

**THE AUSTRALIAN
INFRASTRUCTURE
NETWORK
SPECIALISTS**
SUSTAINABILITY
REPORT
2017



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REPORT OVERVIEW

The purpose of the Sustainability Report for the calendar year ending 31 December 2017 (Report) is to provide Spark Infrastructure's stakeholders with a true and accurate view of its performance in the wider context of sustainability during 2017 by reporting on the Company's exposure to economic, environmental and social risks and opportunities.

The preparation of the Report is guided by the Global Reporting Initiative's **(GRI) G4 Sustainability Reporting Guidelines (GRI Guidelines)**. The GRI Guidelines are established to enable organisations to measure and understand their most critical impacts on the environment, society and the economy.

The Report has been prepared in accordance with the GRI's 'Core' reporting option. The Report is divided into two sections: Part I includes items reported under the GRI's General Standard Disclosure recommendations; and Part II includes Spark Infrastructure's Specific Standard Disclosures on aspects that are determined to be material to Spark Infrastructure.

Readers of the Report may also wish to reference the Company's 2017 Annual Report and the 2017 Corporate Governance Statement, which are both accessible at **www.sparkinfrastructure.com** and contain further details of Spark Infrastructure's performance, activities and practices during the 2017 calendar year.

CHAIR'S INTRODUCTION

I am delighted to present to you Spark Infrastructure's Sustainability Report for 2017. Spark Infrastructure owns significant investments in Australian electricity distribution and transmission businesses. Our businesses transport electricity and provide related services to many millions of Australian households and businesses across the National Electricity Market.

Your Board of Directors is committed to ensuring good governance of Spark Infrastructure and the businesses that comprise its investment portfolio.

We contribute to environmental sustainability and strongly support Australia's transition to greater reliance on renewable energy.

Spark Infrastructure, with its investment businesses, is well positioned to capitalise on this transition and opportunities that arise from it, to serve our customers, help build a growing economy and benefit our Securityholders.

Our commitment to sustainability is driven by our Board and the Boards of our investment businesses. Spark Infrastructure is directly represented and actively participates on the

Boards of each of our investment portfolio companies where we oversee business operations, review and monitor performance, including the management of environmental, social and governance risks.

Spark Infrastructure's role in owning critical infrastructure businesses provides the opportunity to ensure sustainable policies are adopted in line with community expectations.

Key areas of focus include affordability, reliability and security of energy supply, protecting the environment in which we operate, facilitating the transition to a renewable future and ensuring a safe working environment.

Australia's energy future is being defined by a new world of opportunities in renewables, distributed generation

and energy storage. Our investment businesses will have an important role to play in delivering these technologies efficiently for the benefit of consumers.

I am particularly proud of the role that Spark Infrastructure and our investment businesses are playing in the transition to a low carbon emissions economy. Their innovation is growing revenues and reducing costs today as well as building stronger businesses for tomorrow.

I trust the 2017 Sustainability Report will provide you with a broad range of useful information. We are committed to continually improving both our governance and our disclosure. I invite your feedback on this document as we seek to enhance our sustainability-related disclosures in the future.

Yours sincerely,



Dr Doug McTaggart
Chair
Spark Infrastructure

CHAIR'S INTRODUCTION CONTINUED

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I am particularly proud of the role that Spark Infrastructure and our investment businesses are playing in the transition to a low carbon emissions economy. Their innovation is growing revenues and reducing costs today as well as building stronger businesses for tomorrow.”



MESSAGE FROM THE CEO

Spark Infrastructure's 2017 Sustainability Report aims to demonstrate how we monitor, manage and approach various economic, environmental and social sustainability issues related to our industry and operations.

Spark Infrastructure invests in some of the best infrastructure businesses in Australia. We believe that they are central to a low carbon energy future and the long term sustainability of the Australian economy.

The efficiency of our investment businesses is critical to our success. Providing efficiently priced services and efficient investment enables us to serve our customers, employees, partners and Securityholders.

We work to maximise the performance of our investment businesses and contribute to their success by applying our industry, financial and regulatory expertise. We insist on strong governance, integrity and high ethical standards. Our Code of Conduct sets out the legal and ethical standards that apply to all our people. We apply rigorous financial and operational oversight to the investment businesses including future growth opportunities.

Spark Infrastructure supports the sustainability goals and detailed planning and work of our investment businesses and through our governance structures, Spark Infrastructure directly influences, monitors and reviews their sustainability strategy and outcomes.

Our primary focus is on health and safety and creating a safer workplace and contributing to the improved current and future well-being of employees. We invest in our workforce by providing them with skills, knowledge and resources to protect and improve the environments in which we operate. We take a responsible approach to our people, our customers and the community and are dedicated to providing a safe environment in which to work and live. We promote a culture of innovation and, through our business operations, aim to be a leader in environmental responsibility.

At Spark Infrastructure and in our investment businesses we innovate and adapt, seeking new technologies and acquisitions that will strengthen our business and extend our contribution to a strong and sustainable Australian economy.

In our view, the future prevalence of renewable energy is inevitable and the path towards it irreversible. We support this transition through our business planning, investment decisions and industry advocacy.

Across the electricity supply chain, consumers are now offered greater choice. This creates demand for new products and services and thereby generates fresh business opportunities.

Together with our businesses, we will play an important and valuable role in the transformation of the energy sector from being reliant on coal-fired generation to renewable distributed generation over time.

This transformation is being driven by new technology, innovation and the move to consumer choice, and our investment businesses are at the forefront of these developments.

Our continual focus is on improving efficiency, reducing cost, delivering customer service and expanding into new service areas. Effectiveness, efficiency, and sustainability characterise our management of the electricity network. We remain focused on striking the right balance between safety, reliability, growth and affordability so that we meet the expectations of customers today and into the future.



Rick Francis
Managing Director and
Chief Executive Officer
Spark Infrastructure

PART 1

GENERAL STANDARD DISCLOSURES



ORGANISATIONAL PROFILE

Spark Infrastructure represents Spark Infrastructure Trust and its consolidated entities. Spark Infrastructure Trust is an Australian registered managed investment scheme.

Spark Infrastructure RE Limited is the responsible entity of Spark Infrastructure Trust. Spark Infrastructure is a specialist infrastructure fund and comprises a single trust listed on the Australian Stock Exchange (ASX). One unit in the Spark Infrastructure Trust and one loan note issued by the responsible entity are stapled and quoted as a single security, and cannot be traded separately. Spark Infrastructure aims to provide long-term, attractive and stable returns and capital growth in line with its risk profile and market expectations.

Spark Infrastructure does not produce any products. It invests in regulated utility infrastructure in Australia. This includes electricity and gas distribution and transmission, regulated water and sewerage assets.

The Company owns equity interests in four Australian electricity networks across South Australia, Victoria and New South Wales. The companies that Spark holds interests in represent some of the best infrastructure assets in Australia and are investments that are well placed to support a low carbon future. Spark Infrastructure currently holds a 49% interest in SA Power Networks, a 49% interest in CitiPower and PowerCor Australia (together known as Victoria Power Networks), and a 15% interest in TransGrid.

Spark Infrastructure has 13 employees working at its Sydney office. No employees are covered by collective bargaining agreements. A detailed breakdown of the Company's workforce by employment contract, employment type and gender is provided in tables G4-10 (a) and G4-10 (b) of the 'Sustainability Data' section of the Report.

Spark Infrastructure's headquarters are located in Sydney, Australia.



ORGANISATIONAL PROFILE CONTINUED

What sustainability means to Spark

Spark Infrastructure invests efficiently to provide safe, reliable and affordable electricity through its investment portfolio businesses. Between them, the businesses serve millions of Australian households and businesses. The investment portfolio businesses are also encouraged to work with customers to facilitate the transition to a more renewable future with lower carbon emissions.

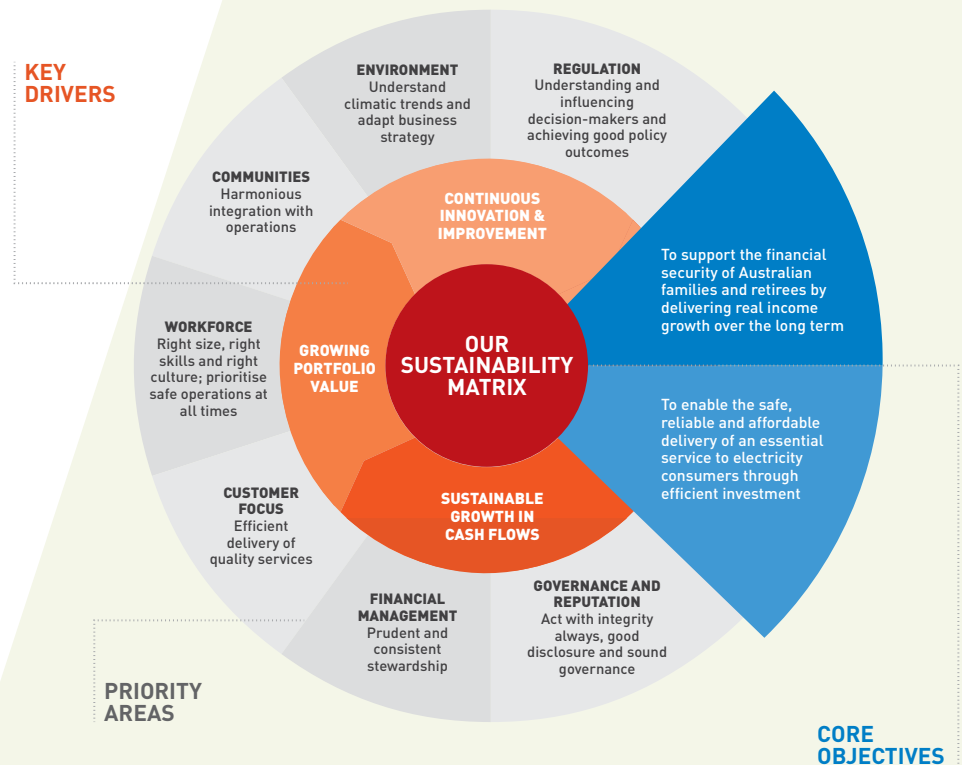
Overall, Spark Infrastructure's aim is to:

- Achieve an injury free work environment and promote the health of our people and the communities in which we operate.
- Apply high ethical standards and best business practices.
- Mitigate risks and employ practices to minimise the impact we have on the environment.
- Provide customers with reliable and secure electricity supply and reduce costs through efficient operations.
- Ensure efficient use of energy and resources.
- Respect the rights of the communities in which we operate.
- Reduce greenhouse gas emissions.
- Provide clear, timely and transparent reporting on operational performance.
- Engage openly with stakeholders.

For Spark Infrastructure, sustainability also means establishing work conditions and employee incentives that enable our investment portfolio businesses to provide safe reliable and efficient network services to consumers.

Each of the businesses in our investment portfolio have embraced new technologies and are focused on innovative solutions to emerging business challenges. Their central aim is to further enhance a culture of agile and empowered business leadership, to improve our understanding of customer needs and preferences and to embed a flexible and innovative approach to asset planning and investment decisions. The Network Innovation Centre by SA Power Networks, the BEON Energy Solutions business associated with Victoria Power Networks and TransGrid's active facilitation of the growth in renewable generation of electricity through its infrastructure connections business each demonstrate our commitment to this area.

SUSTAINABILITY MATRIX



ORGANISATIONAL PROFILE CONTINUED

SA Power Networks

SA Power Networks manages South Australia's only significant electricity distribution network, comprising thousands of kilometres of powerline and hundreds of substations. The network is one of the most reliable in Australia, with 99.97% network availability achieved across a state that is characterised by widely-varied and challenging terrain. In 2017 the business employed approximately 2,200 people.

The key services SA Power Networks provides the South Australian community include:

- Delivering electricity from the high voltage network through poles and wires to properties or businesses.
- Providing an emergency response in the event of blackouts.
- Repairing street lighting.
- Connecting renewable generation to the electricity network (primarily Solar PV).

Additionally, SA Power Networks provides electrical infrastructure project management, construction and maintenance services to government, electricity utilities, mining and telecommunication industries, land developers, infrastructure providers and commercial/industrial energy consumers across Australia.

Enerven (previously known as SA Power Networks Construction & Maintenance Services or CaMS) is dedicated exclusively to developing business in the competitive market, and maintains a focused approach towards delivering customer projects in a timely, efficient and professional manner. SA Power Networks has a proven track record in delivering major infrastructure and complex projects.

SA Power Networks' Core Values

SA Power Networks is a company that:

- Believes in a workplace free of accidents and injuries.
- Believes all workers should work safe and go home safe every day.
- Ensures that employees are set up to succeed.
- Values and rewards employees for their contribution to the business.
- Treats customers as it would wish to be treated.
- Seeks opportunities for growth and productivity improvements.
- Takes pride in being a respected corporate citizen.
- Achieves the expectations of its owners.

ORGANISATIONAL PROFILE CONTINUED



Victoria Power Networks

Victoria Power Networks is comprised of the CitiPower and Powercor Australia networks in Victoria and is managed by a joint management team and workforce. CitiPower and Powercor Australia are the most efficient and reliable urban and rural electricity distribution networks in Victoria. They own and operate two of the five privately owned electricity distribution networks in Victoria under the regulatory supervision of the Australian Energy Regulator (AER). During the reporting period Victoria Power Networks employed a total of 1,999 people.

CitiPower and Powercor are Victoria's largest electricity suppliers, delivering electricity to almost 1.1 million residential and commercial customers across Victoria and servicing a population of 1.96 million.

CitiPower owns and manages a 157 square kilometre electricity distribution network. It provides power to more than 330,000 commercial, industrial, and residential customers. Powercor serves over 800,000 customers across 145,651 square kilometres throughout Western Victoria. From Mildura to Shepparton and through to the South Australian border, Powercor works with commercial, agricultural, industrial, and residential electricity customers as the most efficient rural electricity

distribution company in Australia. CitiPower operates with a reliability rating of 100% while Powercor's 99.97% network availability makes it one of the most reliable energy networks in Victoria.

Victoria Power Networks is guided by a set of values and a customer charter that ensure the business' work meets the standards set by its Board.

Victoria Power Networks' Core Values:

- Live safely.
- Improve our business.
- Be the best you can be.
- Be customer and community-minded.
- Succeed together.

ORGANISATIONAL PROFILE CONTINUED

TransGrid

TransGrid operates the New South Wales (NSW) high voltage electricity network. TransGrid provides a safe and reliable electricity transmission service to more than three million homes and businesses across NSW and the Australian Capital Territory (ACT), as well as the customers directly connected to its network. Together with network reliability greater than 99.99%, TransGrid delivers both strong commercial and service performance. During the reporting period TransGrid employed a total of 995 people.

TransGrid's core role is to connect electricity consumers to a safe, secure and reliable network through efficient maintenance, proficient operation of assets and prudent investment.

The company's network comprises 100 bulk supply substations and more than 13,000 kilometres of high voltage transmission lines and cables. Interconnected to Queensland and Victoria, the network provides a strong electricity system enabling energy trading between Australia's three largest states along the east coast and supporting a competitive wholesale electricity market.

TransGrid is committed to maintaining a reputation for responsibility, honesty and fairness in its dealings with employees, customers, clients, suppliers, contractors and the community.

TransGrid's Core Values:

TransGrid is:

- Committed.
- Collaborative.
- Enterprising.
- Caring.



MATERIAL ASPECTS AND BOUNDARIES

In order to define the content of the 2017 Sustainability Report, Spark Infrastructure has applied the GRI Guidelines for defining report content. Spark Infrastructure's exposure to ESG related risks is primarily through its investment portfolio businesses. This Report analyses the economic, environmental and social risks and opportunities of Spark Infrastructure's investment portfolio businesses.

In accordance with the GRI Guidelines, Spark Infrastructure has identified the material issues or 'aspects' that reflect economic, environmental and social impacts of SA Power Networks, Victoria Power Networks and TransGrid. Spark Infrastructure identified these aspects based on a self-assessment exercise that reviewed the activities of the investment portfolio businesses.

Spark Infrastructure, with the input and assistance of its investment businesses, has identified and prioritised those aspects that are most important to the organisation. As a result of this process, the Company has created a shortlist of material issues that are regarded to be significant to its key stakeholders and are therefore disclosed in the Report.

The identified key material aspects and their boundaries are presented in the table.

MATERIAL ISSUE	GRI MATERIAL ASPECT	BOUNDARY ¹	SECTION OF THE REPORT
Employee Health and Safety	Workplace Health and Safety	Internal (Employees)	Social Indicators
Legal Non-Compliance	Compliance, Anti-Corruption and Anti-Competitive Behaviour	Internal (Employees)	Social Indicators
Environmental Impacts	Energy, Emissions, Compliance, Environmental Protection Expenditures, Grievance Mechanisms and Supplier Environmental Assessment	External and Internal (Communities and Shareholders)	Environmental Indicators
Employee Retention and Labour/ Management Relations	Training, Education and Career Development, Diversity and Equal Opportunity, Labour Practices and Non-Discrimination	Internal (Employees)	Social Indicators
Economic Impacts	Economic Performance, Indirect Economic Impacts, Procurement Practices	External and Internal (Communities, Suppliers, Employees and Shareholders)	Economic Indicators
Social Impact of the Business	Compliance, Impacts on Local Communities, Grievance Mechanisms for Impacts on Society	External (Communities)	Social Indicators

- These are issues of high material importance.
- These are issues of medium material importance.
- These are issues of low material importance.

Each material issue and aspect is reported upon in further detail in Part II of this Report.

¹ Internal boundary refers to entities and the people and contractors employed by those entities over which Spark Infrastructure and the investment portfolio businesses have direct control. External boundary refers to people and entities outside of Spark Infrastructure and the investment portfolio businesses' direct control.

MATERIAL ASPECTS AND BOUNDARIES CONTINUED

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Through our program of stakeholder engagement and advocacy with regulators, government, industry bodies and investor groups we seek to positively influence policy and regulatory outcomes.”



STAKEHOLDER ENGAGEMENT

Spark Infrastructure's annual stakeholder engagement program is implemented in accordance with a Board approved plan designed around best practice principles and process.

Through our program of stakeholder engagement and advocacy with regulators, government, industry bodies and investor groups we seek to positively influence policy and regulatory outcomes. Our goal is to advance the commercial interests of Spark Infrastructure, its portfolio businesses and the communities they serve.

