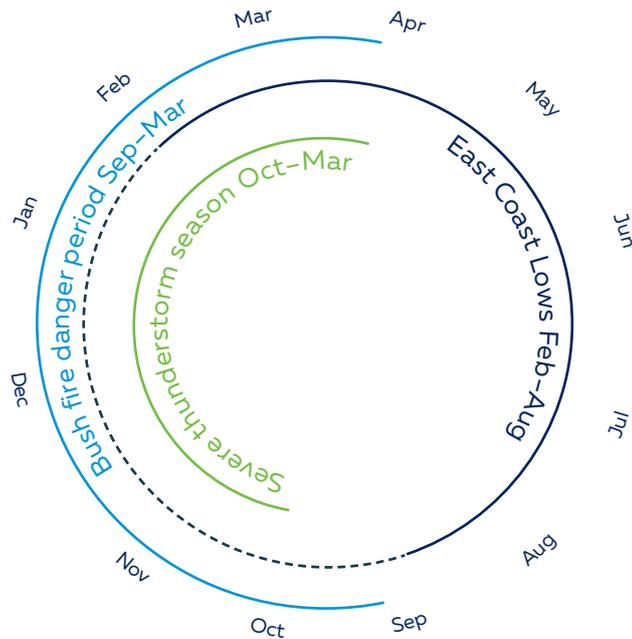
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As we seek to deliver responsible and sustainable energy solutions for our customers and communities, we are implementing actions that address and mitigate these risks.

Bush fire and storm period cycle



Preparation

Each year, Ausgrid intensively prepares for the bush fire and storm seasons. Some of these activities include:

- Vegetation management, meeting minimum vegetation clearance guidelines that balance our broader obligations around environmental sustainability.
- LiDAR (Light Detection and Ranging) scanning for vegetation clearance monitoring.
- An electrical asset inspection and maintenance regime (including high definition photography in fire prone areas).
- Adoption of advanced predictive data analytics to better inform processes for the future.

During

During high risk periods we operate at a heightened state of alert and work to ensure the network is in the optimal state to face the risks at hand.

We work closely with emergency services such as the NSW Rural Fire Service to protect infrastructure and to turn off power when instructed.

The safety of our people and the communities we serve is always our highest priority.

After

Following an extreme weather event or bush fire, our priority is to quickly assess our network and address any safety risks.

To manage the inevitable challenges that arise, we maintain significant resources and spare equipment – in addition to assistance from other distribution network service providers, contractors and accredited service providers where required – so we can quickly restore a safe network and service.

Again, the safety of our people and communities is our highest priority.

Emissions targets and bush fire management

Emissions targets

Ausgrid plays an important role in supporting Australia's transition to a clean energy future. We are proud to have been the country's first distribution network service provider to set an emissions reduction target, and continue to prioritise greater energy efficiency and carbon reduction in our strategy and operations – both to address climate change and ultimately reduce costs for our customers.

OUR EMISSIONS TARGETS

8%

reduction by end FY2024
(44% excluding line losses)

17%

reduction by FY2030

Ausgrid's carbon footprint in FY2019 was close to 1 million tonnes of CO₂-e. Our targets include our Scope 1, 2 and 3 emissions.

- **Our Scope 1** emissions come mostly from our vehicle fleet and the use of sulphur hexafluoride (SF₆) – a greenhouse gas which is used as an insulating gas in electrical switch gear.
- **Our Scope 2** emissions from electricity are significant, with the majority of emissions generated as a result of line losses (where energy is lost as it travels within our network).
- **Our Scope 3** emissions are derived from waste, travel, accommodation and, especially, street lights.

Our emissions targets are calculated from the baseline year FY2017 to capture initiatives implemented since our transition from public to private ownership.



Bush fire management

Bush fires during droughts obviously pose a serious risk to life, property and the environment. We manage this risk by removing hazards from the network identified through regular inspections using helicopter and ground patrols.

Helicopter patrols

We inspect power lines, poles and other equipment in bush fire-prone areas every year using LIDAR imaging equipment and high-resolution photography to identify potential bush fire hazards. The LIDAR sends and records 300,000 pulses every second to create a three-dimensional representation of the network, and is capable of identifying vegetation encroachments to an accuracy of two centimetres or less.

Ground patrols

Our inspectors visit properties in bush fire-prone areas across our network area to check for hazards, such as trees that may fall on our wires and vegetation growing too close to private lines. We implement a series of risk mitigation measures, including:

- identifying trees growing too close to wires
- inspecting privately-owned power poles for defects (such as termite damage, rust and low-hanging wires).

Tree trimming

Trees play a vital role in the health and wellbeing of our communities. But vegetation growth too close to power lines creates hidden risks and safety issues for the community. We trim trees around the electricity network to keep the community and our staff safe, and to help provide a reliable electricity supply for our customers' homes and businesses.





CUSTOMERS & COMMUNITIES

Putting customers
at the centre



Customers & communities at the centre

Our customers

We have a large, culturally and linguistically diverse customer base. Our footprint covers rural, urban and high density communities. Residential customers make up 89% of our customers, while 11% are business users. However, businesses account for 67% of energy consumption, compared with 33% from our residential customers.

Everyone at Ausgrid is aware of the impact that we have on people's lives and businesses. We are working to ensure that the way we make investment decisions and the way we deliver services meets the needs of our customers.

We are changing the way we engage with customers by embedding a customer-focused approach across our business. Being customer-focused will ensure our day-to-day decisions consider the views and perspectives of our customers. This will also ensure stakeholders are informed about our decisions, and the role they have played in setting and delivering on our strategic priorities.

The Ausgrid Chief Customer Officer is a new role set up to ensure the voices of our customers are heard in all our key decisions, and that they are acted upon when possible. The creation of this role is a means of signalling our commitment to meaningful engagement with all our customers and with the wider community. We have brought together the Strategy, Regulation, Corporate Affairs and Customer divisions under the leadership of the Chief Customer Officer.



Ausgrid Customer Consultative Committee

We have also come to note that we have yet a long way to go on our journey to continuously improve customer outcomes.

Customer at the centre

Our Customer Strategy is guided by the tenet that meeting our customers' objectives and expectations drives long-term shareholder value.

In FY19, we have introduced a range of programs and systems to help us understand and respond to the expectations of our customers. These programs include:

Our **Voice of the Customer Program**, which has been established to provide us with an understanding of our customers, and embed customer feedback into decisions and service delivery. This involves carrying out weekly engagements with our customers. On average we have 2,000 interactions with customers, either through surveys, website visits, or direct interactions (e.g. with employees out in the field).

Our **Closed Loop System** ensures that we collect and respond to customer feedback. This includes informing customers of the actions that we take to address their feedback and complaints.

It is important to us that we work with our customers to show our decisions are in their long-term interests.

