
United Energy

Sustainability Report

2022





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About this Report

We are pleased to present our inaugural Sustainability Report which outlines the material Environmental, Social and Governance (ESG) risks and opportunities, our actions to address them, and our performance against the priorities and targets committed to in our *Sustainability Framework 2022-2026*. This 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 2022 to 31 December 2022 (2022). All financial data is presented in Australian dollars 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.

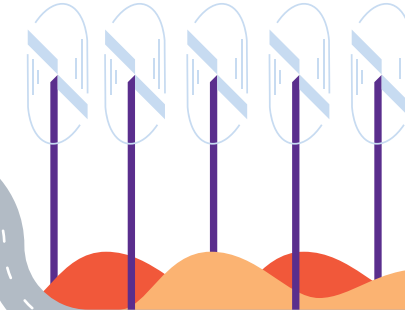
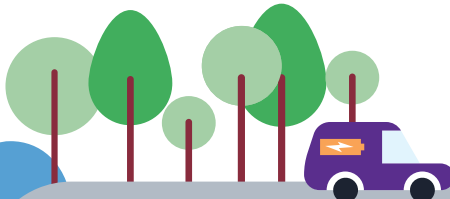
We welcome feedback and invite comments or enquiries to be sent to community@ue.com.au

Acknowledgment of Country

In the spirit of reconciliation, United Energy acknowledges Traditional Owners as the First People of the lands and waters where we operate. We pay our respects to Elders past, present and emerging.

Highlights from our sustainability journey

22% reduction
in carbon emissions since **2019**



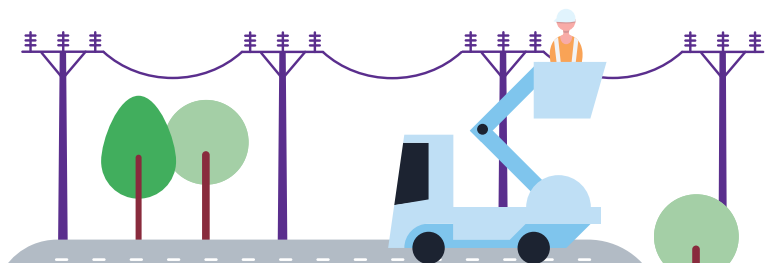
611 MW
of **renewable**
generation
connected to
network



9% greater
employee
satisfaction
with health and
wellbeing programs
to **80%**



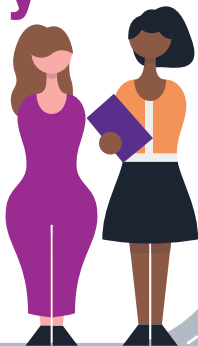
87% employee satisfaction
with inclusion and diversity,
up **6%** on **2021**



Zero fatalities or significant
(high potential) incidents

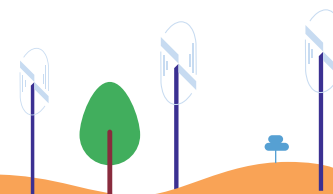
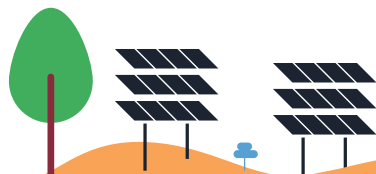
2nd Modern Slavery

statement
published



\$5 million

investment in technologies
supporting the energy transition



25%
women in
employment,
up from
23.6%
in 2019



Zero
critical
cyber security
breaches



Effective ESG
governance system established

Leadership message



Tim Rourke
Chief Executive Officer



Peter Lowe
Chairman

The spirit of innovation that has always characterised the United Energy (UE) business and is now also being demonstrated in our approach to achieving our sustainability objectives and clean energy targets.

In 2022, the further development of industry-leading initiatives in the areas of energy storage, network safety and renewables integration are great examples of this work. These programs coincided with some extraordinary weather events across the eastern Australian states during the year and clearly reminded us of the real impact climate change can have on the communities we service and our infrastructure, and the importance of UE playing our role in emissions reduction.

Significantly, 2022 was a year when the transition of the national energy market accelerated as new policies and programs at a state and federal government level lifted the targets for carbon emissions reduction.

The announcement in 2022 by state and federal energy ministers of a process to fast track the introduction of an emissions reduction objective into the national energy objectives also marks a significant shift in our regulatory environment, which supports our efforts to meet customer needs in relation to adopting renewable energy and storage solutions.

This all highlights the importance of our sustainability efforts to our business and our customers as captured in our *Sustainability Framework 2022- 2026*.

Launched in May 2022 and supported by online training and conversations across our business, the framework established targets to continuously improve our performance in four focus areas:

- providing safe and equitable workplaces
- ensuring environmental and climate resilience
- empowering our communities
- sustaining the responsible governance of our business.

We are very pleased therefore to introduce this *Sustainability Report 2022* outlining our progress.

We work hard to 'keep the lights on' for our customers and in 2022, our network remained resilient with 99.99% reliability of power supplies.

At the end of the year, there were 611MW of renewable generation connected within our network, including 473MW of residential rooftop solar (over 108,000 rooftop installations). Through the Future Network program, we are building network capacity and our customer service systems to ensure we enable more than 95% of new solar customers to export their excess clean energy into our network well into the future.

Meanwhile, as a Distribution System Operator, our network is also leading initiatives in energy storage to ensure reliable power and system security. The first eight of 40 pole-top mounted neighbourhood batteries were installed in 2022 as part of a project that represents the largest rollout to date of these innovative units in Australia.

Significantly, we have delivered a 22% reduction in greenhouse gas emissions in 2022 compared to 2019 baseline levels. This positions us well to achieve our target of 30% by 2030 and largely reflects the increasing proportion of renewable energy supplied via our networks as well as actions taken directly to reduce our environmental footprint.

This report provides the 2022 results for a variety of our sustainability key performance indicators (KPIs). These relate to the topics that were assessed as being of highest material importance to both our stakeholders, including customers, and our business. We've progressed well towards our 2026 targets and we thank our people for their commitment and contribution.

Pleasingly, the businesses have performed well in relation to our priority to ensure the health and safety of our people and the communities we service with zero significant incidents in 2022.

Feedback from our employees via our 2022 annual survey was positive in relation to our health and wellbeing program and efforts to build inclusion and diversity, with 9% and 6% improvements on the prior year, both lifting above our initial targets. We fully support our people in the ongoing implementation of initiatives to deliver against both the intent and metrics set in our Sustainability Framework.

On behalf of the Board and executive we hope you find this report informative.



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 710,000 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 and responsible for network control, engineering and management. Field services for network maintenance and fault response are outsourced to Zinfra, a national leader in providing such services to the utility infrastructure sector. Operational services are delivered from three depots across the UE network region.

The Australian Energy Regulator (AER) 2022 Annual Benchmarking Report of distribution networks in the National Electricity Market found United Energy to be one of the top five most productive. UE is also the second most affordable for customers based on network charges for residential customers approved by the AER for the 2023 financial year.



Key facts

United Energy

Number of employees: **280**

Number of customers: **710,296**

Total area serviced: **1,472 km² ***

Length of distribution network: **13,474 km ***

Number of poles in network: **203,875 ***

Power distributed in 2022: **7,723 GWh**

* Audited figures as at June 2022.

Our vision and values

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

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

Five strategic drivers form the basis of our Strategic Framework and corporate planning:

- Customer outcomes. Continually improving our service standards and resources to enable customer choice and make it easy to work with us.
- Stakeholder engagement. Listening to the needs of all customers and stakeholders, so we can deliver solutions that support communities and economic growth.
- Operational excellence. Efficiently operating and maintaining our network to ensure high standards of reliability and safety, in cost-effective ways.

- Future network. Evolving and adapting our infrastructure and services to enable emerging technologies, while remaining competitive.
- Regulatory outcomes. Designing financial plans in collaboration with operational teams to balance the expectations of regulators, shareholders, customers and stakeholders.

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

- Live safely
- Be the best you can be
- Succeed together
- Improve your 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 (see Case Study: Greg Hannan).





Greg Hannan, Head of Network Strategy and Non Network Solutions presented with his Living Our Values Award by Chief Executive Officer Tim Rourke.

CASE STUDY:

Greg Hannan

2022 Living Our Values Award winner.

Category: Improve our business

Our infrastructure forms a crucial gateway to a clean energy future and Greg has overall accountability for a dedicated suite of projects which are shaping the evolution of our industry and building the systems and capabilities we will need in the future.