Spark Infrastructure with its investment businesses has been a leading voice in navigating through a period of regulatory uncertainty and industry change. Our engagement with key regulators and industry bodies has enabled us to put forward our view of the future of the energy sector and support the implementation of the recommendations from the Finkel Review, helping to build an integrated energy system and strengthen energy security supply, while supporting lower energy costs to consumers.





APPROACH TO RISK MANAGEMENT

Spark Infrastructure adopts a precautionary approach to its business operations through its risk management framework and policy.

A summary of the Company's risk management policy is set out on the Spark Infrastructure website. At Spark Infrastructure risk management is at the heart of everything we do. Our core tenets include affordability, reliability and security of energy supply, protecting the environment in which we operate and facilitating the transition to a renewable future, financial stability through prudent financial management, employee development and ensuring a safe working environment.

Spark Infrastructure applies the precautionary approach in its operation of Spark Infrastructure Trust and the operations of its investment businesses in its portfolio. Our investment businesses actively and diligently manage their material exposure to environmental risks, contributing

to environmental sustainability. Our environmental focus includes emissions reduction, water management and security and continuing engagement with the communities in which our businesses operate. We invest in ways to use renewable energy and other technologies like battery storage to help our businesses and customers reduce greenhouse gas emissions. Our investment businesses have implemented energy, waste and water efficiency initiatives and increased recycling efforts to reduce landfill. We make environmentally and socially responsible procurement decisions and recognise our responsibility to plan, construct and operate our investment businesses to minimise the impacts on natural or cultural heritage sites.

ETHICS AND INTEGRITY

Spark Infrastructure is committed to the highest level of integrity and ethical standards in all business practices. Spark Infrastructure has a Code of Conduct that applies to all employees, contractors and Company Directors. The Code of Conduct outlines how Spark Infrastructure expects its representatives to behave and conduct business in the workplace on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards. Spark Infrastructure's Board of Directors, as the Company's highest governance body, ensures that the above values are reflected in the Company's operations.

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Spark Infrastructure is committed to the highest level of integrity and ethical standards in all business practices.”



PART 2

SPECIFIC STANDARD DISCLOSURES

This section provides disclosures around the material aspects affecting Spark Infrastructure and the businesses in which it has an equity interest. The process of defining the Report's content and the aspects that are material to the Company and its operations are described in the first part of the Report under the Material Aspects and Boundaries section.

Consistent with the GRI Guidelines, disclosures are separated into three distinct categories: Economic, Environmental and Social.



PART 2

ECONOMIC

INDICATORS

Spark Infrastructure's investment portfolio businesses, SA Power Networks, Victoria Power Networks and TransGrid, are focused on assessing and managing their economic impacts on stakeholders as well as any potential exposure to climate related risks and opportunities. All three businesses have robust risk management systems in place that allow them to monitor and manage any ongoing financial exposure to climate change, thereby minimising any potential impacts of this risks in the short, medium and long term.

This section of the report provides an overview of aspects that are material to the businesses' operations and provides further information on:

- The financial implications of climate change (EC2);
- The coverage of each business' defined benefit plan obligations (EC3);
- The financial assistance received from the government (EC4);
- The development and impact of infrastructure investments and services supported (EC7); and
- The proportion of spending on local suppliers at significant locations of operation (EC9).

It is expected that utility companies may face some level of exposure to risks and opportunities related to climate change. Such risks can be regulatory, transitional or physical and can affect revenues and expenditures in a number of ways. In this section of the Report, the approach of each business in assessing and managing these risks and opportunities is disclosed.

The three investment portfolio businesses employ a significant number of workers. Defined benefit plans have potential implications for employers in terms of the obligations that need to be met and therefore information regarding the coverage of each business' defined benefit plan obligations is disclosed.

Due to the nature of the businesses' operations and their involvement in infrastructure development projects

it is considered relevant to disclose information around financial assistance received from the government by each business. This indicator will help stakeholders gain a clear view of the transactions taking place between the investment portfolio businesses and the government.

Electricity utilities provide essential and vital services to society and users. Apart from generating and distributing economic value, Spark Infrastructure's investment portfolio businesses may impact the economy through their investments in infrastructure projects. Infrastructure investments can have significant impacts and costs attached to them and therefore it is considered relevant to disclose information in relation to this aspect.

Through their operations and spending practices the businesses have the opportunity to impact and create value in the regions in which they operate. The results of spending on local suppliers can indirectly affect employment in the region where the businesses operate and create further positive impacts on local communities. SA Power Networks, Victoria Power Networks and TransGrid have significant operations across Australia and their respective procurement processes may potentially impact local communities in a positive way.

Economic Impacts of SA Power Networks

Financial Implications of Climate Change

SA Power Networks continued its success in a number of environmental management and sustainability areas during 2017. With the aim of increasing environmentally and socially beneficial procurement decisions, SA Power Networks continues to implement initiatives focused on improving its environmental risk assessment processes and criteria into key contracts. SA Power Networks has examined the potential financial risks related to extreme weather events that could cause outages and impact financial incentive schemes. The business is closely monitoring its potential exposure to these risks and is well placed to address and manage any incidents that may occur.

SA Power Networks has also been actively engaging with the relevant government agencies and regulators to work more collaboratively on specific high-risk environmental issues such as site contamination, native vegetation, Aboriginal cultural heritage and native wildlife.

Coverage of the Organisation's Defined Benefit Plan Obligations

At SA Power Networks, employees under a defined benefit plan contribute up to 9% of salary either as pre-tax or post-tax contributions. The employer pays the balance of the cost to fund the liabilities. The defined benefit divisions are closed to new members. All new employees have a choice of fund whereby all benefits are provided on an accumulation benefit design.

Financial Assistance Received from the Government

SA Power Networks received a total of \$151,000 in financial assistance from the Australian government in 2017 for training purposes (Training Centre funding).

Development and Impact of Infrastructure Investments and Services Supported

Infrastructure investments are made in response to customer requirements for electricity supply. These investments result in positive impacts that include the provision of utility electricity services to enable business and residential activities to occur. These infrastructure investments are usually commercial arrangements initiated by SA Power Networks' customers.

Proportion of Spending on Local Suppliers

In 2017, 49% of SA Power Networks' external supplier spend was with local, South Australian suppliers.



SA Power Networks has examined the potential financial risks related to extreme weather events that could cause outages and impact financial incentive schemes.”

ECONOMIC INDICATORS CONTINUED

Economic Impacts of Victoria Power Networks

Financial Implications of Climate Change

Victoria Power Networks has a comprehensive risk control system in place that provides assurances in terms of economic profitability while considering environmental and social impacts that may occur as part of the business' operations. By properly assessing and managing these risks and opportunities Victoria Power Networks is able to evaluate and address potential impacts.

Coverage of the Organisation's Defined Benefit Plan Obligations

The Contribution and Funding Policy of Victoria Power Networks' defined benefit plan requires the maintenance of a funding ratio of 105%. The funding ratio is the ratio of assets to accrued liabilities, being the greater of vested benefits and the present value of past member benefits.

Each of the Powercor and CitiPower plans are, as of the date of the Report, on contribution holidays (i.e. contribution rate of 0%) as the assets of the plan are sufficient to exceed this funding ratio target.

The schemes are closed to new members. There are 385 total members across both plans and 15 pensioners.

Financial Assistance Received from the Government

During the reporting period, Victoria Power Networks received a research and development non-cash grant as an offset to future tax liabilities of \$2,761.

Proportion of Spending on Local Suppliers

Victoria Power Networks' proportion of spending on local suppliers at significant locations of operation in 2017 was 98%².

Economic Impacts of TransGrid

Financial Implications of Climate Change

TransGrid has previously engaged an external consultant to review climate change related risks for its network with respect to extreme weather events such as flooding and storms. The findings of this exercise were reviewed by TransGrid's management team and the recommendations of the report will be incorporated into the future planning and design of the electricity network.

Coverage of the Organisation's Defined Benefit Plan Obligations

The NSW Electricity Networks Operations Trust, as the employer, contributes to the Energy Industries Superannuation Scheme Pool B (the **Fund**), which is a defined benefit superannuation scheme for which liabilities accrue. Under the Fund, Divisions B, C and D provide defined benefits whereby at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. Divisions B, C and D are closed to new members except for members of eligible schemes who can transfer their entitlements into the Fund.

The Fund is regulated primarily by the Superannuation Industry (Supervision) Act 1993 (Cth) (the **SIS legislation**), but

is also subject to regulation under the Superannuation Administration Act 1996 (NSW). The SIS legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS legislation requires that an actuarial valuation be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions, unless an exemption has been obtained.

The prudential regulator, the Australian Prudential Regulation Authority, licenses and supervises regulated superannuation plans. The Fund has received an exemption from annual actuarial valuation and therefore actuarial valuations are only required triennially. The last actuarial valuation of the Fund was performed as at 30 June 2015.

The Fund advises the level of liability in respect of the superannuation commitments of the Consolidated Entity to its employees who are members of the various divisions of the Fund. The calculation of the superannuation position is based upon independent actuarial reviews.