Our **Customer Relationship Management System (CRM)** presents a 'single source of truth' across the customer lifecycle, by providing a consolidated and transparent view of calls, emails, claims, complaints and customer contact information. The CRM gives us a clear view of our customers, how we are servicing them, how we are communicating with them and their levels of satisfaction.

Avenues for engaging with customers

Customer engagement is critical, as we transform our network to meet the changing needs of customers. We have established a range of engagement mechanisms to help us align our business planning, policies and practices with the expectations of our customers. Over the past few years this has included:

Customers at the Centre Project – The Project was designed to provide the insight and data we needed to fully understand and measure our customers’ perspectives adequately. This included customer focus groups, deliberative forums, and a survey of 2,360 customers. The outcomes have been used to inform our broader business decisions, as well as our 2019–2024 Regulatory Proposal.

Customer Consultative Committee – We changed our Customer Council in 2016 into the Customer Consultative Committee (CCC). Consultation with the CCC informed the development of the 2019–2024 Regulatory Proposal. The CCC is helping us become a customer-focused business. Going forward, the CCC will continue to be the key body for broad customer advocate input to our business planning.

Reset Working Group – Under the CCC, the Reset Working Group (RWG) was created specifically to consult with customers on technical issues related to our 2019–2024 Regulatory Proposal. Consultation with the RWG informed the development of the 2019–2024 Regulatory Proposal.

Extended Stakeholder Consultation Program – After receiving the AER’s approval to extend the submission deadline for the 2019–2024 Regulatory Proposal, we expanded our consultation program. With the additional time, we sought to better understand the views of key stakeholders, identify key issues, work to bring those that could be resolved to a conclusion, and note where a resolution was still outstanding.

Pricing Working Group – The Pricing Working Group (PWG) was created following submission of our initial 2019–2024 Regulatory Proposal. The purpose was to develop a better approach to tariffs, in order to deliver a lower overall cost. The PWG co-designed our new tariff and pricing proposal.

We would like to thank all of the stakeholders who have been involved over the past few years.

New forums for engagement

The Customer Consultative Committee, will have three sub-committees. In addition to the existing Pricing Working Group, this will include the:

Technology Review Committee, which will help improve transparency of investments in information technology and cyber.

Network Innovation Advisory Committee (NIAC), which will collaboratively drive our innovation program. We want to take a lead role in the industry in the integration of distributed energy resources and management of new technologies.

The following organisations are members of our CCC or were part of our regulatory submission process:

- AER Consumer Challenge Panel
- Council of Social Service of NSW
- Council on the Ageing NSW
- Energy & Water Ombudsman NSW
- Energy Consumers Australia
- Energy Users Association of Australia
- Ethnic Communities’ Council of NSW
- Public Interest Advocacy Centre
- The Total Environment Centre
- Urban Development Institute of Australia
- St Vincent de Paul Society

2016

Re-formed the Customer Consultative Committee

Reset Working Group

2017

Customer at the Centre Project

2018

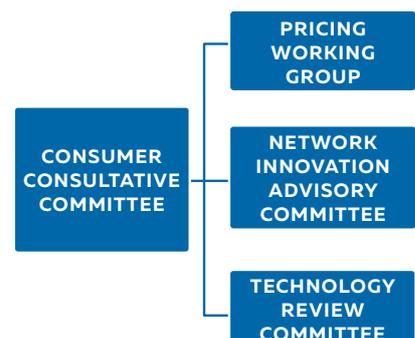
Pricing Working Group

Extended Stakeholder Consultation Program

2019

Network Innovation Advisory Committee

Technology Review Committee



Affordability

From listening to our customers we know that affordability is their number one priority.

We worked collaboratively with our customers to deliver our regulatory proposal. The outcome has been a \$71 reduction in the annual network charges for the average residential customer, which took effect on 1 July 2019. This reduction is on top of the \$142 savings that we have delivered to customers since 2014.

We are challenging ourselves to achieve more with less. We will continue to take steps to cut our operational costs and make our business more efficient and therefore be able to pass on the savings to our customers.

Given the rate of technological change in our sector, we have agreed with customers that it may be possible to defer some capital expenditure that would typically be required. We are focused on investment in improving network reliability with the overarching aim of lowering energy cost for customers.

AFFORDABILITY HIGHLIGHTS

18%

Lower revenues between 2019 and 2024

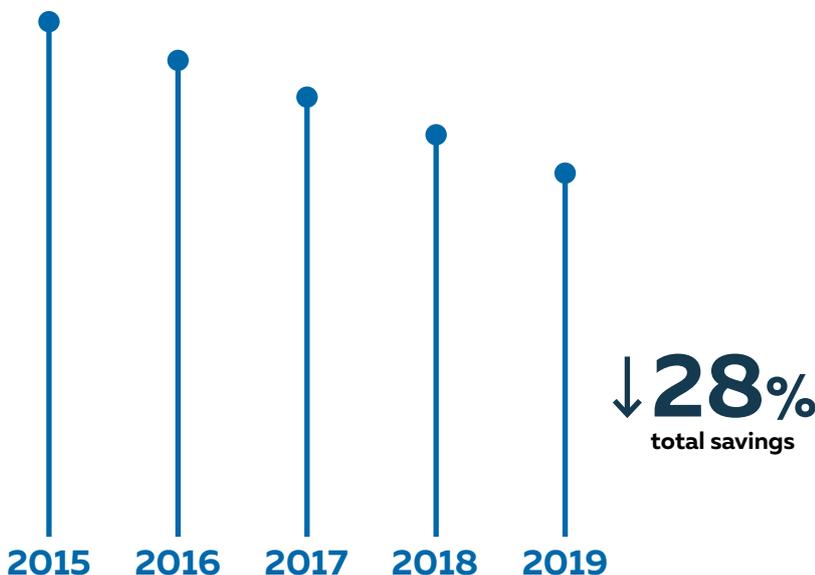
\$100m

Lower annual operating expenditure

Fairer

pricing structures in our tariff structures statement

AUSGRID NETWORK CHARGES



DEMAND TARIFFS

We have worked with customer advocates to design new demand tariffs to make electricity more affordable. When passed on to customers, demand tariffs encourage a shift in electricity use outside of peak times. In other words, the lower a customer's demand is during peak times, the less the customer pays for using the network.

Community investment

We strive to make a positive contribution to the communities in which we operate, by investing in community programs that make a difference in the lives of our customers. This includes our ongoing commitment to electricity safety week and our FY19 initiative, buy-a-bale program, to support drought affected farmers.

Electricity Safety Week is a state-wide program designed to teach students about electricity safety. The interactive program shows young people how electricity works, how to use it, and how to stay safe around it.

Primary schools located in our network distribution area, including the Sydney, Central Coast and Hunter regions, can register for the free interactive resource packs. The NSW Department of Education supports the teaching resources.