These initiatives include neighbourhood battery projects, electric vehicle strategy, planning for greater electrification of homes, businesses and transport, and innovative research and development programs into new enabling systems and technologies.

Greg also represents the business and our industry on external working groups advocating for changes that will support customer preferences in the future including the Energy Security Board Distributed Energy Resources working group and the Australian Energy Market Operator Reform Delivery Committee.

Our approach to sustainability

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



Safe and equitable workplaces

The health, safety and wellbeing of our people, and the communities in which we operate, is at the core of our values and remains our number one priority.



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.

In May 2022, the Environmental, Social and Governance Committee was established by the UE Board to drive sustainability performance in collaboration with the executive-led ESG Steering Committee. Both committees have reviewed the material issues assessment, focus area actions, targets and reporting.



UE ESG Committee members Trena McFarland and David Gillespie.

Materiality assessment

Our inaugural materiality assessment was conducted in 2021 to determine the relevance and significance of issues to both our business and our stakeholders. We recognise that effectively addressing material issues is an important expectation of our shareholders and their stock exchange reporting.

The 2021 materiality assessment informed the themes, framing and focus areas for action under our *Sustainability Framework 2022-2026* and was subsequently reviewed in 2022. The process was supported by external consultants and aligned with international standards, including Global Reporting Index (GRI), and the AA1000 AccountAbility Principles Standard (AA1000APS).

We also align the material issues with the United Nations Sustainable Development Goals. These goals are recognised as a worldwide call for action to protect our planet and create better living conditions for everyone. By aligning our focus areas and priorities to these goals (see the table opposite), we are demonstrating how UE is acting locally to contribute to this global quest.

The 2022 review considered the following inputs:


















- industry trends and regulatory analysis including the World Economic Forum's 2021 and 2022 Global Risks Reports and ERM Sustainability Institute Annual Trends reports
- research conducted by regulators and industry advisers including the *'Barriers and enablers for rewarding consumers for access to flexible distributed energy resources (DER) and energy use'* produced by Acil Allen for the Energy Security Board, and the *'Guide to climate change and its likely effects'* prepared by Scientell for Energy Networks Australia
- community consultation conducted by the Victorian Government as well as UE into the specific issue of network resilience
- insights obtained through research and consultation to support planning for our regulatory proposals for the 2026-2031 period and studying the issues of affordability and equity, reliability and resilience, the energy transformation and customer experience
- policy reviews and consultation papers released by state and federal governments into emissions reduction, electrification, renewable energy development, DER implementation and electric vehicles
- periodic and annual Enterprise Risk Management reviews and updates to the risk appetite statement.

The 2021 materiality assessment identified 16 issues of high importance and influence both to our stakeholders and our businesses. Of these, eight were selected to be the priorities for our business for which key performance indicators have been set with targets for improvement by 2026.

The 2022 review of our materiality assessment found there are no new material issues that need to be considered in our planning. However, it noted three issues of increased importance during 2022: network resilience, climate change and cyber security risk.

This report includes details about our performance against all material issues and the KPIs set for the eight identified as our highest priority.

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 & climate resilience	      	Environmental protection and resource conservation		Network resilience Climate change
Empowering communities	     	Enabling customer energy choices Electrification and innovation Respect for Indigenous communities	Public safety Energy equity	
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 balance, Aboriginal engagement, flexible working conditions and inclusion, with a focus on cultural diversity, LGBTIQ+ inclusion and supporting those with a 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
✓ 2022 Performance:	0

Significant (high potential) incidents

🎯 2026 Target:	0
✓ 2022 Performance:	0

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

🎯 2026 Target:	75% favourable
✓ 2022 Performance:	80% favourable

% Females in employment

🎯 2026 Target:	27.0%
➔ 2022 Performance:	25.0%

% Females in management roles

🎯 2026 Target:	15.0%
➔ 2022 Performance:	7.0%

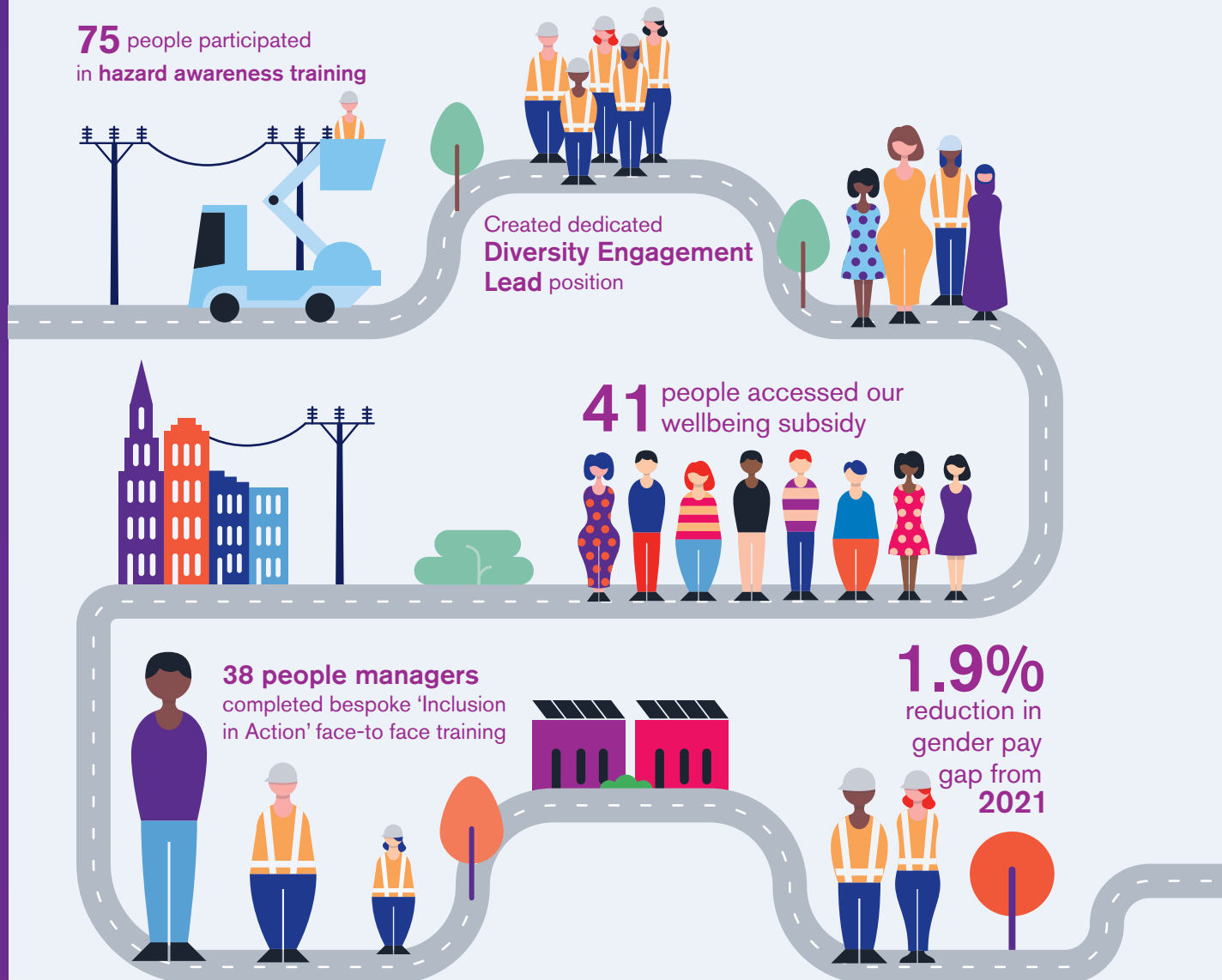
Inclusion and Diversity Index outcomes (Employee Opinion Survey)

🎯 2026 Target:	75% favourable
✓ 2022 Performance:	87% favourable

🎯 Target ✓ Delivered in 2022 ➔ In progress

Highlights

75 people participated in hazard awareness training



Workforce safety

Our people and those engaged in our business through delivery partners are exposed to challenging and potentially hazardous working conditions associated with live electricity infrastructure, diverse geographic conditions, harsh weather, and high-pressure situations involved with natural disasters. Keeping our people safe is our primary focus every day.

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 with Class 4 and 5 incidents and near misses being 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.

We are proud to have maintained our record of zero significant incidents since 2019.

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.

