

AusNet Climate Change Position Statement

The energy sector is the largest contributor to Victoria's greenhouse gas (GHG) emissions and its transformation is key to enabling the decarbonisation of our state.

AusNet¹ owns and operates Victoria's primary high voltage electricity transmission network, transporting electricity across our state. We also own and operate the electricity distribution network in eastern Victoria and a gas distribution network through central and western Victoria. AusNet recognises that we have a critical role to play in enabling decarbonisation of the electricity and gas sectors. We support the Victorian Government's target to achieve net zero emissions by 2045 (Scope 1 and 2), and the interim targets for 65 per cent renewable energy by 2030 and 95 per cent by 2035.

We recognise the widely accepted scientific consensus that human activities are the driving force behind climate change, and we support the global efforts and targets aligned with the Paris Agreement to limit global warming to no more than 2°C above pre-industrial levels, while striving for 1.5°C.

Our strategic intent

Decarbonising the energy sector has, to date, been achievable within the existing electricity transmission and distribution network infrastructure, however, the existing networks are approaching capacity.^{2,3} Additionally, as we move from centralised generation sources to generation distributed across the state, Victoria's renewable energy goals can only be achieved with significant augmentation and modernisation of the electricity networks.

AusNet is expanding transmission capacity, improving distribution, enhancing network resilience, and integrating electric vehicles and other consumer energy resources (CER) onto our network (including more than 200,000 customers with rooftop solar). AusNet has a unique position in the Victorian energy supply chain. We have an opportunity to build a reliable and affordable network faster than has ever been achieved before.

We also recognise that climate change will create physical risks to our network assets. Those risks will intensify and become more frequent as the climate continues to warm. Climate change is inherently uncertain, and we are taking a proactive approach to monitoring, understanding and preparing for these changes from both a transitional and physical risk perspective.

¹ This is a joint statement that covers the members of the AusNet Group and the AEH Entities (together, the AusNet Reporting Entities).

² Network capacity exists for approximately a further 3.3 GW of new generation with 2 GW of that in Gippsland - AEMO ISP (2022) Appendix 3.

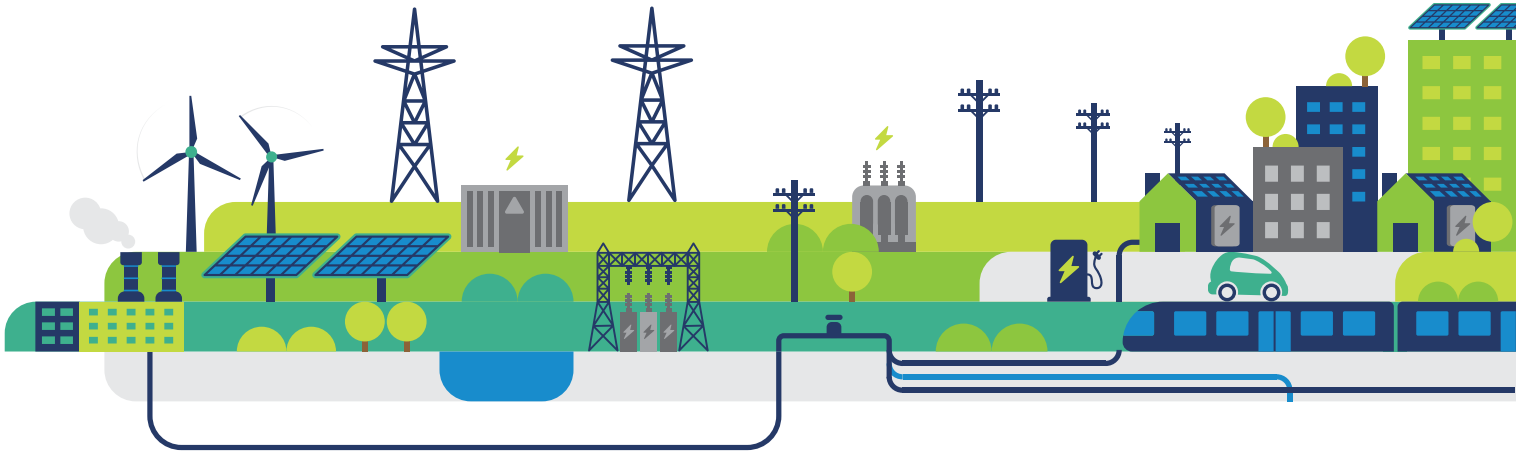
³ Victoria will require 25 GW of new capacity by 2035 to reach a 95 per cent renewable target - State Electricity Commission June 2023.

⁴ In line with updates to the National Electricity Objective and National Gas Objective.

⁵ Definition as per the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard: www.ghgprotocol.org

⁶ Definitions adopted in-line with industry peers (BHP 2021, APA 2022). 'Goal' is an ambition to seek an outcome for which there is no current pathway(s) but for which efforts will be pursued towards addressing that challenge, subject to certain assumptions or conditions. 'Target' is an intended outcome about which we have identified one or more pathways for delivery of that outcome, subject to certain assumptions or conditions.

⁷ Actual emissions as reported to the Clean Energy Regulator. Forecast emissions trajectory is indicative, and for illustrative purposes only. This shows a linear reduction between the key target years, where in reality we expect our actual emissions profile to fluctuate on an annual basis around this overall downward trend.