Ausgrid has proudly been part of the program for the past 14 years. It forms part of our Public Electrical Safety Awareness Program.

In FY19, 92% of schools in our network area participated. 93% of teachers who participated believed that electricity safety activities helped their students be safer around electricity. We ran our first Staff Volunteer Program in FY19, with 43 staff volunteers visiting 36 schools during Electricity Safety Week.

In FY19 we contributed to the buy-a-bale program, which provides support to drought affected farmers in the communities where we operate. We also provided support to the Sydney Children's Hospital and OzHarvest.

“We have had feedback from parents that their children have come home and identified unsafe areas of the home, resulting in parents having to change aspects of their electrical set up.”



OzHarvest CEO Cook-off



Electricity Safety Week



Buy-a-bale program



Sydney Children's Hospital

Our communities, our environment

We are committed to conducting our business in a way that drives environmental sustainability.



ENVIRONMENTAL MANAGEMENT

We manage our environmental performance through a comprehensive environmental management system (EMS). Our EMS has been certified to the international standard ISO 14001 for over 20 years.

As part of our EMS, we develop an annual Environmental Sustainability Improvement Plan to identify actions that help achieve Ausgrid's environmental targets, objectives and long-term vision.

In FY19, we updated our Code of Conduct which describes our commitment to sustainability, including environmental sustainability. We also developed a new combined health, safety and environment (HSE) policy, which outlines our commitment to protecting the environment. The new HSE Policy and Code of Conduct are available on Ausgrid's website.



BUNNERONG - COMMUNITY BUSHLAND

Within our footprint, we have areas of ecological diversity that are unique and require careful management. Our Bunnerong Substation property contains 1.54 hectares of Eastern Suburbs Banksia Scrub (ESBS) which is critically endangered. ESBS used to occupy 5,300 hectares between North

Head and Botany Bay, but now only 146 hectares remains making the area within Ausgrid's property even more important for biodiversity and animal populations.

In FY19, Ausgrid was awarded a grant from the Local Land Services for ecological restoration of ESBS at Bunnerong. The work involves bush regeneration, erosion control, flame weeding, monitoring, seed collection, treatment and application.

Additionally, our shareholder IFM Investors awarded Ausgrid a grant to undertake a project in FY20 that involves bush regeneration of ESBS, erosion control, monitoring, seed collection, treatment and application / brush matting, installation of three native bee hives on site and another three hives at other locations.



REROUTING NEW CABLES TO REDUCE IMPACTS TO FLORA AND FAUNA

Ausgrid's cables that extend through easements in the Georges River National Park transect a large amount of native vegetation. Ausgrid undertook a detailed consultation process with the NSW Office of Environment and Heritage (OEH) to reroute the cables outside the existing easements to allow installation of the new cables within previously cleared areas with minor regrowth.

This has reduced the impact to native vegetation, including 3,690m² of flora, some of which is critically endangered Shale Sandstone Transition Forest of the Sydney Basin Region.



SAVE OUR SPECIES AT TERREY HILLS SUBSTATION

Ausgrid has given the NSW OEH access to an area of vegetation around our Terrey Hills Substation for their Save our Species program for *Grevillea caleyi*. The works include bush regeneration, seed collection and post fire monitoring. Ausgrid has been using a variety of substation perimeter fences to minimise impacts to threatened flora and fauna.



POWERFUL OWLS

Ausgrid has collaborated with the National Parks and Wildlife Service and Birdlife Australia to help better protect Australia's largest owl, the Powerful Owl, a vulnerable species living within the Ausgrid network. We have incorporated Birdlife's Powerful Owl breeding territory data on our GIS mapping system and we have developed an educational fact sheet for vegetation maintenance staff.



Leptospermum laevigatum or Coastal Tea-tree (ESBS species) growing at Bunnerong.



Xanthorrhoea resinifera Grass Trees feature within the ESBS at Bunnerong



Ricinocarpus pinifolius or Wedding Bush (ESBS species) growing at Bunnerong.



OUR PEOPLE

Building a workforce
for the future



Our people

A Career, Capability and Remuneration Framework was introduced this year as part of the Ausgrid Enterprise Agreement 2018. Designed to introduce a fair and consistent way of remunerating employees based on performance and their contribution to our long-term success, this framework underpins Ausgrid's commitment to developing a high-performance culture.

We also delivered phase one of our training transformation, laying the foundation for long-term learning and development. This is key to achieving our business strategy through increased organisational capability, higher employee engagement, and attracting and retaining talent. As leadership is the foundation of our culture, we also invested extensively in our Leadership Development Program.

We are continuing to transform our business to deliver greater value for customers now and in the future, through a high-performance culture, and by creating competitive advantage through a capable and engaged workforce operating in a safe and inclusive environment.

New technologies are transforming the way consumers access and use electricity, and therefore the nature of our work is shifting. To meet the changing needs of our customers, we are ensuring that the capabilities of our workforce continuously adapt and are future-focused.

Bright Spark Program

The Bright Spark Program is changing the face of our workforce and introducing new ideas and ways of thinking, preparing us for the changes ahead in the energy industry.

Through the first Bright Spark Program intake, we welcomed 18 new apprentices and ten trainees in 2019. The quality and diversity of this team is outstanding, with 21 female, three Indigenous and five mature-aged apprentices and trainees bringing different points of view and life experiences, helping us better reflect our customers.

The training our apprentices receive combines hands-on experience in the field with structured technical training, and our trainees are involved in all aspects of corporate operations.

As the energy market and technology goes through rapid change, our new apprentices and trainees are an important part of Ausgrid's future, joining a team that is multi-skilled and adaptive.

Leadership development program

Our leadership development program includes a range of modules.

- **Leading Essentials Program:** designed to equip all leaders with the fundamental leadership capabilities to lead high-performing teams
- **Safe Leaders Program:** designed to build the capability of all leaders to oversee safe and efficient operations, fostering a safety focus by enhancing communication and coaching skills
- **Leading Performance Conversations:** an intensive one-day cross-functional workshop for all leaders to help them lift their team's performance through effective performance feedback
- **Operational Fundamentals:** provides our Field Services frontline leaders with the opportunity to engage with, interpret, and understand Ausgrid's policies and procedures in real time scenarios in the workplace.

Health and safety

In April 2019 we tragically lost one of our team (name withheld for cultural reasons). Following this incident, we put a pause on conducting live work while we reviewed the way in which we do it.

Health and safety reset

We commenced a 'reset' in late 2017, which was a two-year program involving a range of initiatives. The aim was to enhance our approach to health and safety across the business. As part of the 'reset', and through consultation with our workforce, we developed Our Lifesavers.