Management of our contractor's safety performance

We work closely with our delivery partners to communicate our high standards and expectations of health and safety management and have set targets and Key Performance Indicators to measure their performance. We conduct health and safety audits and inspections with Zinfra and other contractors working on our network, including:

- leadership safety walks
- site inspections
- quality inspections
- high risk inspections
- work practices and task observations.

Each year, Zinfra is set a suite of lead and lag health and safety performance criteria which are measured and tracked monthly. In 2022, Zinfra out performed their performance index target of 92.5% with a result of 95.7%. Furthermore, we have strong governance processes in place to oversee Zinfra's management of their safety, this includes weekly HSE (health, safety and environment) meetings, monthly incident review meetings, monthly reporting and a monthly HSE Steering Committee with escalation to the contract governance committee.

Hazard awareness training

Recognising that a lack of hazard or situational awareness is the leading causal factor in workplace injuries at UE, our HSE team together with other industry experts, developed a bespoke Hazard Awareness program in 2022.

The face-to-face, three hour tailored program was delivered by external behavioural safety experts and provided actionable insights to improve our approach to positive health and safety attitudes and behaviours that result in a safer work environment. The program delivery commenced in late 2021, with 75 employees completing the course by the end of 2022.

Demonstrating our safety values in 2022

- 698 HSE conversations and interactions
- 257 HSE inspections
- 73 HSE hazards and near misses reported

Health and wellbeing

Each year we continue to build and expand our program of activities that support a working environment that prioritises the mental, physical and emotional health of our people. In 2022, we added new initiatives such as the 'Your Mental Fitness' and 'Mindfulness and Meditation' programs to promote positive mental health behaviours and practices. A 'Health Check' program focusing on reducing cardiovascular risk, was also added to the annual delivery of skin checks and flu vaccinations.

The annual RUOK? Day promoting mental health awareness received strong engagement through team-based conversations to learn more about how to identify and support colleagues who may need help.

Our annual involvement in The Push-up Challenge saw 16 teams comprising 72 employees across UE performing push-ups as part of an effort to get active both in the office and at home.

We further promoted access to our confidential counselling Employee Assistance Program (EAP) for our employees and their direct family members.

In response to employee feedback, the UE Wellbeing Subsidy was reinvigorated in 2022 replacing the previous Fitness Subsidy. This new subsidy expanded the range of health and wellbeing initiatives for which the business will provide financial support to include gym memberships, personal

training, yoga, pilates, dietician consultations and online mindfulness subscriptions. Participating employees can claim up to \$50 per month (\$600 per year) on their selected programs. More than 40 UE employees benefited from this subsidy during 2022.

Our annual Employee Opinion Survey (EOS) demonstrated a positive reception to our new programs. Employee satisfaction with health and wellbeing programs and benefits improved by 9% from 71% in 2021 to 80% in 2022.



Peter Hryhorec, Health and Wellbeing Manager
engaging in a mental health conversation.

Workplace equity

UE recognises that all employees bring their own unique capabilities, experiences and characteristics to their work. We value the differences between people and the contribution these differences make to 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 guides actions within four priority areas:

1. Inclusion
2. Gender diversity
3. Aboriginal engagement
4. Flexible working.

Our I&D policy and strategy are overseen by our Executive Management Team, while actionable programs are led by our I&D working group comprised of people from across the business.

To track and assess areas for improvement, employee satisfaction against our progress is measured via our annual EOS. A series of 8 questions covering a range of related matters was introduced in the 2021 survey and is now issued annually.

Employee Opinion Survey 2022 key findings

- 89% feel our business encourages and promotes diversity of backgrounds, talents and perspectives
- 82% believe our senior leaders are committed to achieving an inclusive and diverse business
- 85% feel confident that if an incident of workplace bullying or harassment took place the business would not tolerate it

Inclusion in action program

People managers are key to the success of our I&D strategy. Our 'Inclusion in Action' program was therefore implemented in 2022 as a forum to educate and train our managers, giving them tools to lead by example in making our business a more inclusive and diverse workplace. Two-hour workshops were delivered followed by one hour coaching sessions to embed inclusive leadership behaviours across the business.

Celebrating our diversity

In order to support and recognise our diversity, UE celebrates various days to encourage conversations and acceptance. Key days on our calendar chosen by employees due to their relevance to the cultural identities of our people are:

- Lunar New Year
- Harmony Day
- Ramadan and Eid
- Diwali Festival
- NAIDOC Week.

Harmony Week saw the launch of our 'Journeys' video series, featuring five colleagues talking about their cultures and backgrounds, settling in Australia and the importance of multiculturalism in our workplace. Copies of '*Growing Up in Australia*', a selection of stories and recollections capturing the diversity of our nation, were also distributed and made available in all lunchrooms across our sites. A collaborative Harmony Week Spotify Playlist was also shared.



Vyoma Raju, Technical Training Project Lead celebrating Diwali Festival with a traditional henna tattoo.

Women in the workplace

Our I&D strategy and Sustainability Framework includes commitments to gender targets, increasing representation of women in the business and in leadership. We are dedicated to ensuring that gender is not a barrier to career opportunities and advancement. Our initiatives to support gender equality include undertaking a gender pay gap analysis across the organisation annually, commitments to increase female participation at all levels across UE, as well as targets to increase the number of women in supervisor, management and executive roles.

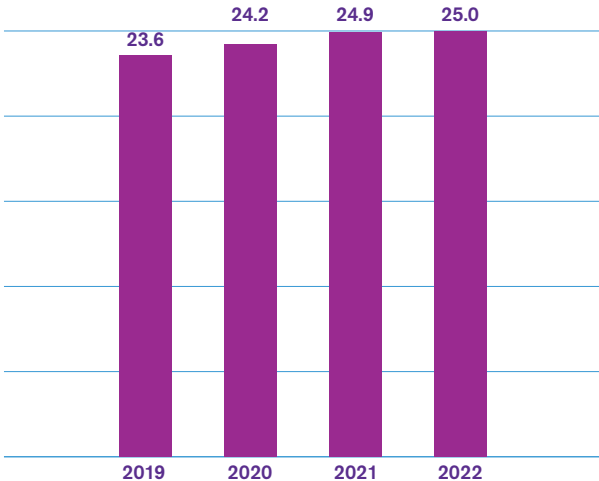
The dedicated Women in Power network helps to sustain efforts to create a positive impact across our business. Events held were:

- Women in leadership workshops
- Liptember fundraiser
- International Women's Day events
- Sip and paint networking events.

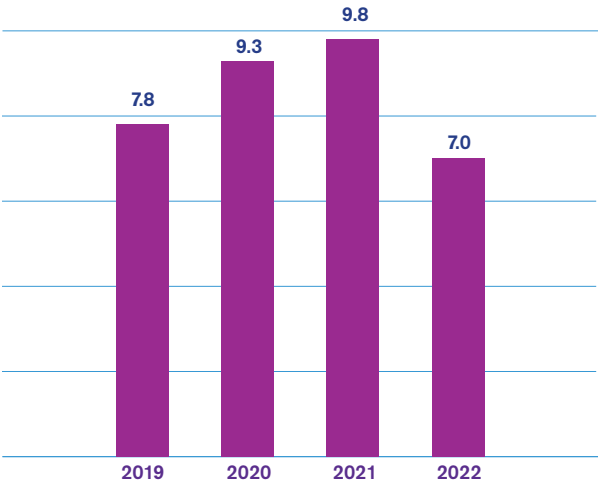
We are proud of our current efforts to create an equitable workplace. With females comprising 25.0% of our workforce, we are above the electricity and gas industry standard of 24% set by the Workplace Gender Equality Agency in 2021. We plan to further build on this positive performance, with particular focus to be placed on improving female representation in senior management roles.

A dedicated Diversity Engagement Lead was appointed in 2022 and has quickly developed a comprehensive strategy to support the achievement of our future targets, involving attraction strategies designed to promote diverse career opportunities through school, tertiary and technical education and offer earlier work experience and engagement opportunities for female apprentices, trainees, engineering graduates, and vacation students. Further, we are also creating new employment opportunities for mothers returning to work.

Graph 1. Females in employment 2019-2022, (%)



Graph 2. Females in management roles 2019-2022, (%)



Identity recognition

In 2022, we launched our Pride network – Sparkle - which is a play on words where a spark of electricity is intended to symbolise the opportunity to shine brightly. The aim of Sparkle is to create a support network for LGBTIQ+ individuals, parents and allies of the community, raise awareness about the specific challenges and experiences LGBTIQ+ people face, and build on our inclusive culture in which we are all heard, respected and valued.