TransGrid recognises the net total of the following as an asset or a liability in its Statement of Financial Position:

- Present value of the defined benefit obligation at the end of the reporting period (\$237.9million as at 31 December 2017)³; and

² The organisation's geographical definition of 'local' suppliers is suppliers paid in Australian Dollars. The definition used for 'significant locations of operation' relates to all locations of operation within the Australian State of Victoria.

³ The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using high quality corporate bond rates at the end of each financial reporting period based on the Milliman G100 Discount Rates, and with terms approximating to the terms of the related obligation.

ECONOMIC INDICATORS CONTINUED

- Fair value of Fund assets in the defined benefit Funds at the end of the reporting period (\$220.8 million as at 31 December 2017).

In accordance with AASB 119 Employee Benefits, re-measurements of the net defined benefit liability are recognised in 'Other Comprehensive Income' while service costs and net interest on the net defined liability are recognised in 'Profit or Loss'. Contributions to the defined contribution section of the superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Normal contributions to the scheme vary between 1.6 and 2.5 times the employees' contributions.

Financial Assistance Received from the Government

The amount of up to \$168,000 (excluding GST) was granted by the Federal Government to be paid to NSW Electricity Networks Operations Trust. An initial payment of \$84,000 was received in February 2017 and a final amount was received in August 2017 of \$57,830.

The purpose of the grant is to support the implementation of all necessary

technical capability for the company to have the capacity to retain the relevant data required under the Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015 for the eligible services it provides as agreed in its Data Retention Implementation Plan.

This grant was provided as part of the Data Retention Industry Grants Programme.

Development and Impact of Infrastructure Investments and Services Supported

For TransGrid, infrastructure investments (both for the existing network and new connections to electricity generators and other large industrial customers) are pursued in response to customer requirements for electricity supply.

Most of TransGrid's investments are predominantly replacements or refurbishment of current assets.

TransGrid is delivering a project to provide a geographically diverse electricity transmission supply point to the Australian Capital Territory, with a new substation at Stockdill Drive, Holt. This is expected to improve the resilience of supply to the Australian Capital Territory.

TransGrid is planning projects to connect new electricity generation and improve interconnection between states

as the electricity system transitions to meet emissions targets and replace baseload generators that are reaching retirement. The projects include transmission to connect the new Snowy 2.0 pumped hydro storage scheme, interconnection from New South Wales to South Australia and Queensland and connection of over 20 new wind and solar farms in New South Wales. These projects will maintain the reliability of the national electricity system and contribute to emission reduction in line with Australia's emissions reduction targets.

TransGrid has a number of significant non-prescribed commercial infrastructure projects that are part of connecting new renewable energy to the grid as we transition to a renewable future. These projects involve supporting community and economic development in the regions where they are located and support the long-term security supply of electricity to the east coast of Australia. The development of these assets involves the installation of transmission lines and substations as part of the wider project development and whilst they will have impacts in the location of construction they are assessed under NSW planning requirements in relation to their wider community and sustainability impacts.

Proportion of Spending on Local Suppliers

For TransGrid, the percentage of the total procurement discretionary budget spent on local suppliers was 99.4% in 2017.



These projects will maintain the reliability of the national electricity system and contribute to emission reduction in line with Australia's emissions reduction targets."

PART 2

ENVIRONMENTAL INDICATORS

ENVIRONMENTAL INDICATORS

Spark Infrastructure's investment portfolio businesses strive to minimise the impact that their operations may have on the environment. These efforts are evident in the businesses' commitment to invocation and sustainable development.

Spark Infrastructure has reviewed the businesses' environmental impacts and their potential effects on various stakeholders in 2017. Energy consumption and emissions are prioritised amongst the breadth of potential environmental impact criteria.

This section of the Report provides an overview of the environmental aspects that are material to the businesses' operations and include the following indicators:

- EN3 on energy consumption;
- EN15 and EN16 on emissions;
- EN29 on compliance;
- EN31 on overall environmental protection expenditures;
- EN32 on the environmental assessment of suppliers; and
- EN34 on environmental grievance mechanisms.

Energy consumption and greenhouse gas (GHG) emissions are closely monitored by all of Spark Infrastructure's investment portfolio businesses. In Australia, the National Greenhouse and Energy Reporting (NGER) Act 2007 places reporting obligations on operations that exceed energy and GHG emission thresholds within a given financial year. SA Power Networks, Victoria Power Networks and TransGrid report on their GHG emissions and energy consumption annually under the National Greenhouse and Energy Reporting scheme, which is a single national framework for reporting and disseminating company information about GHG emissions, energy production, energy consumption and other information specified under NGER legislation.

The objectives of the NGER scheme are to:

- Inform government policy;
- Inform the Australian public;
- Help meet Australia's international reporting obligations;
- Assist Commonwealth, state and territory government programmes and activities; and
- Avoid duplication of similar reporting requirements in the states and territories.

Each business' energy consumption and GHG emissions data is disclosed in tables EN3, EN15 and EN16 of the 'Sustainability Data' section of the Report. These figures are based on the information that was submitted as part of the respective business' NGER report for the 2016-2017 period.

Where possible, the Report also discloses the environmental expenditures and investments made by the businesses in 2017 to prevent, reduce, control, and document environmental impacts, and hazards. The Report also includes company specific information in relation to suppliers and actions taken to address significant actual and potential negative environmental impacts identified in the supply chain.

Due to the nature of operations at the investment portfolio level, it is expected that disputes may occur from time to time over environmental impacts related to operational activities. All companies closely monitor any such disputes and have developed formal grievance procedures that support the remediation of any such impacts.

ENVIRONMENTAL INDICATORS CONTINUED

SA Power Network's Approach to Environmental Sustainability

SA Power Networks is committed to conducting its electricity distribution operations and business activities in a manner that prevents or minimises pollution and other adverse impacts on the environment. The business monitors stakeholder and community values to ensure that its environmental management system and initiatives are consistent with the expectations of the community, policy makers and stakeholders.

SA Power Networks has in place a comprehensive structure to manage its impact on the environment. To ensure environmental management objectives are met, the business maintains a robust Environmental Management System in line with ISO14001, the industry benchmark.

The Environmental Management Plan is a key part of the system and provides direction for SA Power Networks' managers and employees in delivering the intent of the Environmental Policy. Due to the continually evolving nature of this field, SA Power Networks' Environmental Management Plan is updated on an ongoing basis. Accordingly, the 2018 Plan identifies clear and appropriate objectives for dealing with environmental issues associated with SA Power Networks' business activities.

Compliance

During 2017, SA Power Networks did not receive any monetary fines in relation to violation of environmental regulations.

Supplier Environmental Assessment

New suppliers are screened using environmental criteria. Additionally, suppliers of high-risk products and services have specific additional criteria built into their tender assessment and contracts. All suppliers are expected to conform to SA Power Networks' specifications, which detail environmental management and sustainability principles.

Environmental Expenditures

SA Power Networks' environmental protection expenditures are built into projects on an as needs basis such as oil containment for new substation transformers.

Grievances Filed

SA Power Networks takes environmental responsibility very seriously and therefore has developed effective grievance mechanisms that help the company address and resolve any complaints filed. During 2017, SA Power Networks received four complaints that were subsequently resolved.



Victoria Power Network's Approach to Environmental Sustainability

CitiPower and Powercor have implemented comprehensive structures for managing environmental impacts and risks. Compliance with environmental legislation and regulation is viewed as a minimum requirement. Victoria Power Networks has an Environmental Management System (EMS) that is certified to the international standard ISO14001. The EMS provides a framework for identifying and managing environmental issues and risks.

CitiPower and Powercor are committed to minimising their environmental impact in addition to managing factors such as hazardous substances. The business also focusses on key areas including material and resource efficiency, and recycling and waste.

Assessment of potential environmental risks and impacts are embedded operationally within the Victoria Power Networks business as part of its regular activities and are overseen by the Health Safety & Environmental Group.

The HSE Governance Committee provides guidance and direction in relation to environmental issues, while the Environment & Sustainability team provides specialist advice and training on environmental-related issues to employees. Victoria Power Networks actively encourages all employees to contribute to environmental improvements and initiatives.

In 2017, senior management developed and endorsed a company-wide Sustainability Framework. The framework supports and is consistent with the existing Victoria Power Networks strategy.

Compliance

During the reporting period, Victoria Power Networks did not receive any fines or monetary sanctions for non-compliance with environmental laws and regulations.

Supplier Environmental Assessment

During the 2017 reporting period, 100% of new suppliers with potential spend exceeding \$250,000 were assessed by Victoria Power Networks using environmental screening criteria.

Environmental Expenditures

In total, Victoria Power Networks' environmental protection expenditures for 2017 reached the amount of \$4,724,143. This amount includes \$2,402,110 in environmental assessments, \$1,280,179 in non-hazardous waste management, \$776,654 in hazardous waste management and \$265,200 in remediation.

Grievances Filed

Victoria Power Networks received 49 noise complaints that were addressed and resolved through its grievance mechanisms in 2017.

ENVIRONMENTAL INDICATORS CONTINUED

TransGrid's Approach to Environmental Sustainability

As a responsible business, TransGrid has a strong commitment to conducting its activities in a manner that prevents pollution and complies with relevant legislation, industry standards and codes of practice.