Our Lifesavers

Our Lifesavers are eight simple rules, developed to add clarity to our highest risk tasks. The aim is to prevent injuries and save lives, in line with our Work Safe, Live Safe value. Our Lifesavers have been designed to work with and reinforce our existing rules and controls.

By following the eight Lifesavers, our workers can safely perform their duties, and managers and supervisors can create the right conditions that ensure our Lifesavers are followed.

Health and safety at Ausgrid is achieved by integrating proactive health and safety management into our business processes. This is supported by growing our leadership and strong frontline worker capability, and building a protective way of thinking that improves the reliability and predictability of work. All of this is underpinned by a culture of care that integrates health and safety into everything we do.

Our integrated approach

Our Work, Health and Safety Management System, known as the Be Safe Management System, frames our approach to health and safety.

The system documents 'the way we do things safely' by capturing lessons learned from the past, our response to the rules set by regulators, and our desire to continually improve our safety performance.

It is based on the Safe People, Safe Places and Safety Processes model, and documents our commitment to protecting the health, safety and wellbeing of our workers as well as visitors attending our sites.

Systems and processes are designed with the end user in mind to improve consistency, reliability and understanding.

FY19 HIGHLIGHTS

↓ **41%**
Recordable injuries

↓ **14%**
Lost time injuries

14
New safety engineering solutions

1,090
Times we made the network safe after 3rd party incidents

1,052
Defibrillators we own

We are committed to building an engaged, fit and capable workforce to deliver safer and reliable operations for our workers and our customers.

OUR 8 LIFESAVERS



Only commence work after all necessary permits are in place



Never be under a suspended load



Use fall protection when working at heights



Maintain minimum safe working distances and exclusion zones



Use approved insulation, controls and PPE when working live



Never tamper with, modify or bypass any safety devices unless authorised



Always follow polarity procedures



Do not enter an excavation deeper than 1.5 metres unless it's supported

Health and safety

Mental health and wellbeing

As part of our commitment to health and safety, we understand the role that mental health plays, and want to ensure that our staff are supported. We have a holistic approach to mental health and wellbeing at Ausgrid.

As part of our approach to health and wellbeing, we have a range of programs available to our staff. These include Employee Assistance Services, Mental Health First Aiders, Critical Response to Trauma, On-site Counselling and The Resilience Program.

2,538

Ausgrid employees participated in the program

65

workshops on building awareness on mental health

47

mental health coaching sessions



77%

of staff have done the resilience training program



THE RESILIENCE PROGRAM

As part of the resilience program, we are working with former NRL player Dan Hunt, from the Mental Health Movement.

The objectives of the program are to: help start the conversation around mental health and normalise it within the workplace; improve individual self-awareness around mental health and wellbeing; and provide individuals with coping strategies, support networks and mental health management tools to assist in developing resilience. The program includes two components – mental health awareness sessions and resilience workshops.

The mental health awareness sessions for employees were designed to help build their understanding of mental health and understand their responsibility for their own mental health and wellbeing. The sessions have not only started the conversation around mental health within the workplace but are also helping to remove the negative stigma.

The developing resilience workshops were an opportunity to foster an understanding of resilience, in particular, how to cope when things do not go as planned or when there are unexpected challenges and changes in life. Strategies on how to build on resilience were also provided through the workshops.

Inclusion & diversity

By reflecting the diversity of the communities we serve, we will be stronger, more resilient and better able to support our customers.

We respect and embrace the diversity of our employees, customers and the communities in which we operate, as having diverse perspectives leads to better decision-making and innovation within our teams.

In FY19, we took steps to reduce potential bias through our recruitment processes and rolled out industry leading policies to support inclusion, such as Domestic Violence, Stillbirth and Miscarriage, Lactation Breaks, and Workplace Bullying, Harassment & Discrimination.

We held well-attended events to celebrate International Women's Day and raised awareness of issues like domestic violence. We also increased the parental leave allowance to 16 weeks and undertook our first gender pay gap review.

All employees are provided with training on building a respectful and inclusive workplace. As an indicator of the culture we are creating, this year we have been able to successfully support two of our employees through their gender transition journey.

Reconciliation Action Plan

Our communities are our customers and our people. Building relationships based on mutual respect is key to understanding our customers' needs and expectations.

Our recent Reconciliation Action Plan (RAP) increased cultural awareness and understanding of our communities, and shifted our relationships with our suppliers. Our new RAP is being updated to align with our purpose of Connecting Communities, Empowering Lives.

Building relationships based on mutual respect is key to understanding our customers' needs and expectations.



I started in 2008 as an apprentice lineworker and just celebrated 11 years with the company in January. I've always felt included in the business and accepted for my cultural background, as well as being supported by my managers when I've asked for time off for Indigenous celebrations like NAIDOC Week.

Cultural diversity is important for Ausgrid, as we're a diverse country with lots of different nationalities, so it's important that we reflect this. It's also about learning about and recognising people's Indigenous backgrounds - It's about making people aware of how much the land and our culture means to us.

MICHAEL RYAN
Lineworker at the
Oatley Depot

Our commitment to inclusion and diversity

Inclusion & Diversity Council

In 2018, we brought together representatives from across the organisation to form our Inclusion and Diversity Council. The Council, Chaired by our CEO, Richard Gross, is playing a key role in driving change in the organisation.

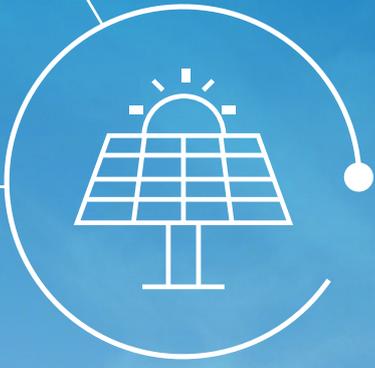
The Council's Charter provides a shared understanding of inclusion and diversity. For us, diversity refers to the differences between people in how they identify. Inclusion is the organisation's effort and practices in which different groups or individuals from different backgrounds are culturally and socially accepted, welcomed and treated equitably.



My family migrated here from Lebanon in the 1970s and I was born and raised as your average Australian. When someone looks at me, their first reaction might be to see difference. I do tick a lot of minority boxes - young, female and from a Middle-Eastern background. However, these factors have never made me feel as if I didn't belong here - I've felt part of the Ausgrid team since my early days.

Since I started, I've gradually worked across the business across multiple roles within Customer, Field Services, Asset Management and Transformation. This has given me the opportunity to meet so many employees with such different insights and perspectives, and I'm always learning from their experiences, backgrounds and differing starting points.

FATIMA BAZZI
Head of Transformation



ENERGY SOLUTIONS

The internet
of energy



The internet of energy

A changing landscape

The energy industry is undergoing a significant change, which, in part, is being driven by climate change and the transition to a low-carbon economy. This change is introducing innovation and emerging technologies. For example, renewable energy resources are transforming the electricity sector, and our historically centralised electricity system is becoming more responsive and interconnected to support a two-way flow of energy. Our network is developing to be the internet of energy for our customers.