Sparkle marks events to celebrate and support our LGBTIQ+ community, such as Wear it Purple Day, IDAHOBIT and Pride. Additionally, Sparkle promotes the use of inclusive language in the workplace and hosts networking events to help educate our community on gender identity.



Annie Chandra, Portfolio and Performance Analyst, and member of the I&D working group promotes gender diversity in the workplace.

Aboriginal engagement

Our dedicated Aboriginal engagement working group is supporting initiatives to continuously improve our work to respect, recognize and build effective relationships and opportunities with First Nations people.

In 2023, work will commence to develop a Reconciliation Action Plan (RAP) for UE. This will involve consultation and collaboration with stakeholders to understand the needs, preferences and opportunities associated with pursuing reconciliation objectives within the UE network region.



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. With increasingly frequent and severe extreme weather conditions, we are adapting our approach to asset management, maintenance and construction.

At the same time, we recognise our responsibility to protect our environment for future generations and reduce carbon emissions in line with state and national targets. We achieve this in three ways – firstly by supporting the increase of renewable energy generated and distributed; secondly, by reducing the direct and indirect carbon emissions from our operations; and finally, by ensuring all contractors responsible for network operations and projects work under internationally certified management systems.

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 both direct and indirect carbon emissions including distribution line losses based on 2019 baseline.

🎯 2030 Target: 30% reduction on 2019 baseline of 425kt CO₂-e

➔ 2022 Performance: 22% reduction to 332kt CO₂-e

Climate resilience and reliability

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

🎯 UE 2026 Target: 50.7 minutes

✓ UE 2022 Performance: 31.4 minutes

Environmental protection and resource conservation

ISO14001 Environmental Management Systems (contractors responsible for all network operations and projects).

🎯 2026 Target: Certified

✓ 2022 Performance: Certified

🎯 Target ✓ Delivered in 2022 ➔ In progress

Highlights

22% reduction in carbon emissions compared with **2019**



2 electric vehicle charging stations installed

61.1% of our waste was recycled



100% of capital projects undertook **environmental and cultural assessments** to manage risk



Network resilience

While 26% of powerlines are underground within our network, extreme heat, wind, lightning and floods can result in damage to assets which affects the reliability of electricity supplies. We are working to further consolidate and develop our network protection and capacity so that we minimise the impact on our customers.

Risk based approach

Through detailed risk assessment, we develop coordinated plans to address and adapt to the impacts of changing climatic conditions. These include identifying hazards to determine risks and their potential impact on our infrastructure, mapping vulnerable locations where events may occur, and adapting our preparation, response and recovery plans to potential natural threats.

Following severe storm events in 2021, dedicated community engagement has helped us to better understand expectations about network reliability and resilience. This found that community members were generally satisfied with UE's response to the storms and identified communications during prolonged outages as a key area for improvement. It also revealed growing interest amongst community organisations to become more energy resilient through initiatives such as microgrids and standalone power systems. These opportunities were the subject of consultation in 2022 which is supporting further planning.



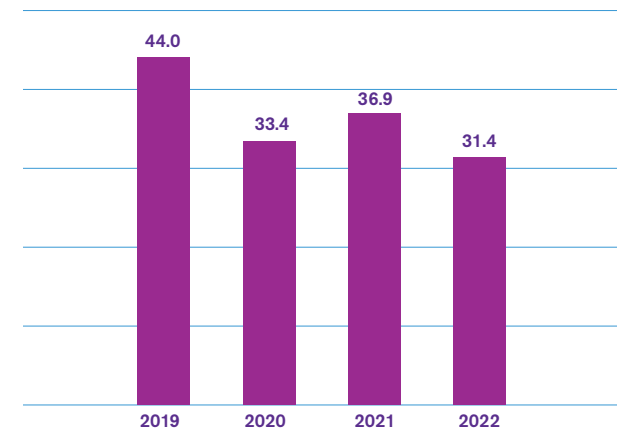
Early Fault Detection (EFD) devices installed within the network to identify deterioration of equipment such as vegetation on powerlines and lightning damage.

In 2023, we will continue to expand our innovative Fault Location, Isolation and Service Restoration scheme with the objective of further improving customer service during major storms. This technology was developed by UE and is proven to automatically restore power within one minute of a fault occurring.

The consultation outcomes reinforced our priority in major events to minimise the number of customers affected and to reduce the duration of any impacts.

We track network resilience through a range of industry benchmarks and key performance indicators including System Average Interruption Duration Index (SAIDI), which reflects power outages which are under our direct control.

Graph 3. United Energy reliability index (SAIDI) 2019-2022, (minutes)

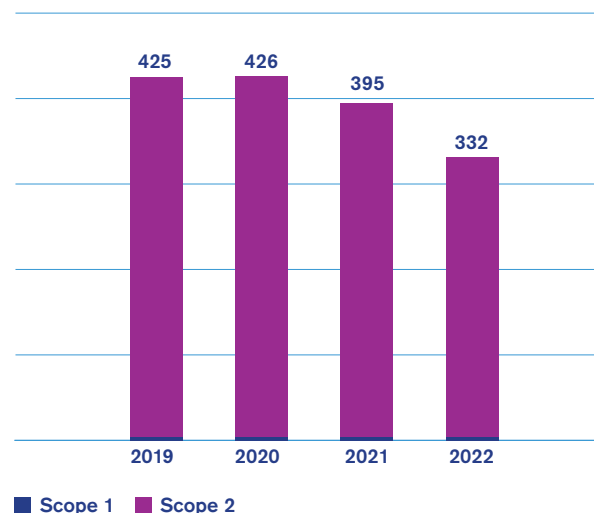


Carbon emissions reduction

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.

Our 2022 Energy and Emissions Report demonstrated a 22% reduction in total GHG emissions against 2019 baseline levels to 332kt CO₂-e.

Graph 4. Scope 1 and Scope 2 carbon emissions 2019-2022, (kt CO₂-e)



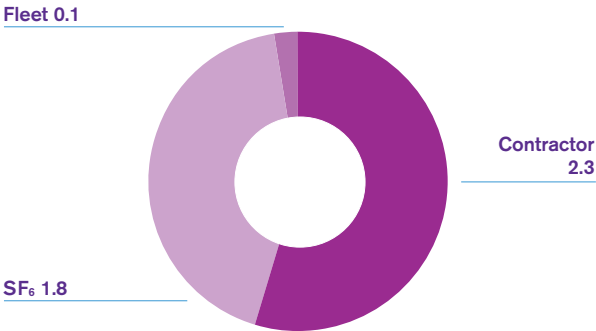
As shown in graph 4, 99% of our GHG emissions are generated by scope 2 or indirect sources. There are two key contributors:

- distribution line losses which account for 86% of all GHG emissions
- public and security lighting which accounts for 13% of GHG emissions.

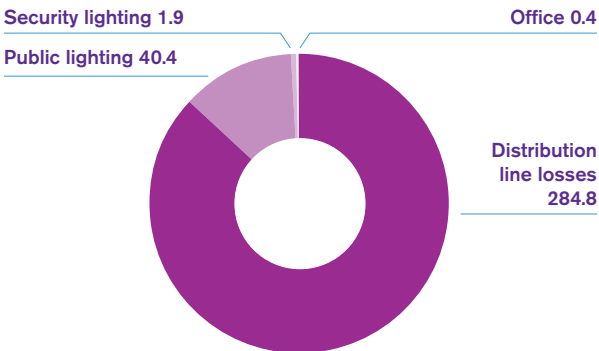
Significantly, distribution line losses fell by 16% from 395kt CO₂-e in 2021 to 332kt CO₂-e in 2022. Distribution line losses are defined by an Australian Energy Regulator approved 'loss factor' measuring the energy lost as heat during its movement through our distribution networks. This loss factor is influenced by the generation mix of electricity distributed, the volume of electricity transported, the distance between the generation source and customers, and climatic factors such as air temperature.

While electricity consumption is rising, 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.

Graph 5. Scope 1 emission sources 2022, (kt CO₂-e)



Graph 6. Scope 2 emission sources 2022, (kt CO₂-e)



UE provides efficient, well managed and regulated public lighting servicing to local government areas, as well as the Department of Transport. Under the NGER definitions, UE assumes responsibility for energy consumption by public lighting classified as scope 2 carbon emissions within our portfolio.