The business has developed an Environment Policy that covers all activities and services undertaken by the business, including the planning, building and operation of infrastructure, ongoing management of these assets and their decommissioning. TransGrid actively engages with its stakeholders including the community, customers, employees, government and others regarding potential environmental or cultural impacts associated with its activities.

TransGrid aims to enhance its systems and processes in a manner that promotes continuous improvement in environmental management and that will lead to the achievement of good industry practice.

All of TransGrid's potential environmental impacts, through its maintenance and construction activities, are mitigated through the following measures:

- Either through formal environmental assessments as required under legislation that stipulate the requisite controls and mitigations to address the potential environment risk. These controls and mitigants will then be set out in a Construction Environmental Management Plan.
- Through informal environmental assessments, utilising TransGrid's internal risk management processes which, for activities that are considered low to moderate risk, require the completion of the appropriate checklist that stipulate the controls and mitigations required for that work activity.
- TransGrid employs several environmental professionals and an Environmental Manager to develop systems, processes, trainin and procedures to mitigate the potential environmental impact of its work activities.

By integrating environmental considerations into all parts of its business, TransGrid protects both the communities in which it operates and the environment. This helps to achieve sustainable growth and ensure compliance with all relevant legislation.

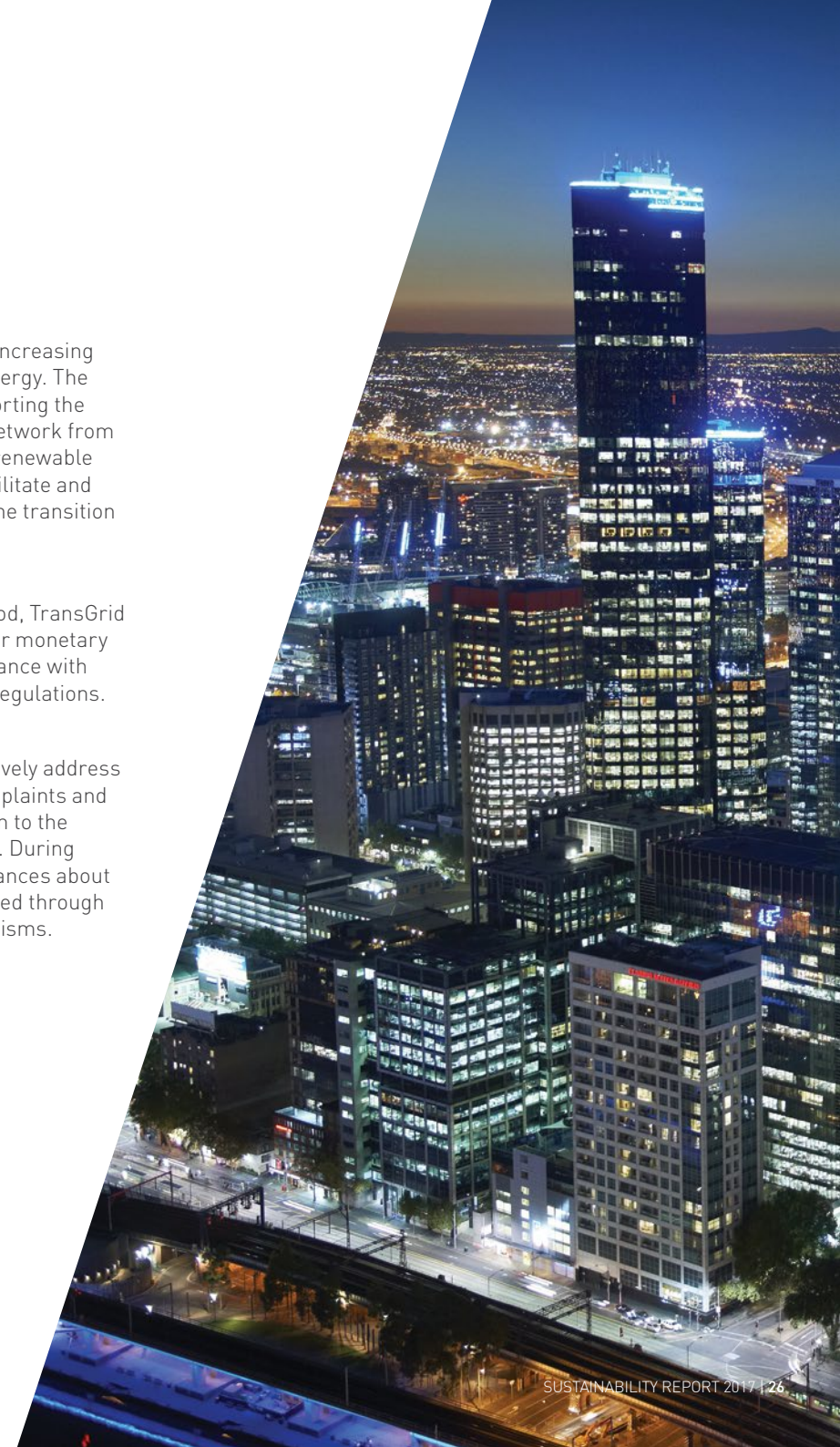
TransGrid has also been increasing its focus on renewable energy. The business is actively supporting the transition of the energy network from traditional generation to renewable generation in order to facilitate and remove impediments to the transition to renewable energy.

Compliance

During the reporting period, TransGrid did not receive any fines or monetary sanctions for non-compliance with environmental laws and regulations.

Grievances Filed

TransGrid seeks to effectively address and resolve potential complaints and grievances filed in relation to the organisation's operations. During 2017, there were no grievances about environmental impacts filed through formal grievance mechanisms.



PART 2

SOCIAL

INDICATORS

Promoting productivity, competitiveness and corporate efficiency through human capital development and labour management practices is fundamental in maintaining sustainable long-term operations. Spark Infrastructure and its investment portfolio businesses aim to promote a safe and inclusive work environment for all employees.

This section of the Report provides an overview of the social aspects that are material to the businesses' operations and include the following indicators:

- LA1-3 on employee retention and labour/management relations;
- LA5-8 on workplace health and safety;
- LA9 and LA11 on training and education;
- LA13 on diversity and equal opportunity;
- LA16 and HR3 on labour practices and non-discrimination;
- S01-2 on the impacts on local communities;
- S03 and 5 on anti-corruption;
- S06-8 on compliance and anti-competitive behaviour; and
- S011 and PR5 on grievance mechanisms for impacts on society.

Aspects LA1-3 highlight the employment conditions within each business with a focus on efforts to attract and retain new talent and investments in human capital resources. Data on new

employee hires for each business can be found in table LA1 in the 'Sustainability Data' section of the Report.

Each investment portfolio company measures and reports the return to work and retention rates after parental leave by gender in an effort to promote an inclusive and equitable work environment for both women and men. The relevant data can be found in table LA3 in the 'Sustainability Data' section of the Report.

Workplace health and safety (WHS) is another very important aspect of the businesses' operations. Although there are no workers who are involved in activities with a high incidence or high risk of specific diseases, the aim of each business is to create and maintain a safe working environment for all employees. Data regarding WHS practices can be found in table LA6 in the 'Sustainability Data' section of the Report.

Training is another important aspect of human capital development. A more skilled workforce can enhance human

capital and employee satisfaction, which correlates to improved performance. The Report provides detail around the level of investment in this area.

The Report also includes data around diversity, equal opportunity and remuneration and non-discrimination practices. Disclosure is provided around the following aspects: LA16, regarding the number of labour practice grievances filed, addressed, and resolved through formal grievance mechanisms and LA13 for TransGrid, which measures the ratio of basic salary and remuneration of women to men. It is on this basis that the businesses report upon incidents of discrimination and associated corrective actions taken during the reporting year.

The impact on local communities is measured through aspects S01 and S02. S01, which measures the percentage of operations with implemented local community engagement, impact assessments, and development programs allows investors to better understand Spark

Infrastructure's and its businesses' commitment to engagement with local stakeholders and showcases our commitment to development through sustainable operations. Any negative impacts on local communities are reported through aspect S02.

Corruption, anti-corruption practices and government relations are also considered to be material to the operations of Spark Infrastructure's businesses. Spark Infrastructure reports on aspects S03-8 to provide insight into the efforts made by its investment portfolio businesses to manage risks related to incidents of corruption, to identify any support provided to political parties and provide transparency around political relationships.

Aspects S011 and PR5 on grievance mechanisms for impacts on society aim to provide details about grievances that were filed and addressed during the year as well as customer satisfaction data. Both aspects are considered to be linked to Spark Infrastructure's long-term growth and success.

SOCIAL INDICATORS CONTINUED

SA Power Networks

SA Power Networks aims to attract and retain highly qualified individuals that are dedicated to creating a safe work environment for all employees. In addition, the business places safety as its number one business priority and has a comprehensive work health and safety system in place, which is certified to the AS/NZS 4801 – Workplace Health and Safety Management Systems Standard and the WHS AS18001 Standards.

The business maintained its accreditation under the Federal Government Building and Construction Workplace Health and Safety Scheme and has been rated a 'low risk' business. SA Power Networks achieved a five-year renewal (the highest possible renewal period under the scheme) of its Self Insurance Status after a stringent audit by ReturnToWorkSA against the Self Insurer Standards in South Australia.

Employee Retention

As one of South Australia's largest employers, SA Power Networks offers a rewarding and flexible work environment that recognises the need to balance work life with personal commitments.