Like other parts of the energy system, our network needs to adapt to this new landscape and manage a growing mix of renewable and distributed energy resources across the grid.

Households, communities and businesses now have choices, with new technology increasingly enabling them to generate, consume, and store their own electricity, and sell excess electricity back to the grid.

We are committed to working with customers and stakeholders to realise this lower-carbon future at the lowest possible cost.

This includes developing innovative solutions for customers, providing equitable access to energy storage solutions and working with regulators to increase implementation of these innovative solutions.

We are committed to working with customers and stakeholders to realise this lower-carbon future at the lowest possible cost.



OUR ROLE IS TO PROVIDE CHOICES FOR OUR CUSTOMERS

Our customers want more control over how they access, sell and consume energy.

We have a range of projects in place to help us respond and provide greater choice to our customers.

For example, our stakeholders have indicated that there is strong interest in unlocking the potential of community solar and storage solutions, particularly for those without the space or ability to install their own systems. Such initiatives can be a cost effective way of managing the transition to a low-carbon future and demonstrate the critical role networks have to play in giving customers access to these types of solutions.

By investing in innovation, we can deliver real and lasting benefits for our customers and maintain the safety and reliability of the energy ecosystem.



COMMUNITY BATTERIES

Interest by our customers in battery storage solutions is increasing. We are responding to our customers' need for innovative solutions by investigating the use of the grid's existing network and our expertise to make community batteries available.

Community batteries provide equitable access to affordable battery technology by allowing the customers to buy a 'virtual share' of a much larger battery housed on our network.

Ausgrid will pilot this with residential customers that have or intend to install solar PV, at selected locations that have network need. Their virtual battery will allow them to feed in their excess solar energy to use later.

Our aim is to use our expertise and network to provide customers with greater access to new technologies and lower energy costs.



THE EVOLVE DER PROJECT

In 2019, we partnered with the Australian Renewable Energy Agency in implementing the Evolve Distributed Energy Resources (DER) Project. The aim is to allow Ausgrid to increase DERs (e.g. solar, batteries) used within the network, which will accommodate more customers. This in turn supports a two-way flow of energy.

The energy produced by DERs can be used to supplement the demand during peak times, which will reduce the need for further investment in the network. Powerful software and the use of sensors helps us understand how the network is behaving in real time, which enables us to capitalise on this opportunity.

The Evolve DER Project is a step towards unlocking the electricity superhighway which will allow customers to access new opportunities to generate, store, share, and trade their energy, and maximise their investment in renewable energy.

Emerging technology

The Power2U Program

Our Power2U Program is an initiative that encourages customers to take up renewable energy and efficiency measures, such as installing solar systems and lighting upgrades. Our program seeks to provide more choice to customers about the way they use their energy, maximising grid efficiency benefits and reducing costs for customers.

Ausgrid has partnered with Australian Renewable Energy Agency (ARENA) and the City of Sydney. Through these and other partnerships, financial incentives are offered to customers to reduce their energy use during the day. Reducing demand on the grid not only helps reduce greenhouse gas emissions, but also the costs of maintaining the grid.

It is estimated that a small business installing a 50kW solar power system will save approximately \$12,000 and reduce greenhouse gases by 60 tonnes each year. Similarly a residential customer with a 5kW system could save \$1,200 and 6 tonnes of greenhouse gases each year.

Virtual Power Plant

In February 2019, we launched our Virtual Power Plant (VPP), which is a network of small-scale generators (i.e. households with batteries) that work together to help power homes and businesses connected to the grid. The VPP gives customers an opportunity to reduce their costs by selling electricity back to the grid when it is most needed.

We have launched a 1 megawatt VPP trial with 233 customers across 170 suburbs in Sydney, the central Coast and the Hunter region, in partnership with Reposit Power. The trial allows electricity from customer batteries to be directed back into the grid, where they receive direct payments from Ausgrid through Reposit of up to \$135 per year, depending on the size of their battery system.

Network Innovation Program

Our Network Innovation Program will provide us with opportunities to incorporate more significant numbers of distributed energy resources and electric vehicles in our network.

This Program, requiring an investment of \$42 million over five years, will allow us to test the suitability of new technologies and new ways of doing things in our network, such as: evolving our network to meet changing customer expectations and finding more efficient ways of doing things in the future.

Our Network Innovation Advisory Committee (NIAC) will oversee the implementation of the Network Innovation Program. Customers have told us they want a greater role in driving the direction of innovation in electricity networks, hence the establishment of the NIAC.

The Network Innovation Program contains 11 initiatives focused on progressive expansion of new grid technologies that improve customer outcomes. These initiatives will trial:

- Advanced Voltage Regulation
- Network Insights
- Fringe of Grid Optimisation
- HV Microgrids
- Advanced EV Charging Platform
- Grid Batteries
- Portable All-in-One Off-Grid Supply Units
- Self-Healing Networks
- Dynamic Load Control
- Asset Condition Monitoring
- Line Fault Indicators

“Our program seeks to provide more choice to customers about the way they use their energy, maximising grid efficiency benefits and reducing costs for customers.”

Emerging technology

Reducing our carbon footprint

We are committed to taking action to reduce our greenhouse gas emissions, as well as taking steps to manage our long-term carbon risks and opportunities. This action will help us play our part in contributing to local, national and international climate goals. In FY20, we will be developing our sustainability policy, which will include climate change.

Ausgrid has developed a carbon emissions target and is the first distribution network service provider in Australia to do so. Our target of 8% reduction by end of FY2024 (44% excluding line losses) and 17% reduction by 2030 will hold us accountable to publicly report on progress to lower our greenhouse gas emissions.



OUR VEHICLE FLEET

In previous years we have made significant financial and emissions savings through reducing our vehicle fleet, switching to newer efficient vehicles, and installing telematic devices to help us improve their use. We continually review our fleet use to find emissions reduction opportunities.

We now own two Renault Zoe electric vehicles as part of a trial to reduce operational and maintenance costs and explore carbon emission reductions. These vehicles have a range of 400km before needing to be recharged and we have installed fast-charging facilities at our Sydney, Homebush and Newcastle sites that can recharge 80% of the car battery in an hour. With the technology

continuing to improve and demand for these vehicles expected to grow, we are also committed to exploring how we can better support customers to connect electric vehicles to the electricity network.



THE LED STREETLIGHT ROLLOUT

We are introducing energy efficient streetlights to the 260,000 we own. We have offered the 33 Councils within our network the option to accelerate the replacement of 100,000 older residential streetlights with LEDs. The new LED lamps are more energy-efficient, easier to maintain and last up to 20 years longer. Residents have also told us they prefer the lighting quality and colour of the LEDs.