By the end of 2022, UE operated and maintained 122,000 public lights and 3,500 security lights of which 68% and 86% respectively are fitted with energy efficient globes. Our 2022 NGRS report showed that emissions from public or security lighting fell by 22% from 54kt CO₂-e in 2019 to 42kt CO₂-e in 2022.

Whilst scope 1 emissions make up only 1% of all emissions, we are continuing to engage with our key delivery partners on initiatives to drive down scope 1 carbon emissions.



Energy efficient globes for public lighting are reducing electricity consumption and scope 2 emissions.

Task Force on Climate-Related Financial Disclosures (TCFD)

As a part of our commitment to transparency and climate disclosures, UE is aligning with the TCFD recommendations.

The Financial Stability Board (FSB), an international body that was created after the 2009 G20 to monitor the global financial system, created the TCFD to develop recommendations on the types of information companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks related to climate change.

The task force has developed climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation. The recommendations are structured around four thematic areas: governance, strategy, risk management and metrics and targets. These are supported by 11 recommended disclosures that help investors and other stakeholders understand how reporting organisations assess climate-related risks and opportunities.

UE has engaged an external consultant to identify and develop a roadmap to align with TCFD by 2024. This project involves meeting with key stakeholders throughout the business to identify potential financial risks and opportunities to our systems, assets, and infrastructure, and then define measures to mitigate these impacts.

The roadmap developed will guide our future work to achieve TCFD alignment.



Environmental protection and resource conservation

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

Furthermore, we assess all incidents, as well as consistently review updates to legislation and stakeholder expectations. Doing this enables us to identify future risks and opportunities for improvement and instills best practice in environmental governance.

Some of the highlights of improvements to processes supporting the environmental management system are as follows.

Management of our contractor's environmental performance

We work closely with our delivery partners to communicate our high standards and expectations of environmental management and have set targets and Key Performance Indicators to measure their performance. We conduct environmental inspections with Zinfra and other contractors working on our network.

Over 2022, we implemented improved contractor environmental reporting requiring our major service contractors to report on a regular basis about waste generation and fuel and energy consumption.



UE field staff carrying out underground works.

Improving waste management

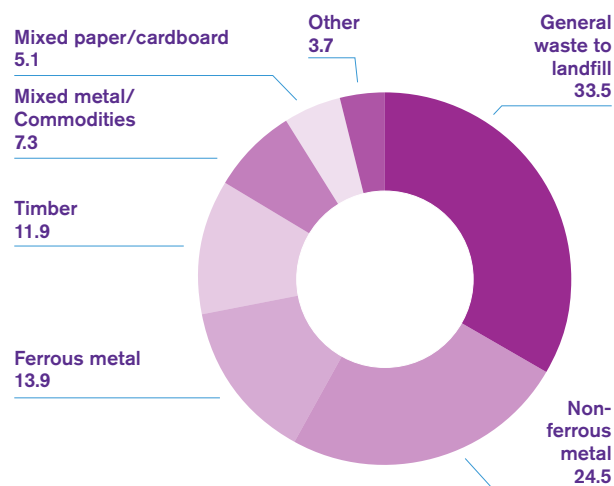
In 2022, UE commissioned Rawtec, one of Australia's leading consultancies working in the circular economy, waste and resource management sectors, to undertake a waste composition assessment on our business. The objective was to gain an in-depth understanding of volumes and types of waste which we generate.

The review assessed our performance over the 2020 and 2021 calendar years and found:

- total waste generated increased from 1,652 tonnes to 1,925 tonnes
- total waste diverted from landfill increased from 53.3% to 61.1%
- general waste to landfill was our largest waste source by weight (645 tonnes in 2021).

By using the composition data collected during these assessments, we are able to better divert recyclable products from landfill, as well as begin investigating new innovative opportunities for improved waste management.

Graph 7. Waste composition 2021, (%)



A challenge which we identified through these assessments related to timber landfill diversion. Timber, in particular treated timber and damaged power poles had the lowest diversion rate across our organisation, due to limited diversion options. In 2023, we will continue to investigate improved options for timber pole disposal and increase employee awareness of the importance of waste segregation in depots and offices.

This information is also assisting in quantifying our scope 3 emissions, with a view to reducing our overall carbon footprint.

Land management

UE owns, occupies, and operates facilities where historical activities have resulted in land and groundwater contamination. We have a program of assessment and management for these sites and proactively engage EPA Auditors where required.

In 2022, we completed a 10-year environmental program which we will track and update annually. This program is subject to reporting where applicable to the UE Board Audit and Risk Committee.



Empowering communities

Our approach

Being customer and community minded is one of our core values and continuously improving our approach to stakeholder engagement is one of the five strategic pillars guiding how we operate. Every day, our people are active in a wide range of urban and regional communities.

Stakeholder engagement is captured within a broad range of operational planning including 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 including customers, 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 Indigenous communities:

In the spirit of reconciliation, we acknowledge and respect Traditional Owners as the First Nations people of this land and their connection to country.

Progress against targets

Total renewable capacity on the network

Total installed capacity of renewable energy generation on our network.

🎯 2026 Target: 800MW

➔ 2022 Performance: 611MW

Energy literacy

Customer participation in energy literacy programs.

🎯 2026 Target: 1,000 per annum

➔ 2022 Performance: 612

Innovation funding

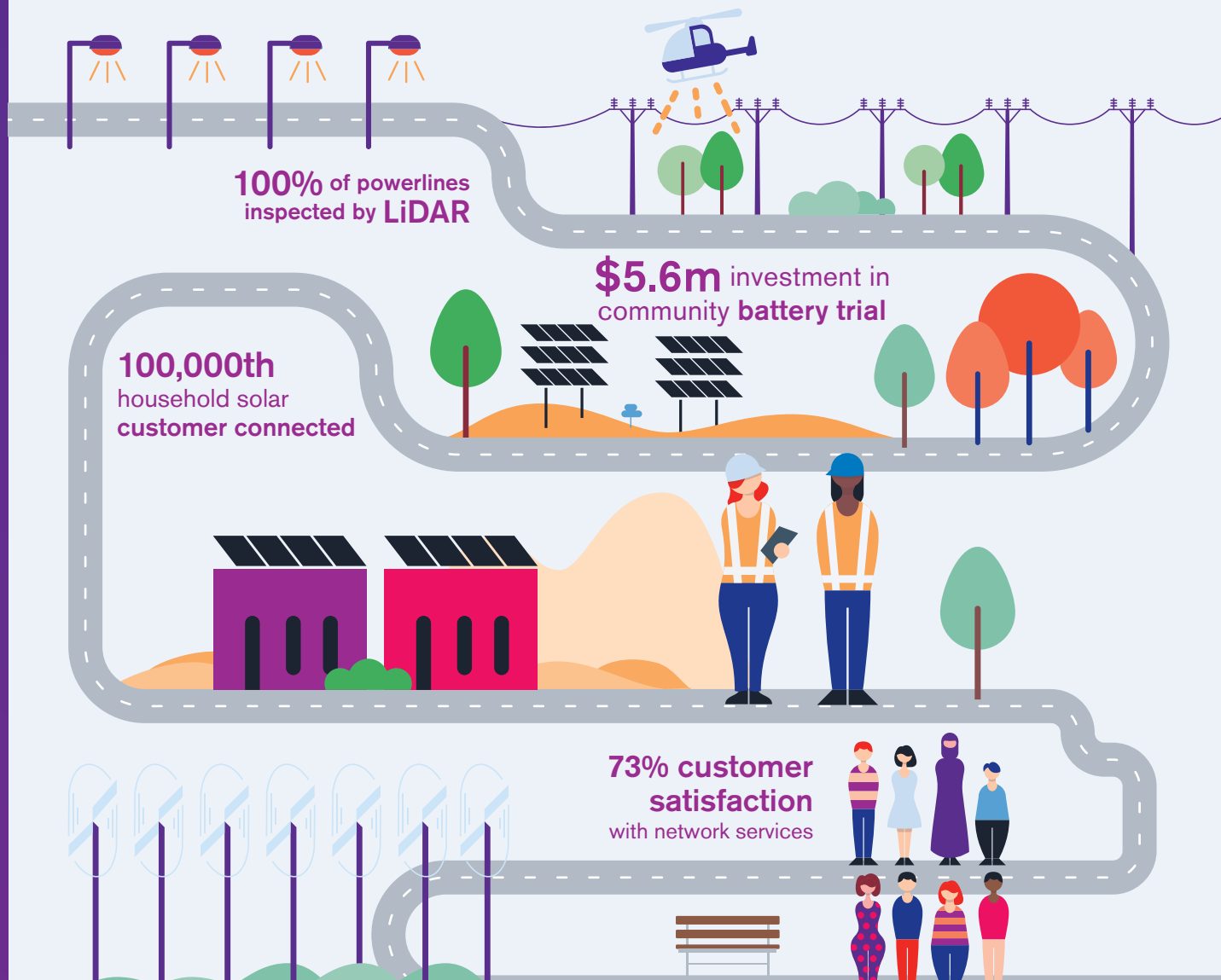
Value of network and technology investments in innovation to support distributed energy resources.