In 2017, 99% of both male and female employees that took parental leave returned to work after their parental leave ended. A detailed breakdown of return to work and retention rates after

parental leave by gender can be found in table LA3 under the 'Sustainability Data' section of the Report.

During the reporting period, SA Power Networks undertook an employee engagement survey that showed very positive feedback with an overall engagement score of 83%, which places SA Power Networks 11% above the industrial sector benchmark. This result is an increase from the 79% outcome from the company's last survey in 2015 and is mainly attributable to a significant increase in the motivation measure. The motivation measure reflects the willingness of employees to apply discretionary effort and is critical to the organisation's ongoing sustainable performance.

SA Power Networks provides the same benefits to both temporary and full-time employees.

Workplace Health and Safety

Health and safety is of paramount importance to SA Power Networks. This was validated as early as 2008 when SA Power Networks won Safe Work Australia's top national safety award, for 'Best Workplace Health and Safety Management System'. Since 2008, the focus on safety for the business has continued to be recognised with finalist positions in both state and national safety awards in 2013, 2014, 2015 and 2016.

In 2017, SA Power Networks was awarded with the 'Australian Apprenticeships Employer Award'. SA Power Networks' focus on providing a safe workplace featured prominently in its submission and the business is particularly proud of the emphasis it places on ensuring apprentices are safe and thoroughly inducted into its safety culture.

Benchmarking studies released by Energy Networks Australia have consistently placed SA Power Networks as a national industry leader in work health and safety performance.

In 2018, the business intends to invest in a world leading Risk and Incident Management System called Enablon.

SA Power Networks operates a business-wide Work Health and Safety (WHS) Committee as the primary committee with three subordinate committees covering field works, network management and corporate functions. All departments and teams also hold local safety meetings.

Workers outnumber the management representatives on the WHS committees and through local safety meetings, which report to the WHS committees. All workers (100%) are represented and have the ability to raise any WHS issues. Health and safety topics are not covered in formal agreements with trade unions but the enterprise agreement covers some topics related to Fatigue Risk Management.



As one of South Australia's largest employers, SA Power Networks offers a rewarding and flexible work environment that recognises the need to balance work life with personal commitments."

During the year, SA Power Networks implemented an "Early Treatment and Wellness" program. Under this initiative, employees are entitled to three free physiotherapy treatments per year to prevent minor injuries incurred both inside and outside work. The purpose of the program is to prevent minor injuries developing into more serious injuries.

SA Power Networks' health and safety data can be found in table LA6 under the 'Sustainability Data' section of the Report. There are no workers who are involved in activities with a high incidence or high risk of specific diseases.

SOCIAL INDICATORS CONTINUED

Training and Education

Helping employees expand and develop their skills, particularly through training that expands the knowledge base of employees, is a key element of success for any business and SA Power Networks is known for its commitment to training and education. The business has been providing technical trade training to employees and contractors for more than 50 years. SA Power Networks also runs an apprenticeship program that takes place over a four year period, comprising of both on-the-job and off-the-job training at SA Power Networks Training Centres located at Angle Park and Davenport (Port Augusta) and at TAFE SA. It is worth noting that SA Power Networks won the 2017 Australian Government Training Awards in the category of Australian Apprenticeships – Employer Award.

All employees and workers received a performance and career development review during the reporting period. Strong results are backing SA Power Networks' investment in leadership development programs, with the 2017 results for the business' leadership effectiveness index illustrating that 92% of leaders perform at a good or very good level.

Data on the average hours of training per year per full time employee by gender, and by employee category can be found in table LA9 under the 'Sustainability Data' section of the Report.

Diversity and Equal Opportunity

SA Power Networks is an equal opportunity employer committed to promoting a diverse and inclusive workplace offering a range of career opportunities throughout the organisation from technical and engineering positions through to management and administration roles.

SA Power Networks is committed to increasing gender balance and has developed a range of strategies aimed at increasing the number of women employees, and supporting their development, advancement and success. The aim is to create a workplace that reflects the gender diversity of the broader community and where both women and men feel empowered to achieve their full potential.

To progress this vision, and to improve gender equality within the business, SA Power Networks is focusing on four key areas:

- Increasing the number of women appointed to roles within SA Power Networks.
- Ensuring retention strategies reflect the needs of women within the workforce.
- Developing the talent and capabilities of women in the organisation.
- Promoting a workplace culture that embraces the equal status of women.



SOCIAL INDICATORS CONTINUED

SA Power Networks offers a range of benefits to female employees including:

- A Gender Diversity strategy to support women's development and success.
- Encouraging women working in non-traditional roles.
- Targeted workshops and networking events for women.
- Flexible working arrangements.
- Providing a network of women's support services.

During the reporting period, the business created a Gender Diversity Action Group which focuses on:

- Introducing a family and domestic violence support directive.
- Promoting International Women's day and White Ribbon (Domestic Violence) across the business.
- Improving recruitment practices to ensure women candidates are considered equally.
- Attracting more female apprentices in Powerline operations.
- Retaining female Powerline apprentices which resulted in the organisation seeing the first female apprentice complete their trade in Powerline Operations.

In addition, a decision was made to broaden the focus from gender diversity to broader diversity and inclusion considerations to better represent

SA Power Networks' community and has included:

- Training approximately 150 leaders in the Foundations of Diversity.
- Developing a draft Diversity and Inclusion Strategy that will be implemented in 2018. The focus will concentrate on gender, generational and identity diversity.

Labour Practices

There were no incidents of labour practice grievances or discrimination recorded during the reporting period.

Impacts on Local Communities

SA Power Networks undertakes community engagement, impact assessments and development programs on an 'as needs' basis. These include:

- New substation and power lines that complete a range of activities including Native Vegetation and Aboriginal Heritage checks, and community engagement through the local council and the Development Assessment Commission.
- Stakeholder Engagement Strategy developed for 2016-2020.
- Established reference groups on Renewables, Business, Consumers and Arborist (Vegetation Management).
- Dedicated customer engagement activities including attending regional field days and the Royal Adelaide Show.

- Ran two deliberative sessions with vulnerable customers/ groups as part of the business' engagement strategy.
- Customer Action and Response application (CARE) used to capture customer enquiries, complaints and compliments.

In order to address any significant and potential negative impacts on local communities, SA Power Networks' depot locations are situated in industrial zoned areas so as to minimise interruption to residents. New depots, substations and power lines follow a range of community engagement and environmental considerations to minimise impact. Approval for major works must be granted by the Development Assessment Commission which is a government body.

As the sole distributor to all major population centres, SA Power Networks has a significant role in the community and this is reflected through a diverse sponsorship and community support program.

A varied number of organisations benefited including:

- Adelaide Festival
- History Trust of South Australia
- Little Athletics South Australia
- Trees 4 Life
- CFS (Country Fire Service) Foundation

One of SA Power Networks' focus areas is encouraging a creative community through arts and culture. With sponsorships of organisations such as Adelaide Fringe Festival, Country Arts SA, Australian Dance Theatre and Helpmann Academy, SA Power Networks are helping to promote participation in arts and culture in a wide variety of art forms and locations, as well as encouraging the general community to incorporate creativity into their daily lives.

SA Power Networks also continues to actively support our employee's participation in the South Australian community through our Employee Foundation. The business raises funds for and contributes volunteering time to a number of key charities including Cancer Council SA, Mary Potter Hospice and Hutt St Centre. Additionally, staff are actively encouraged to volunteer or fundraise for causes they are passionate about. SA Power Networks' policy of dollar matching their fundraising up to \$5,000 continues to make a significant difference to a wide variety of charities across the state. In 2017, the employee foundation reached a significant milestone having donated \$2 million to charities since its creation.

SOCIAL INDICATORS CONTINUED

Anti-Corruption

100% of SA Power Networks' operations are assessed for risks related to corruption. Fraud risk is considered on an ongoing basis for all operations across the business. So far, no significant fraud/corruption risks have been identified.

Corruption risk is addressed by providing fraud training, led by the CFO and the Audit & Risk Manager. Training has been delivered to those key areas where fraud and corruption is seen as a credible risk. Fraud and corruption is covered as a key component of the SA Power Networks Code of Conduct. This document is formally communicated to all staff members on an ongoing basis. Role specific training on anti-corruption is provided to staff through the Learning and Development team, consistent with a formal Training Matrix.

During the reporting period, there were zero confirmed incidents of corruption.

There were no legal cases regarding corruption brought against the business or its employees during the reporting period. There were also no incidents where contracts with suppliers were terminated or not renewed due to violations related to corruption.

During 2017, SA Power Networks did not make any financial or in-kind political contributions.

Compliance and Anti-Competitive Behaviour

There were no legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which SA Power Networks has been identified as a participant.

Grievance Mechanisms for Impacts on Society

There were 1,086 grievances about impacts on society filed through formal grievance mechanisms during the reporting period. Over 98% of grievances have been resolved. There were no grievances about impacts on society filed prior to the reporting period that were resolved during the reporting period.

Regarding the levels of customer satisfaction, the Combined Satisfaction Index results that are measured across four key business processes illustrate that in 2017, 80% of customers were satisfied with SA Power Networks' services.





CitiPower and Powercor Australia are strong and stable employers and offer employees exceptional working conditions, employment benefits and career development opportunities.”