17 Councils had signed up to the program. We are continuing talks with the remaining Councils about extending the accelerated rollout of LEDs. In FY19 we upgraded 25,359 streetlights to LED. 26% of our streetlights are now LED, an increase of 10% from FY18.

This new technology will assist Councils to reduce carbon emissions and deliver sustainable savings for our customers.



SOLAR POWERED AUSGRID

We are building a significant multi-site solar installation at many of our depots. In FY20 we will finish installing a 4-megawatt solar system of more than 11,500 panels at 20 sites across

our network in Sydney, the Central Coast and the Hunter region.

Our solar panels are a way for Ausgrid to reduce energy costs and greenhouse gas emissions.

By embracing a large-scale solar program, we expect to reduce our net carbon footprint by 4,895 tonnes a year, which is the equivalent of taking 1,000 cars off the road or planting more than 16,300 new trees.

Our annual carbon footprint is close to 1 million tonnes CO₂e. We are committed to reducing emissions in areas we can financially and responsibly influence. Our current initiatives include:

- Improvements in our fleet of vehicles, through fuel efficiency and trialling electric vehicles
- Use of solar panels at our properties
- Management of sulphur hexafluoride (SF₆), a potent greenhouse gas used as an insulating gas in our electrical equipment
- Improving the energy efficiency of our properties
- Improving our indirect emissions by working with our Councils to install energy efficient streetlights.



Building network resilience

Careful planning, prudent maintenance and a proactive operational strategy have helped us build a resilient network, with a greater chance of withstanding an extreme weather event, and the ability to restore energy safely and effectively after an incident.

Ausgrid is proud of its performance and ability to limit the duration and frequency of electricity outages, notwithstanding an unprecedented series of natural disasters in recent years.

Our innovation efforts are key to bolstering our resilience. Examples include investigations into community batteries pilots, the Evolve DER Project, and our Virtual Power Plant initiative. We will continue to invest in new technology solutions that will benefit our customers and make our network more resilient and responsive to changes in our climate, industry and markets.

Climate change reliance

Climate change is often discussed in the context of emissions reduction and energy efficiency. But the physical impacts of climate change also present risks to our network and the customers and communities we serve.

Our physical climate risks include the threat of bush fires and extreme weather events (like severe storms that bring down power lines).

Managing these risks supports a resilient network and enables us to continue providing a reliable, safe and sustainable supply to our customers. We have mapped our risks, and have in place a range of strategies to minimise them.

Prevention and protection

Preventing incidents and protecting our communities during times of extreme weather is vitally important.

Some of the activities we are undertaking include:

- investigating line drop technology to turn off a falling wire before it hits the ground,
- upgrading protection devices to improve identification of defects in cutting off power,
- installing smart pole mounted switches which provide fault detection before we turn the power on,
- conducting analysis of long-span powerlines and their interaction with vegetation,
- sophisticated two-way data-sharing with the Rural Fire Service, to ensure critical assets are protected and operations coordinated.

Hardening our network

We are committed to making our network tougher and more flexible so we can minimise climate change impacts and improve our response in difficult times. These activities include:

- investigating stand-alone power systems so we can isolate locations at risk but still provide them with power; in addition to working with government to develop policy frameworks around this,
- progressive transition to undergrounding including all new developments in urban areas,
- move to covered overhead cables to improve safety and reduce fire risks,

- applying a risk based approach to use fire resistant poles to minimise the damage caused by fires and other natural disasters and allow faster supply restoration,
- establishing our depots and equipment in locations that allow us to respond quickly to severe weather events and other incidents,
- having established relationships with other distribution network service providers, contractors and accredited service providers, to quickly assist us after extreme weather events or incidents.

Cyber & physical security

Cyber security is receiving an increasing focus in today's digital age. The Commonwealth Attorney General's Department has highlighted the risk to the Australian economy from computer intrusion and the spread of malicious code.

Electricity distribution assets have been recognised as critical infrastructure by the newly established Australian Critical Infrastructure Centre.

In order to better serve our customers, Ausgrid is investing in a range of cyber and protective security measures, including enhancing our in-house cyber capability and implementing foundational cyber controls. The measures are designed to further reduce Ausgrid's highest cyber risks, including inappropriate access to our systems, the potential loss of critical data and supplier cyber risk.

Employee awareness and education

People are the cause of 70% of all cyber incidents.¹ Ausgrid has made a significant investment in raising cyber awareness and educating employees. This has comprised a series of campaigns, information briefs and events, as well as a competency-based eLearning module that all employees and contractors are required to complete.

One example of an event was 'Hacktober', which was designed to raise awareness and educate employees on business and personal cyber safety. 'Hacktober' spanned the month of October, and provided a fun and interactive way to engage employees.

AUSGRID'S 'HACKTOBER' AT A GLANCE:

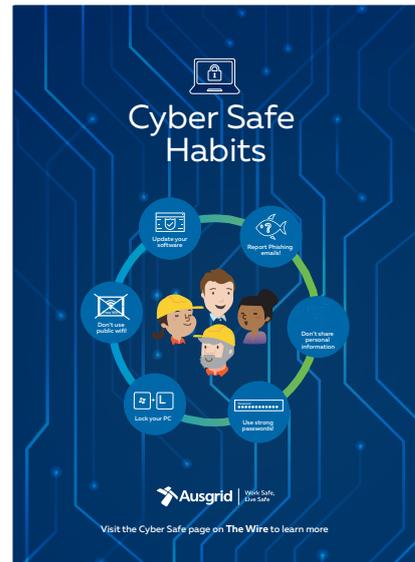
15
site events across
Ausgrid's network

over
50%
of employees participated

42
event hours over 31 days

125
hacking demonstrations

300
interactive sessions



1. Source: Office of the Australian Information Commissioner



ANNEXURES



GRI index

As required by the GRI standards, we provide an index that specifies each of the GRI standards used and lists all disclosures included in the report.