🎯 2026 Target: \$12.7m (over 5 years)

➔ 2022 Performance: \$5.0m

🎯 Target ✓ Delivered in 2022 ➔ In progress

Highlights



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 in place covering asset maintenance, vegetation management and bushfire mitigation which are transparently reported within our Bushfire Prevention Plan approved by Energy Safe Victoria.

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 fully 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.

For example, about 49,000 poles throughout the network are inspected annually as part of a regular cycle. As a result, some are replaced or reinforced to maintain their operational integrity. We are also continually investing in a powerline replacement program to protect communities against bushfire threat. This involves moving overhead electrical infrastructure to underground trenches or installing high voltage covered conductors.

Vegetation management

Vegetation management is a key element of our broader bushfire mitigation program. We inspect every powerline, every year to check regrowth, hazards and clearances, identifying vegetation that requires cutting across the entire network. This inspection work is carried out using Light Detection and Ranging (LiDAR) technology.

Beon Aerial Services, which operates two helicopters fitted with LiDAR technology, is contracted by UE to fly and inspect 100% of the network each year. The LiDAR data accurately identifies the location of vegetation requiring cutting. This information is interpreted by our experienced internal data analytics team and used to advise specialist contractors who then cut or trim the vegetation away from powerlines.

We use a variety of specialised cutting equipment in order 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.

Bushfire prevention

UE is proactive in designing, constructing, operating and maintaining our infrastructure to minimise bushfire risk. The installation of Rapid Earth Fault Current Limiters (REFCLs) technology is a good example.

REFCLs work like a large safety switch. They detect when part of a three-phase powerline has fallen to the ground or touches trees and almost instantly reduces the voltage on that line to limit energy into the fault. This means we can substantially reduce fire risk of powerline-related bushfires.

Unlike in other networks where the installation of REFCLs were a mandatory requirement arising from the 2009 Victorian Bushfire Royal Commission, UE has voluntarily installed REFCLs in three locations (Dromana, Mornington, and Frankston South) which are heavily forested or feature dense vegetation. The 3 REFCLs protect 682km of power lines and thousands of our customers in Hazardous Bushfire Risk Areas.

Social risk assessments

We plan our field operations to promote public safety in and around our works by managing noise, vibration, and dust as well as disruptions to pedestrians, traffic, and neighbouring properties.

In 2022, social risk assessments were conducted for 23 UE field-based projects including major network upgrades. Extensive stakeholder engagement support is coordinated with these projects where disruption may cause social, environmental, or economic risk to neighbours and customers. As a result, no projects were delayed or changed due to community opposition.



UE has voluntarily installed 3 REFCLs as bushfire protection devices which were fully operational in 2022.

Enabling customer choices

The energy transition has led to a major shift in the model of electricity generation and distribution. The historic one-way flow of energy structure has been succeeded by a two-way distributed generation model. With this shift, the role of UE has expanded from energy distributors to a Distribution System Operator (DSO). Our purpose as a DSO is to ensure all forms of distributed energy resources are integrated efficiently and flexibly into our network, whilst maintaining reliable and resilient service delivery.

The Energy Security Board's *'Post 2025 Future of the National Energy Market'* roadmap describes the transition away from thermal generation, towards greater involvement of renewable generation. Expanded climate policies are anticipated to lead to a greater proportion of small-scale generation, compared to historic conditions which largely depended on large-scale generation from coal fired power stations.

We are working to seamlessly connect these small-scale technologies such as rooftop solar, batteries and electric vehicles to our network.

The total installed capacity of renewable generation on our network as at December 2022 was 611MW. Of this, 77% or 473MW is generated by residential rooftop solar systems and either used for the customers' own consumption or shared when excess energy is exported into our network. A further 22% or 136MW has been connected by commercial and industrial customers. Large-scale solar farms are not prominent in the UE network with only 2MW installed.

Meanwhile, new trader services are coming into the energy market, creating opportunities for customers to participate in new ways. For example, aggregators promoting virtual power plants for customers with solar and batteries behind the meter. We contribute to this new market by signalling network conditions, such as available capacity or areas of constraint, that influence how these third parties trade and move electricity through our networks.

UE acknowledges the Victorian Government Gas Substitution Roadmap is a key driver for the increased electrification of homes, businesses and transport and will impact our network demand, capacity and constraints.

Demands on the energy system are increasing rapidly, making the resilience of our network all the more important. Whilst we have been proactive in addressing the challenge of excess solar generation

through initiatives such as our innovative Dynamic Voltage Management System and community batteries (see more on p37), we acknowledge there is further work to be done.

In 2022, we commenced upgrades to our network to lift the capacity to accept increasing solar exports from residential customers through our Solar Enablement Program. At the same time, we also launched a new, simple online customer service portal and system for customers to apply for solar export pre-approval. This is intended to ensure solar exports are made available fairly and equitably to all customers.

In 2023, we will be continuing our Electric Vehicle (EV) Grid trial as part of a broader EV Strategy which recognises the potential for rapid takeup and additional electrical load in the next 10 years.

Graph 8. Installed renewable generation 2019-2022, (MW)

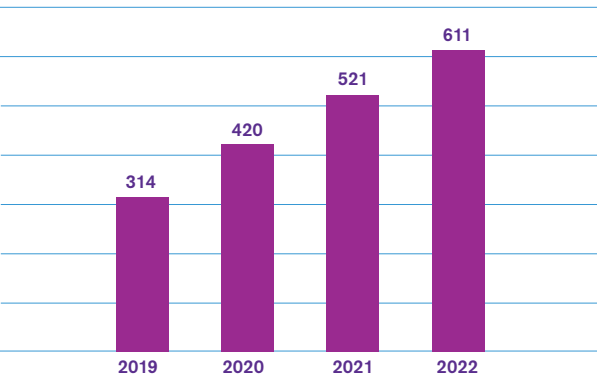


Table 2. Installed capacity by renewable generation type

Generation type	MW
Residential solar	473
Non-residential solar	136
Large-scale solar	2
Total	611

CASE STUDY:**Electric Vehicle Grid Project**

As more people buy electrical vehicles (EV), we're preparing our network to support this change. By better understanding how and when customers want to charge their electric vehicles while balancing sustainability and cost, we will be able to adapt how we operate our network to assist with a smooth and affordable transition to renewable energy.

We're partnering with electricity distribution companies Jemena, AusNet Services, Evoenergy, TasNetworks to run a trial to understand the effects of EV charging on the grid. The trial commenced in 2022 and will run over two years. It is partly funded by the Australian Renewable Energy Agency.

More than 170 EV owners across Victoria, the ACT, and Tasmania will receive a 'smart wall charger' as part of the trial. This is up to three times faster than the charger commonly supplied with new EVs and will allow us to manage when charging occurs.

This will help lessen the impacts of the extra consumption during peak times and shift the charging of EVs to a time when the grid has more capacity.



Innovative smart charging technology will help to improve EV charging time and network demand management.

Building internal capability

Through one of our key organisational initiatives, Program Empower, UE has been working to build the network systems and develop the capabilities of the energy industry for the benefit of our customers and the wider community. We have enabled our network to uptake more renewable capacity across small-scale energy generators, such as rooftop solar, and be adaptable to changes in both the supply and demand for energy. This cross functional project team involves resources in engineering, planning, information technology, field operations, customer services, regulation and stakeholder engagement.

During 2022, this extensive program of works included:

- delivering community battery programs, to demonstrate the localised benefits of distributed energy storage, through our Electric Avenue program
- conducting an innovative network tender for local capacity services to promote non-network solutions to building greater capacity
- collaborating on a security system working group with the Victorian Government planning for minimum and maximum demand scenarios on the network
- introducing new technical compliance systems for solar connections to improve performance for customers and voltage management on the network
- testing the application of Dynamic Voltage Management Systems to support voltages across the network and improve the level of technical compliance of consumer energy resources
- defining our approaches to prepare for greater levels of electrification for mobility and electric vehicles
- advocating in the industry and with governments for policies to support the renewable transition and customer choices.