Victoria Power Networks

Victoria Power Networks recognises the value skilled employees can bring to the organisation and therefore the business strives to attract and retain highly qualified individuals. Victoria Power Networks also places high importance on matters related to health and safety.

Employee Retention

Victoria Power Networks’ people are its greatest asset and are regarded to be integral to maintaining the safety and reliability of its electricity network. CitiPower and Powercor Australia are strong and stable employers and offer employees exceptional working conditions, employment benefits and career development opportunities.

There are a number of benefits provided to Victoria Power Networks’ permanent employees – both full-time and part-time. These benefits include:

- Income Protection Insurance to provide income for employees with an extended illness or injury who are unable to work.

- Paid Parental leave of 15 weeks for the primary carer and 2 weeks for the secondary carer and also for parents undertaking the adoption of a child.
- An Employee Assistance Program (EAP) which provides free and confidential counselling for employees.

Workplace Health and Safety

CitiPower and Powercor have implemented comprehensive structures for managing and mitigating health and safety-related risks. Victoria Power Networks maintain a Health and Safety Management System that is externally certified to AS/NZS4801 (Workplace Health and Safety Management Systems Standard). In addition, Victoria Power Networks are certified under the Australian Government Building and Construction Work Health and Safety Accreditation Scheme.

Victoria Power Networks established annual Health, Safety and Environmental (HSE) KPI’s and during the 2017 reporting period, achieved

a score of 89% for the Safety Leadership KPI, exceeding the stretch target of 85%. This indicator measured meaningful interactions held between leaders and the wider workforce, including contractors. In addition, Victoria Power Networks achieved a score of 85% for the Management System Performance Index, meeting the stretch target of 85%. The index considered performance against a number of HSE indicators, including the timely completion of actions, improving the performance of significant risk controls, reducing inattention-related driving accidents and assurance over high risk contractors. Three significant HSE incidents were recorded against a target of four. This performance has improved considerably during the past five years.

During 2017, Victoria Power Networks launched *Cintellate*: a new HSE reporting and management system that improves the company’s ability to monitor and manage HSE compliance obligations and enables employees to quickly and easily raise incidents and hazards and conduct audits.

Victoria Power Networks’ online HSE information resource, The *HSE HUB*, was also launched in 2017, aimed at improving employee access to important information, documents, news and initiatives. The launch involved transitioning to an integrated HSE Management System and streamlining access to key HSE tools for field-based employees.

In response to incidents recorded during the high-risk and repetitive task of ‘switching’ on the network, an independent review was undertaken in mid-2017 that led to the formation of *Project Switch*. The project involved leveraging the operating practices from high reliability organisations to further reduce the number and severity of switching incidents and ensure best practice in the management of operating risks.



The business invests heavily in training and development on leadership, mentoring and career development to ensure its employees have the skills and capabilities needed for the future.”

As part of its Health and Wellbeing Program, Victoria Power Networks launched *Prostate*, a program offering male employees a free and confidential prostate-specific antigen blood test and skin check to detect possible signs of prostate cancer. With men making up 82% of the Victoria Power Networks workforce, prostate cancer presents a real risk. The program was targeted at employees aged 45 years and over. The program was an overwhelming success with more than 675 men participating in this industry-leading initiative.

Training and Education

The business invests heavily in training and development on leadership, mentoring and career development to ensure its employees have the skills and capabilities needed for the future.

Data on the average hours of training per year per full-time employee by gender can be found in table LA9 under the ‘Sustainability Data’ section of the Report.

Diversity and Equal Opportunity

Victoria Power Networks values the differences between people and the contribution these differences make to its business and the communities in which Victoria Power Networks operates. The business is committed to providing a working environment that is supportive of diversity and where employees have an equal opportunity to achieve their career aspirations. More information on Victoria Power Networks’ approach to diversity can be found in the company’s Diversity and Inclusion Policy.

Labour Practices

In 2017, there were no formal grievances relating to labour practices raised and no incidents of discrimination recorded.

Impacts on Local Communities

CitiPower and Powercor maintain strong connections within the communities they serve. The CitiPower and Powercor networks have strong links with the community through various partnerships, sponsorships and engagement programs adopted.

Stakeholder engagement plays a key role in Victoria Power Networks’ day-to-day operations, strategy development, customer service and the way the business meets its regulatory requirements. Across the business, Victoria Power Networks has a shared approach to managing community impacts, including:

- An Enterprise Stakeholder Engagement Framework that outlines Victoria Power Networks’ commitment and principles for engagement.
- A Stakeholder Engagement Handbook that provides guides, tools and templates for planning and implementing engagement activities.
- Social and Reputational Risk Assessments for all major projects and programs of work.
- Community engagement plans for all major projects and programs.
- A Customer Consultative Committee and Energy Futures Customer Advisory Panel that comprise of a selection of customer and

stakeholders representatives of Victoria Power Networks’ broader community.

- A Stakeholder Engagement Forum of dedicated Relationship Managers to proactively identify stakeholders, issues and trends from a local and regional perspective.
- An insights program that formally collects feedback from a statistically valid representative sample of the community about network performance, connections, pricing, renewables, community safety and engagement.
- An annual community partnerships program that invests in local programs and initiatives in the communities we operate within.
- A Corporate Customer Service team to manage enquiries and ensure all complaints are handled and escalated as per our processes.
- Website(s), email and print newsletters to provide access to information about local community events, consultations and community reports.

SOCIAL INDICATORS CONTINUED

Anti-Corruption

Corruption risk is considered for all business units across the organisation with 100% of Victoria Power Networks' operations being assessed for risks related to fraud and corruption on an ongoing basis. No significant fraud/corruption risks have been identified by the business.

Corruption risk is addressed by providing extensive training to company employees. The organisation's anti-corruption policies and procedures have been communicated to all of Victoria Power Networks' governance body members as well as to all employees. All employees and members of governance bodies within the organisation have also received training on anti-corruption.

Furthermore, communication of policies and procedures to business partners is a standard part of Victoria Power Networks' tendering processes.

During the reporting period, there were no confirmed incidents of corruption.

During 2017, Victoria Power Networks did not make any financial or in-kind political contributions.

Compliance and Anti-Competitive Behaviour

There were no legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which Victoria Power Networks has been identified as a participant.

Grievance Mechanisms for Impacts on Society

Victoria Power Networks received the following grievances for impacts on society filed through formal grievance mechanisms in 2017:

- Environmental – 6 complaints received for issues related to smart meter electro-magnetic fields.
- Planned outages – 15 complaints received.
- Unplanned outages – 6 complaints received. Issues in relation to unplanned interruptions.

- Employee behaviour – 7 complaints received. Issues included unsafe driving and unannounced entry.

All of the above complaints were addressed, resolved and closed out during the reporting period.

In regards to customer satisfaction, CitiPower and Powercor Australia engages the services of an independent market research company "Quantum" to measure customer satisfaction levels across the key customer facing processes undertaken by the business. In 2017, 1,492 customers were surveyed and a combined satisfaction index rating of 86% was achieved. The CitiPower result of 85% in 2017 was an increase of 3% over 2016 results while for Powercor the result of 87% for 2017 continued at the same high levels achieved in 2016.

At the sub category level, strong results were achieved for Contact Centre interactions (92%) and Public Lighting faults responses (94%). Planned interruptions received pleasing results with an increase of 4% from 84% in 2016 to 88% in 2017.

Other areas including unplanned interruptions and customer requests/projects had small reductions of 2% and 3% respectively. The largest reduction was received in Vegetation where results went from 79% in 2016 to 70% in 2017. In 2017, Victoria Power Networks undertook major vegetation, herbicide and removal programs impacting a larger number of customers than ever before (following the transition to a new contractor). In 2018, satisfaction ratings are expected to increase as the program gradually returns to normal annual clearing programs.



TransGrid has implemented a range of best-practice diversity policies, recruitment practices and targets to increase the diversity of the workforce.”

TransGrid

TransGrid’s skilled and experienced teams are essential to the smooth operation of an expansive high voltage transmission network that supplies communities across New South Wales and the Australian Capital Territory. As such, the business strives to provide individuals with the development opportunities they need to succeed in their roles and grow within the business.

Employee Retention

Employee retention is a fundamental consideration for TransGrid. In 2017, 100% of male and female employees that took parental leave returned to work after their parental leave ended. A detailed breakdown of return to work and retention rates after parental leave by gender can be found in table LA3 under the ‘Sustainability Data’ section of the Report.

TransGrid does not provide benefits to full-time employees that are not provided to temporary or part-time employees.

Workplace Health and Safety

TransGrid has six formal joint management health and safety committees. These are based on the organisation’s geographical locations across NSW and the ACT. Each committee meets on a quarterly basis. The level of member’s range from Executive General Managers, Group Managers, Team Leaders, Safety Advisors and Field and Office staff. There are approximately 12 members on each committee. The organisation has recorded the following health and safety incidents during the reporting period:

- Total incidents: 155
- Hazards: 59
- Near Misses: 82
- High Consequence Incidents (as internally defined): 20
- Lost Time Injuries: 7 (including 3 contractors)
- Lost Time Injuries Frequency Rate (LTIFR): 2.0 for employees and 8.0 for contractors

There are no workers who are involved in workplace activities who have a high incidence or high risk of specific diseases.