Organisational Profile

GRI 102: General Disclosures 2016

Disclosure	Location	Additional Information and omissions
102-1 Name of the organisation	About Ausgrid	
102-2 Activities, brands, products, and services	About Ausgrid	
102-3 Location of headquarters	-	Sydney, Australia
102-4 Location of operations	About Ausgrid - Our customers	
102-5 Ownership and legal form	Our transformation journey	
102-6 Markets served	About Ausgrid - Our customers	
102-7 Scale of the organisation	Ausgrid Data - Employees Revised Regulatory Proposal	
102-8 Information on employees and other workers	About Ausgrid Our people Ausgrid Data - Employees	
102-9 Supply chain	About this Report - Our value chain	
102-10 Significant changes to the organisation and its supply chain	Our transformation journey	
102-11 Precautionary Principle or approach	About Ausgrid - Governance	
102-12 External initiatives	Energy Charter	
102-13 Membership of associations	Energy Charter	

Strategy

GRI 102: General Disclosures 2016

Disclosure	Location	Additional Information and omissions
102-14 Statement from senior decision-maker	CEO message	

Ethics and Integrity

GRI 102: General Disclosures 2016

Disclosure	Location	Additional Information and omissions
102-16 Values, principles, standards, and norms of behaviour	About Ausgrid About Ausgrid - Governance	
102-17 Mechanisms for advice and concerns about ethics	About Ausgrid - Governance	

Governance

GRI 102: General Disclosures 2016

Disclosure	Location	Additional Information and omissions
102-18 Governance structure	About Ausgrid - Governance	

Stakeholder Engagement

GRI 102: General Disclosures 2016

Disclosure	Location	Additional Information and omissions
102-40 List of stakeholder groups	About Ausgrid Customers and community - Avenues for engaging with customers Our people	
102-41 Collective bargaining agreements	Ausgrid Data - Employees	
102-42 Identifying and selecting stakeholders	About this Report	
102-43 Approach to stakeholder engagement	Customers and community - Avenues for engaging with customers	
102-44 Key topics and concerns raised	About this Report - Listening to our customers	

Reporting Practice

GRI 102: General Disclosures 2016

Disclosure	Location	Additional Information and omissions
102-45 Entities included in the consolidated financial statements	Revised Regulatory Proposal	As an unlisted organisation, Ausgrid does not produce an Annual Report
102-46 Defining report content and topic boundaries	About this Report – Ausgrid value chain	
102-47 List of material topics	About this Report – Listening to our customers	
102-48 Restatements of information		There are no cases where data has been restated
102-49 Changes in reporting		There are no changes in reporting as this is Ausgrid's first Sustainability Report
102-50 Reporting period	About this Report – Listening to our customers	This Report details our performance during the fiscal year (FY) 2019 (1 July 2018 through 30 June 2019)
102-51 Date of most recent report		There is no previous report as this is Ausgrid's first Sustainability Report
102-52 Reporting cycle		Ausgrid will report annually
102-53 Contact point for questions regarding the report		www.ausgrid.com.au
102-54 Claims of reporting in accordance with the GRI Standards	About this Report – Listening to our customers	This Report has been prepared in accordance with the GRI Standards: Core option
102-55 GRI content index	This table	
102-56 External assurance		We have not engaged with an external assurance provider. Ausgrid has governance, reporting and internal review in place to ensure information contained within this Report is factually correct

Economic Performance

GRI 103: Management Approach 2016

Disclosure	Location	Additional Information and omissions
103-1 Explanation of the material topic and its boundary	Sustainability at Ausgrid About this Report – Our value chain	
103-2 The management approach and its components	About Ausgrid About Ausgrid – Governance	
103-3 Evaluation of the management approach	About this Report About Ausgrid – Governance	

GRI 201: Economic Performance 2016

Disclosure	Location	Additional Information and omissions
201-1 Direct economic value generated and distributed	Revised Regulatory Proposal	
201-2 Financial implications and other risks and opportunities due to climate change	Reducing our carbon footprint Building resilience	Ausgrid Website – climate change
201-4 Financial assistance received from government	Revised Regulatory Proposal	

Emissions

GRI 103: Management Approach 2016

Disclosure	Location	Additional Information and omissions
103-1 Explanation of the material topic and its boundary	Sustainability at Ausgrid About this Report – Our value chain	

GRI 305: Emissions 2016

Disclosure	Location	Additional Information and omissions
103-2 The management approach and its components	About Ausgrid About Ausgrid – Governance	
103-3 Evaluation of the management approach	About this Report About Ausgrid – Governance Reducing our carbon footprint	
305-1 Direct (Scope 1) GHG emissions	Ausgrid Data – Environment	
305-2 Energy indirect (Scope 2) GHG emissions	Ausgrid Data – Environment	
305-3 Other indirect (Scope 3) GHG emissions	Ausgrid Data – Environment	

Occupational Health and Safety

GRI 103: Management Approach 2016

Disclosure	Location	Additional Information and omissions
103-1 Explanation of the material topic and its boundary	Sustainability at Ausgrid About this Report – Our value chain	
103-2 The management approach and its components	About Ausgrid About Ausgrid – Governance	
103-3 Evaluation of the management approach	About this Report About Ausgrid – Governance	

GRI 403: Occupational Health and Safety 2016

Disclosure	Location	Additional Information and omissions
403-1 Occupational health and safety management system	People – Health and safety	
403-2 Hazard identification, risk assessment, and incident investigation	People – Health and safety	
403-4 Worker participation, consultation, and communication on occupational health and safety	People – Health and safety People – Mental health and wellbeing	
403-5 Worker training on occupational health and safety	People – Health and safety	
403-8 Workers covered by an occupational health and safety management system	People – Health and safety	
403-9 Work-related injuries	Performance Data – Health and safety	

Local Communities

GRI 103: Management Approach 2016

Disclosure	Location	Additional Information and omissions
103-1 Explanation of the material topic and its boundary	Sustainability at Ausgrid About this Report – Our value chain	
103-2 The management approach and its components	About Ausgrid About Ausgrid – Governance	
103-3 Evaluation of the management approach	About this Report About Ausgrid – Governance	

GRI 413: Local Communities 2016

Disclosure	Location	Additional Information and omissions
413-1 Operations with local community engagement, impact assessments, and development programs	Customers & communities – Putting our customers at the centre Avenues for engaging with customers Community investment	

ANNEX B: Data table

Workforce (Full Time Equivalent)

	FY2019	FY2018	FY2017
	Total	Total	Total

Employee Information

Employees	3,280	3,456	3,612
Labour Hire & Contracted Services	994	975	836
Total	4,274	4,431	4,448

Workforce (Headcount)

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

	FY2019			FY2018			FY2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total

Employee Information

Employees	523	2,760	3,283	539	2,927	3,466	602	3,050	3,652
Employees (%)	16%	84%	100%	16%	84%	100%	16%	84%	100%

Employees by employment type and gender

Full time (%)	13.7%	84.0%	97.7%	13.3%	84.3%	97.6%	13.5%	83.4%	96.9%
Part time (%)	2.2%	0.1%	2.3%	2.3%	0.1%	2.4%	3.0%	0.1%	3.1%
Total	15.9%	84.1%	100.0%	15.6%	84.4%	100.0%	16.5%	83.5%	100.0%

Gender diversity

Executive Managers	2	9	11	2	9	11	3	6	9
Managers	35	149	184	30	147	177	37	139	176
Supervisors	38	272	310	36	265	301	39	236	275
Non-managers	448	2,330	2,778	471	2,506	2,977	523	2,669	3,192
Total	523	2,760	3,283	539	2,927	3,466	602	3,050	3,652