Investing in energy storage

As power becomes more distributed and supply more variable, battery storage needs to be distributed too. We have established ourselves as a leading distributor in Australia on distributed, community-based batteries with industry leading research, network-wide feasibility studies and implementation of this new energy storage technology.

With a major funding contribution by the Victorian Government Neighbourhood Battery Initiative, United Energy participated in a novel study into the feasibility of neighbourhood batteries in collaboration with 12 local councils and community energy groups.

The Electric Avenue Feasibility Study scanned regions across 65% of Victoria to identify 30 preferred locations for neighbourhood batteries and in the process, identified insights into their location, design and planning that can benefit future projects.

At the same time, we also progressed the rollout of innovative pole-top batteries. This \$11 million project commenced in 2021 and is the largest rollout of neighbourhood batteries in Australia. It is partly funded by the Australian Renewable Energy Agency. (See case study: Electric Avenue)

CASE STUDY:**Electric Avenue**

Electric Avenue is a group of projects rolling out neighbourhood batteries on our low voltage network.

Between 2021 and 2023, 40 pole-top batteries will be installed across Melbourne's east, southeast and the Mornington Peninsula. These batteries will store 1.2MW of power to support an estimated 5,000 customers. The batteries provide benefits for residential solar producers by increasing export approvals as excess generation can be stored locally until needed and allows customers without rooftop solar to access locally generated renewable energy.

By storing energy locally, batteries perform an important role in addressing the mismatch between when renewable energy is abundant and when household electricity demand is highest in the late afternoon and evening peak. Stored energy can be shared and used when it is needed most.



Community batteries installed within the United Energy network provide improved peak demand reliability and locally generated renewable electricity to residents.

Supporting energy literacy

We seek to empower customers, their families, communities and businesses with the necessary tools to achieve their individual energy priorities – whether that's reducing energy costs, decarbonizing their energy footprint or investing in electrification and renewable energy.

As part of this commitment, we provide our customers with timely and targeted information on their energy usage, including opportunities to access new energy choices and save on their energy bills.

Accessibility is always top of mind when developing energy literacy materials for our customers. We aim for all key campaigns and communications to be widely accessible to the diverse communities that we serve, and that includes making information available in their language of choice.

In 2022, we designed and delivered an energy literacy campaign targeting new UE customers in the form of a welcome pack delivered online. This introduced UE as their distribution network and promoted electricity consumption advice, network tariff and electricity bill structure information, and information available to support customer research into rooftop solar, batteries and electric vehicle investments.

The material provided information relevant to help customers:

- Manage energy consumption to minimise energy costs
- Understand network tariffs and bill structures.
- Obtain their energy consumption data online to support their investigations of options such as rooftop solar, batteries and EVs.

In all, 612 customers engaged voluntarily with this information.

We are further exploring new ways to promote energy literacy in programs to be delivered in 2023.

CASE STUDY:

Dynamic Voltage Management System (DVMS)

DVMS uses customer voltage readings from our smart meters to actively monitor and control voltage across our network.

This provides 24/7 control to maximise our customers' ability to export excess solar energy back into the network while still maintaining our network compliance to regulated standards.

Since going live in 2019 DVMS has arrested an increase in voltages driven by rapid solar uptake and has actively reduced the average voltage our customers experience. Prior to the use of DVMS, UE experienced a growing number of complaints related to voltage issues or lack of ability export solar, which were starting to exceed 100 per month in 2019. By June 2022 DVMS has reduced this number to less than 20 per month.

We are now expanding the DVMS capability to further support our customers' ability to connect all kinds of DER and we're also working to support AEMO at a system level. This work is specifically related to challenges at a state and national level with keeping networks operating through minimum demand periods when load is very low and rooftop solar export is very high. Our work will help to keep our customers connected while also giving AEMO enhanced tools to maintain the overall security of the electricity system.



DVMS allows for greater penetration of residential rooftop solar within the network.

Innovation and technology

As part of our mission to build a resilient network that enables customer choices, we continuously invest in new technology and innovation.

Across our network, modern devices and equipment are being scaled to improve both our organisational resilience, as well as meeting our customers' changing needs. We are also engaging constructively in industry debates to influence developments that are good for customers, the industry and our business.

A Research and Development (R&D) fund has been developed to help inspire our business to discover new ways of using both technical and non-network solutions to build capacity and capability while keeping the costs down for electricity consumers. This fund also supports digital innovation projects that drive efficiencies across the network, such as aerial drone asset inspections.

In 2022, we invested \$5m in digital innovation, with a target of \$12.7m over 5 years by 2026.

These investments include the roll-out of covered conductors for use in harsh conditions, Early Fault Detection devices (EFDs), and smart meters paired with online portals for more reliable and safe energy distribution and customer access to live energy use data. Smart meters enable more connections and export from renewable generation, enabling increased exports from rooftop solar. Many smart meter applications enable improvements in network safety and reliability that customers experience by reducing the number of electric shocks that customers experience.

We have developed an 11MW portfolio of non-network solutions across our network support (9MW), distributed community batteries and residential demand management programs (approximately 2MW).

CASE STUDY:

Deakin Electric Vehicle Visibility

In partnership with Deakin University and Centre for New Energy Technologies (C4NET), UE ran a challenge in 2022 where multi-disciplinary student research teams developed algorithms to detect the presence of an EV at a network charging site (such as a household). This challenge provided UE with multiple options for detecting the use of EVs in households. Accurately detecting EV charging behaviours on its network will allow United Energy to better upgrade its infrastructure and improve planning for the expected mass take-up of electric vehicles in coming years.

"If a lot of EVs are charging in a particular location, it puts particular demands on the grid, so providers need to know where the uptake is and how to accurately invest in capacity, infrastructure planning and upgrades." – Professor Rens Scheepers, lead project researcher."



Tobie De Villiers, Head of Network Intelligence (right), with research students from Deakin University who won a competition in detecting EV charging patterns.



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 that enable us to meet the expectations of our stakeholders in line with our policies and 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.

Workplace behaviour and employee conduct:

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

Progress against targets

Board and ESG Committee oversight of risk and compliance framework

🎯 2026 Target:	5 Board meetings 4 ESG Committee meetings
➔ 2022 Performance:	4 Board meetings 3 ESG Committee meetings

Holding our employees accountable for our values and Code of Conduct

🎯 2026 Target:	Annual performance management process
✓ 2022 Performance:	Annual performance management process

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

🎯 2026 Target:	0 Cyber breaches
✓ 2022 Performance:	0 Cyber breaches

🎯 Target ✓ Delivered in 2022 ➔ In progress

Highlights

UE Board ESG Committee established



169 employees completed ESG training

Modern Slavery Statement reviewed and further enforced through procurement strategies



Updated **enterprise level management system** to align with ESG material issues



Corporate governance

Our Board of Directors is responsible for corporate governance and strategic direction for UE, 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.

Our board met four times in 2022 compared to the usual five. Due to travel restrictions for some Directors, it was resolved by the Board to combine the November budget meeting with the December Board meeting into a single event.

Our new Board ESG Committee was approved in March 2022 and held their first ESG Committee meeting in May 2022.

Our ESG Steering Committee comprises Executive Management Team members and has direct oversight of our materiality assessment,



strategy and target development, and sustainability reporting. It reports to the Board ESG Committee on both progress and any recommended updates to our approach. The Committee met three times during 2022.

The committees are informed by an internal dashboard tracking and reporting progress against our sustainability commitments and targets.

Following the launch of the Sustainability Framework 2022-2026 in May 2022, a training program was released in order to raise the awareness of and engagement in ESG matters amongst all our people. Pleasingly, 169 people, or more than 59% of our employee, voluntarily participated in the online training module. This is now also undertaken as part of standard induction training for all new starters in our business.



Enterprise risk management

All business risks, including sustainability related risks, are assessed, prioritised and managed under our Enterprise Risk Management Framework and overseen by the Board Audit and Risk Committee.

Our Framework provides holistic oversight across our entire organisation, providing centralised visibility and management of risks to the company, its finances and operations.