Guiding principles

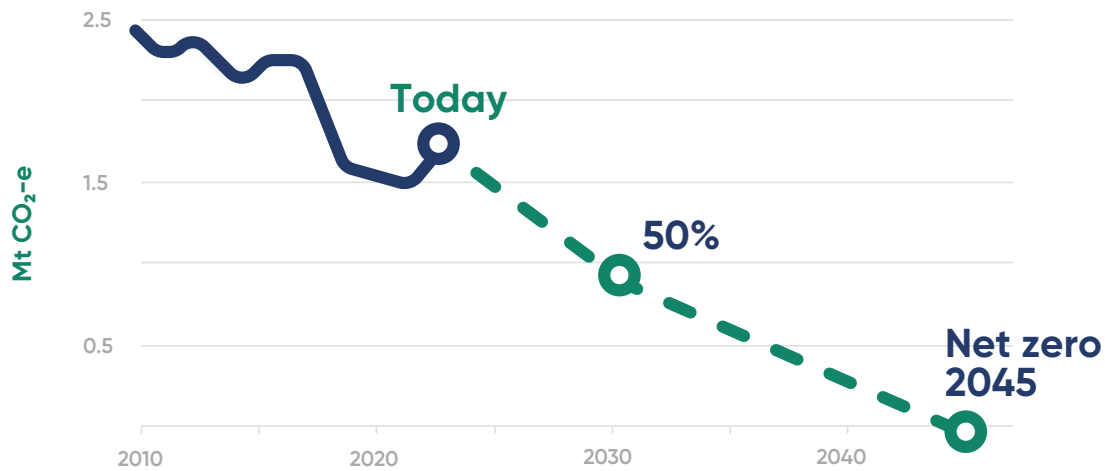
We believe

- There is an increasingly urgent need to address climate change in alignment with the goals of the Paris Agreement. Transitioning to a net zero economy is necessary to limit global warming to below 2°C.
- Climate change and how it will impact our business in the future is inherently uncertain and our strategies and governance must be able to adapt.
- The path to net zero should prioritise least cost abatement for the whole energy system, including consideration of the interactions between electricity, gas and liquid fuels. This may include offsets, provided those methods and activities are credible.
- Our investment decisions need to have regard to the long term interests of consumers with respect to emissions reductions alongside price, quality, reliability, safety and security of supply.⁴
- Customers will need reliable and safe gas distribution services for decades to come, even as we move to greater levels of electrification in our homes and industries, as consumption per customer continues to moderate.
- The transformation of the energy system must be fair and affordable, and it relies on the support of our customers and the local communities.

We commit to

- Integrating consideration of climate change risk into our governance, risk management, and strategic and financial planning. We will have regard to the Task Force on Climate-related Financial Disclosures (TCFD) framework as a reference for best practice reporting (and other recognised frameworks as they evolve).
- Enhancing transparency and disclosure of our mitigation strategies and performance on climate change metrics to enable stakeholders to make informed decisions. This includes updating long-term and interim targets in line with any material performance, market, policy, regulatory, or other relevant changes.
- Continuously evaluating and responding to the physical and transitional risks and opportunities related to climate change, as new information becomes available.
- Setting and annually reporting against GHG emissions⁵ (Scope 1 and 2) targets that provide a clear distinction between our broader role building network infrastructure that enables state-wide decarbonisation, and our in-house emission reduction efforts.
- Supporting a fair and affordable transition. AusNet is a signatory to the Energy Charter, and we commit to its purpose of delivering better energy outcomes for customers and communities.

Emissions reductions journey 2010 to 2045⁷



AusNet's emissions reduction target

We commit to an overall corporate goal of net zero GHG emissions by 2045 for Scope 1 and 2 and an interim target of 50 per cent reduction by 2030 relative to a 2022 baseline⁶. We intend to achieve the interim target by focusing on two emissions sub-categories:

- 1. Network loss emissions** – driven primarily by market factors and comprises line losses from our electricity transmission and distribution networks (Scope 2), and fugitive emissions from our gas network (Scope 1)
- 2. In-house emissions** – over which we have much greater control and includes, for example, sulphur hexafluoride (SF₆) gas leaks in our electrical switches, our site energy use, and vehicle fleet emissions (Scope 1 and 2)

Reporting on our targets against these two categories provides a clear distinction between our broader role building grid infrastructure to enable state-wide decarbonisation, and our internal GHG emission reduction efforts.

We are actively taking steps to reduce network loss emissions by connecting new renewables as quickly and efficiently as possible, increasing network capacity through new high voltage transmission, and integrating consumer energy resources onto our distribution network. We are also reducing methane leaks on the gas network by replacing ageing pipelines with modern polyethylene pipes, which are hydrogen-ready should the need arise.

We are actively taking steps to reduce our in-house emissions by refurbishing terminal station assets to reduce SF₆ leaks, integrating hybrid and electric vehicles into our fleet, and sourcing renewable energy for our facilities. Detailed strategies to reduce our in-house emissions are currently being formalised.

It is important to read this statement together with the further important information in our TCFD Report regarding our emission reductions and targets, commitments and beliefs, including the key underlying assumptions, qualifications and uncertainties*. More information, including our broader approach to identifying and managing climate-related risks and opportunities, is contained in our TCFD Report and on the sustainability pages of our website.

ausnetservices.com.au/sustainability

*This Statement contains forward-looking statements, including statements of current intention, targets, commitments, ambitions, beliefs, statements of opinion, or predictions or expectations as to possible future events. These statements are not statements of fact, and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward-looking statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements, and the outcomes are not all within the control of AusNet. Statements about past performance are not necessarily indicative of future performance.