Workforce (continued)

	FY2019			FY2018			FY2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
New hires									
External appointments	59	55	114	50	127	177	16	37	53
Internal appointments	32	123	155	125	276	401	122	393	515
Parental leave by gender									
	39	211	250	44	219	263	45	201	246
Employee age groups									
16-24			1%			1%			2%
25-34			19%			21%			22%
35-44			34%			33%			32%
45-54			29%			29%			29%
55-64			16%			15%			14%
65+			1%			1%			1%
Employee tenure									
<1 year			3%			4%			1%
1-2 years			4%			1%			1%
2-5 years			2%			2%			3%
5-10 years			15%			21%			27%
10-20 years			55%			51%			47%
20+ years			21%			20%			20%
Employee other									
Redundancies			209			282			239
Attrition rate excluding redundancies			2.6%			2.1%			2.4%

ANNEX B: Data table

Workforce (continued)

	FY2019	FY2018	FY2017
Employment arrangements			
Employees on Enterprise Agreement	95%	96%	93%
Employees not on Enterprise Agreement	5%	4%	7%
Indigenous employees			
Number of Aboriginal and Torres Strait Islander people (voluntarily self-identified)	61	24	30
Employees with a disability			
Number of employees with a disability (voluntarily self-identified)	41	47	53

Environment - Emissions

	Unit	FY2019	FY2018	FY2017
Greenhouse gas (GHG) emissions				
Total carbon emissions (Scope 1, 2 & 3)	tCO ₂ e	959,974	1,035,027	1,037,443
Carbon footprint Scope 1 - GHG Protocol				
Carbon footprint Scope 1	tCO ₂ e	23,163	22,374	23,047
Carbon footprint Scope 1 component parts				
Stationary energy use	tCO ₂ -e	428	414	335
Transport energy use	tCO ₂ -e	9,703	9,007	10,474
Sulphur Hexafluoride (SF6)	tCO ₂ -e	12,987	12,829	12,068
Other	tCO ₂ -e	45	124	170
Carbon footprint Scope 2 - GHG Protocol				
Carbon footprint Scope 2	tCO ₂ e	823,969	896,149	898,646
Carbon footprint Scope 2 component parts				
Property electricity emissions	tCO ₂ -e	15,403	18,246	19,241
Line losses during distribution of electricity on our network	tCO ₂ -e	808,566	877,903	879,405
Average line losses on our network	%	3.7%	4.0%	3.9%
Carbon footprint Scope 3 - GHG Protocol				
Carbon footprint Scope 3	tCO ₂ e	112,842	116,504	115,750
Carbon footprint Scope 3 component parts (group)				
Business travel	tCO ₂ e	829	683	305
Waste	tCO ₂ e	1,651	1,600	948
Street Lights	tCO ₂ e	110,362	114,221	114,497

ANNEX B: Data table

Environment – Energy Use and Efficiency

	Unit	FY2019	FY2018	FY2017
Energy consumed				
Energy use (Scope 1 & 2)	GJ	3,766,183	4,031,825	4,019,237
Percentage reduction in emissions from FY2017				
Emissions reduction (excluding line losses)	%	-4.2%	-0.6%	-
Emissions reduction (all emissions)	%	-7.5%	-0.2%	-

Environment – Power Generation and Production

	Unit	FY2019	FY2018	FY2017
Renewable energy generated for our use				
Solar	kWh	843,571	26,503	26,503

Environment – Waste

	Unit	FY2019	FY2018	FY2017
Waste types				
Solid waste	tonnes	3,342	3,730	3,557
Liquid waste	kL	16	56	45
Hazardous waste	tonnes	85	748	841
Recycling and recovery				
Waste diverted for recycling	%	25	8	9
Waste diverted for energy / recovery	%	3	3	3
Total waste diverted for recycling / recovery	%	28	11	13

Environment – Certified environmental management systems

	Unit	FY2019	FY2018	FY2017
Certified environmental management systems				
Environmental management system certification coverage	%	100%	100%	100%

Environment – Environmental Compliance

	Unit	FY2019	FY2018	FY2017
Legal action				
Prosecutions	Number	0	0	0
Other non-compliances				
Licence breaches	Number	0	0	0
Reportable incidents	Number	3	0	3
Written warnings or infringement notices	Number	0	0	0

Environment – Water

	Unit	FY2019	FY2018	FY2017
Potable water				
Potable water used	kL	194,738	103,582	136,129
Captured / self sourced water				
Captured self sourced water	kL	48,000	48,000	48,000
Water discharged				
Water treated and discharged	kL	68,456	76,000	76,268

ANNEX B: Data table

Safety

	FY2019	FY2018	FY2017
Managing Personal Safety			
Total recordable injury frequency rate (TRIFR)	8.3	13.6	15.1
Lost time injury frequency rate (LTIFR)	1.7	1.9	3.3
Employee fatalities	1	0	0

Employee Health

	FY2019	FY2018	FY2017
Injury			
All injuries (including First Aid and No Treatment)	259	280	339
Manual handling injuries (all injuries)	91	105	94
Total recordable injuries	60	102	113
Lost time injuries	12	14	25
Preventative			
AEDs owned (automated external defibrillator)	1,052	85	85
Mental first aider trainers	112	78	70
Health checks (voluntary)	640	0	589
Vaccinations – influenza (voluntary)	1,609	1,493	1,191

Community Health & Safety

	FY2019	FY2018	FY2017
Public safety			
Electrical Safety Week – primary schools (in our catchment area) participation	92%	92%	95%
Electrical Safety Week – primary schools (in our catchment area) participation	789	786	813
Incidents			
Third party motor vehicle pole collisions	491	439	441
Third party motor vehicle pillar kiosk collisions	97	71	47
Third party contact with overhead assets	374	351	211
Third party contact with underground assets	128	142	99

ANNEX B: Data table

Power Supplied

	Unit	FY2019	FY2018	FY2017
Power sold				
Power sold to residential customers	GWh	8,623	8,494	8,738
Power sold to business customers	GWh	16,801	16,893	16,931
Total Power sold	GWh	25,424	25,387	25,669
Number of customers				
Residential customers (households)	Average customer numbers	1,564,021	1,545,428	1,524,732
Business customers	Average customer numbers	182,253	181,866	182,182
Total number of customers	Average customer numbers	1,746,274	1,727,294	1,706,914
Reliability				
System Average Interruption Duration Index (SAIDI)	Average time that a customer is without electricity in minutes	75	69	79
System Average Interruption Frequency Index (SAIFI)	Average number of service interruptions to each customer	0.66	0.68	0.71
Power prices				
Network charge – average residential customer revenue	\$/year nominal ¹	\$624.15	\$626.93	\$673.50

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



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