During 2022 we:

- shared our Sustainability Framework with our business' risk champions
- updated our enterprise risks to include ESG material topics and commitment as part of risk profiling
- updated our risk appetite statements to further incorporate ESG matters and objectives within the Framework.

Cyber, privacy and data security

Our cyber security program is continuously improving to enhance reliability and resilience of the network, protect consumer data, and reflect changing conditions. We manage cyber security on both our corporate IT systems and on our electrical networks to enable confidentiality, integrity, network availability and safety. We continue to invest heavily in digitisation, innovation, and capability to protect our power networks from the threat of cyber-attack.

Protecting sensitive data and networks from cyber threats has gained in importance over 2022 particularly in the context of several high-profile cyber breaches in various industries. In 2022 our business experienced zero cyber security breaches.

We publish a range of security metrics, to measure our performance, proactively identify areas needing improvement, and keep our Board and regulators informed. We have set higher standards for ourselves and expanded our methodology to include new items that require more complex changes.

Protecting customer data

Protecting sensitive data and customer information is a key objective of our cyber security strategy. In 2022, there was a significant increase in malicious activity in Australia that resulted in customer data breaches across a number of industry sectors,

including energy. Following these major breaches in other sectors, we undertook a comprehensive review of our customer systems and controls that protect sensitive customer information from disclosure to assess our risk exposure.

Some key controls that protect our customer data include:

- our systems are protected by a set of layered defences that allow us to reduce the likelihood of data breaches to a manageable level
- employees are trained to act as a first line of defence, and are aware of their obligations under the *Privacy Act*
- we actively purge customer and other sensitive data that is no longer required to limit the consequence of a breach
- the effectiveness of our controls protecting customer information are regularly tested through our cyber assurance program, including independent external audits
- up to date privacy policies, information classification standards and data retention policies
- strong governance via our Privacy Governance Forum - regularly bringing the Privacy Officer, Cyber-security and Legal together to discuss and make decisions on Privacy related matters
- prioritising works associated with extreme risk scenarios to maximise our level of preparation and protection.

Cyber security management

Our Information Technology team has implemented a process to proactively identify risk, including security risk. This includes a formal risk assessment and treatment plan for risks that are identified. We also assess all technology change for security impacts as part of our Architecture Review Board (ARB) in order to verify we are secure by design.

New systems are penetration tested as part of the change process which includes privacy impact assessments.

Escalating demand for cybersecurity assurance materials and consultation arising from federal, state and industry regulators was one of the key challenges faced in 2022. We also observed an increased number of critical vulnerabilities present in software globally, and a number of significant data breaches locally enabled by the availability of hacking tools that require lower levels of capability to use.

Preventing complacency is an ongoing requirement, prompting our cyber awareness program to keep employees engaged and proactive when it comes to securing our digital and physical environment. We acknowledge that our controls and processes need to regularly evolve to guarantee we are protected from new and emerging threats. Internal and external governance and oversight of our function has been established so that we are managing our cybersecurity risk appropriately.

Cyber Security Assurance Plan

Our Cyber Security Assurance Plan was developed in 2021 in consultation with independent specialists from Ernst and Young and outlines a program that we run each year to independently assess our capability and controls.

This includes external assurance, Australian Energy Sector Cyber Security Framework attestation to benchmark our capabilities (now a *Security of Critical Infrastructure Act* obligation), control health checks, and cyber simulations.

This plan includes the requirement for all employees to undertake cyber security training within three months of joining the company. Monthly cyber communications are sent to all employees and contractors to remind them of the action they are required to take as an effective first line of defence.

Our people also attended live educational cyber sessions run by the Technology and Security team during 2022 and 13 enrolled to obtain a micro-credential in cyber security through a partnership with La Trobe University.

Workplace behaviour and conduct

We identify the importance of acting in a fair and responsible manner, with integrity and being honest as important to our business.

We have no risk appetite for fraud, bribery and corruption and other deliberate breaches of financial controls. Our Fraud and Corruption Policy commits UE to maintaining an anti-fraud and anti-corruption culture in the organisation so that everyone who works in or with the company is aware of the risk of fraud, of what constitutes a fraud and the procedures for reporting it.

Our Employee Code of Conduct was updated in 2022, and describes the behaviours expected by our employees and is in alignment with our values.

We are committed to the protection of individuals who disclose information about illegal or improper conduct occurring within our business. Details of how to report whistleblower incidents are included in our Whistleblower Policy and on our website. This includes processes to report incidents through our independently run Speak-up Anonymous line.

Our supply chains

We work hard to choose the right suppliers and take into account a range of non-financial factors including safety performance, labour practices, values alignment, and community contributions.

We understand our responsibility extends beyond our business, to the third parties supplying us goods and services so we can deliver our services.

Our operations are varied and we rely on at least 330 active suppliers to deliver the products and materials we need to provide our services. Of these, 97% are based in Australia with a small number based overseas in the USA, New Zealand, Canada, China, Sweden, Singapore and India. The vast majority of our Australian vendors are based in Victoria.

Managing modern slavery risk

Since our first Modern Slavery Statement in 2020, we have put a high focus on improving our knowledge of modern slavery and the associated risks within our supply chains. We will not tolerate any form of modern slavery in our business, or knowingly conduct business with anyone who does.

During 2021 we conducted an analysis of our operational activities and supply chain. The assessment found:

- Our top three key risk sectors are construction, electrical equipment and employment services. The construction and electrical equipment sectors have risk associated with long and complex supply chains including overseas labour, material extraction and manufacture
- While UE largely sources labour from Australian companies where modern slavery risk is typically low, the direct impact of employment services on people means this sector carries an inherent modern slavery risk
- Our geographic modern slavery risks are low, as 97% of UE's suppliers are based in Australia which features democratic governance, strong rule of law, minimal internal conflict and healthy economic development.

Following this analysis, we have taken several actions to evaluate and control modern slavery risks from within our supply chain:

- completing risk assessments of our supply categories and suppliers
- refreshing the policy in early 2022 to understand if there is any change to risk factors in our supply chain
- publishing a new Supplier Code of Conduct in June 2022 so our suppliers are aware of their labour and human rights obligations and minimum ethical standards including discrimination
- drafting our Sustainable Procurement Statement for launch in 2023
- updating policies, procedures, procurement contracts and supplier contract clauses to embed the consideration of modern slavery risks into our normal business processes.

Our suppliers are required to tell us as soon as they become aware of any actual or suspected slavery or human trafficking in their organisation and in their supply chain. In the event we identify an instance of modern slavery within a specific supplier's operations or supply chain, we will work with that supplier to remediate the issues and risks identified in our assessment. When we can't achieve a satisfactory resolution, we will implement other measures, including terminating our relationship with the supplier.

There were no modern slavery risks raised for remediation in our supply chain during 2022.

Sustainability metric performance summary

Focus areas	Metric	Unit	2019 - Baseline	2020	2021	2022	2026 Target
Safe and equitable workplaces	Fatalities	No.	0	0	0	0	0
	Significant (high potential) incidents	No.	0	0	0	0	0
	Employee satisfaction re wellbeing and mental health (Employee Opinion Survey)	%	N/A ²	N/A ²	71	80	75
	Females in employment	%	23.6	24.2	24.9	25.0	27.0
	Females in management roles	%	7.8	9.3	9.8	7.0	15.0
	Inclusion & Diversity index outcomes (Employee Opinion Survey)	%	N/A ²	N/A ²	82	87	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	50.7
	Contractors responsible for all network operations and projects are ISO14001 Environmental Management System 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	395	332	298 ³
Empowering communities	Total installed capacity of renewable energy generation on our networks	MW	314	420	521	611	800
	Customer participation in energy literacy programs	No.	N/A ⁴	N/A ⁴	N/A ⁴	612	1,000
	Value of network and technology investments in innovation - over 5 yrs	\$m	0.8 ⁵	N/A ⁶	N/A ⁶	5 ⁵	12.7
Responsible governance	Board Meetings per annum	No.	5	5	5	4	5
	ESG Committee meetings per annum	No.	N/A ⁷	N/A ⁷	N/A ⁷	3	4
	Holding our employees accountable to our values and Code of Conduct	-	Annual performance management process	Annual performance management process	Annual performance management process	Annual performance management process	Annual performance management process
	Number of critical cyber security breaches on our network's operational technologies	No.	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 Annual spend on innovation and technology

⁶ Not applicable as the target period for innovation investment is 2022-2026

⁷ Not applicable as the ESG committee was formed in 2022



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