Training and Education

All employees and workers received a performance and career development review during the reporting period as performance and career development conversations are mandatory for 100% of the workforce.

Diversity and Equal Opportunity

TransGrid is an equal opportunity employer committed to promoting diversity amongst its workforce. Its vision is to create a diverse and inclusive workplace in which all staff feel valued, included and able to fully contribute to the best of their ability.

TransGrid has implemented a range of best-practice diversity policies, recruitment practices and targets to increase the diversity of the workforce. These provide a solid diversity policy and practice foundation that will allow TransGrid to embark on a more strategic diversity and inclusion path.

The company’s Board comprises of eight Directors, three of which are female (37.5%).

The ratio of basic salary and remuneration of women to men by employee category can be found in table LA13 under the ‘Sustainability Data’ section of the Report.

SOCIAL INDICATORS CONTINUED

Labour Practices

Four grievances regarding labour practices were filed and resolved in 2017. TransGrid has formal grievance mechanisms that include an internal grievance procedure and a step process outlined in its Enterprise Agreement.

There were five incidents of discrimination reported during the reporting period. The incidents were reviewed and resolved by the company consistent with internal policies.

Impacts on Local Communities

As part of its ongoing commitment to help build relationships that have a positive impact in the local community, Transgrid actively engages with the communities in which it operates:

- TransGrid has a Stakeholder Engagement Framework that outlines the business' commitment and principles for engagement.
- As part of TransGrid's Regulatory Investment Test for Transmission consultation processes, community engagement strategies are undertaken to invite members of the community to submit their feedback on proposed network construction. This process ensures the public are provided with an opportunity to voice concerns and potential impacts during the life cycle of projects.

- Community engagement plans are developed for all major projects and programs.
- An annual Community Partnership Program in which Transgrid provides support to community groups across NSW and the ACT in areas in which we operate or where we are undertaking network upgrades.
- The TransGrid Advisory Council continues to provide an opportunity for stakeholders to share their views with TransGrid executive members ensuring a consistent, two way conversation on key TransGrid initiatives and broader issues within the sector.

TransGrid continues to operate its free BeSafeKids program throughout NSW to help educate and inform students of the importance of being safe around electricity. TransGrid has assessed the potential negative impacts on local communities as a result of its operations and is actively trying to minimise any such negative impacts.

Anti-Corruption

A significant amount of controls have been implemented to mitigate risks related to corruption.

TransGrid has a Code of Ethics and Conduct that is published on the TransGrid intranet for all staff to access. Other procedures/services available include the whistle-blower service and

procedure, and a Corporate Ethics and Fraud Prevention Policy.

During the reporting period, there were no confirmed incidents of corruption recorded.

TransGrid has only made immaterial payments to attend two political events during the year.

Compliance and Anti-Competitive Behaviour

There were no legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which TransGrid has been identified as a participant and there have not been any significant fines for non-compliance with laws and regulations imposed on TransGrid.

Grievance Mechanisms for Impacts on Society

There were three grievances about impacts on society filed through formal grievance mechanisms during the reporting period. All three grievances have been addressed and resolved. There were also no grievances about impacts on society filed prior to the reporting period that were resolved during the reporting period.

SOCIAL INDICATORS CONTINUED

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TransGrid is an equal opportunity employer committed to promoting diversity amongst its workforce. Its vision is to create a diverse and inclusive workplace in which all staff feel valued, included and able to fully contribute to the best of their ability.”



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All visitors mus



NEVER COMPROMISE
health & safety

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PART 2

SUSTAINABILITY

DATA

SUSTAINABILITY DATA

All data is reported for the 2017 calendar year and all values appear in Australian dollars unless otherwise specified. No external assurance has been sought.

G4-10 a) Total number of employees by employment contract and gender (Spark Infrastructure).

Male	Permanent	5
	Contracted	1
	Casual	0
Female	Permanent	5
	Contracted	1
	Casual	1

G4-10 b) Total number of permanent employees by employment type and gender (Spark Infrastructure).

Male	Full Time	6
	Part Time	0
Female	Full Time	3
	Part Time	4

SUSTAINABILITY DATA CONTINUED

Environmental Indicators

EN3 (a) & (b) Total fuel consumption from non-renewable and renewable sources⁴.

	SA POWER NETWORKS	VICTORIA POWER NETWORKS	TRANSGRID
Non-renewable sources	188,078 GJ	124,072 GJ	60,689 GJ
Renewable sources	Nil	Nil	Nil

EN3 (c) & (d) Total electricity, heating, cooling and steam consumed and total electricity, heating, cooling and steam sold (in joules, watt-hours or multiples)⁵.

	SA POWER NETWORKS		VICTORIA POWER NETWORKS		TRANSGRID	
	FUEL CONSUMED	FUEL SOLD	FUEL CONSUMED	FUEL SOLD	FUEL CONSUMED	FUEL SOLD
Electricity	7,939,839 kWh	Nil	5,650,029 kWh	Nil	5,113,632 kWh	Nil
Heating	Nil	Nil	2,479 GL	Nil	Nil	Nil
Cooling	Nil	Nil	Nil	Nil	Nil	Nil
Steam	Nil	Nil	Nil	Nil	Nil	Nil

EN15 & 16) Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent and indirect GHG emissions (Scope 2)⁶.

	SA POWER NETWORKS	VICTORIA POWER NETWORKS	TRANSGRID
GHG EMISSIONS (SCOPE 1)			
Carbon dioxide (CO2)	13,067	14,958	4,237
Methane (CH4)	18	28	91
Nitrous oxide (N2O)	89	124	35
Hydrofluorocarbons (HFCs)	-	-	-
Perfluorocarbons (PFCs)	-	-	-
Sulphur hexafluoride (SF6)	1,660	2,508	7,682
Nitrogen trifluoride (NF3)	-	-	-
GHG EMISSIONS (SCOPE 2)			
	463,706	1,280,858	1,178,963

⁴ Figures as reported by the investment portfolio businesses in the most recent s19 Emissions & Energy Report (2016/2017 reporting period).

⁵ Figures as reported by the investment portfolio businesses in the most recent s19 Emissions & Energy Report (2016/2017 reporting period).

⁶ Figures as reported by the investment portfolio businesses in the most recent s19 Emissions & Energy Report (2016/2017 reporting period).

SUSTAINABILITY DATA CONTINUED

Social Indicators

LA1) Total number of new employee hires by age group, gender, and region⁷.

		SA POWER NETWORKS SOUTH AUSTRALIA	TRANSGRID NEW SOUTH WALES	VICTORIA POWER NETWORKS VICTORIA
<20 years	Male	3	3	1
	Female	1	0	0
20–30 years	Male	59	6	38
	Female	30	20	22
31–40 years	Male	58	23	67
	Female	14	8	39
41–50 years	Male	39	12	33
	Female	10	11	12
51–60 years	Male	33	13	21
	Female	7	3	2
65+ years	Male	7	0	4
	Female	2	1	6

⁷ Under this indicator each investment portfolio business reports the total number of new employee hires in their main operating region.

SUSTAINABILITY DATA CONTINUED

Social Indicators

LA3) Return to work and retention rates after parental leave, by gender.

		SA POWER NETWORKS	TRANSGRID	VICTORIA POWER NETWORKS
Male	Number of employees entitled to parental leave	1,663	800	1,566
	Number of employees that took parental leave	72	35	79
	Number of employees who returned to work after parental leave ended	71	35	79
	Number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work	75	34	79
Female	Number of employees entitled to parental leave	320	195	348
	Number of employees that took parental leave	9	8	40
	Number of employees who returned to work after parental leave ended	9	8	37
	Number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work	14	8	37

LA6) Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities for total workforce.

	TOTAL WORKFORCE		
	SA POWER NETWORKS	VICTORIA POWER NETWORKS	TRANSGRID
Injury Rate (IR)	8.3 ⁸	8.1 ⁹	8.6
Occupational Diseases Rate (ODS)	Not available	Not available	0
Lost Day Rate (LDR)	38 ¹⁰	Not available	9.3
Absentee Rate (AR)	Not available	Not available	3.5
Fatalities	0	0	0

⁸ Injury rate contains number of Lost Time Injuries, Medical treatment injuries and restricted work cases occurring for every one million hours worked.

⁹ This figure represents the number of recordable employee injuries divided by employee man hours and multiplied by one million.

¹⁰ Total number of time lost expressed as full days in 2017 per million hours worked in 2017.

SUSTAINABILITY DATA CONTINUED

LA9) Average hours of training per year per full-time employee by gender, and by employee category.

	SA POWER NETWORKS	VICTORIA POWER NETWORKS	TRANSGRID
AVERAGE HOURS OF TRAINING BY GENDER			
Male	12	25	Not available
Female	36	10	Not available
AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY			
Managers	10	Not available	Not available
Non-Managers	16	Not available	Not available

LA13) Ratio of basic salary and remuneration of women to men by employee category (TransGrid).

RATIO OF REMUNERATION OF WOMEN TO MEN		
Overall	Senior Management ¹¹	102%
	Management	94%
	SP30+ Tech/ Professional /TL	95%
	SP20-29 Technical/Professional	95%
	SP13-19 Junior technical/Professional	97%
	SP2-12 – Trainee/Apprentice	82%

¹¹ TransGrid calculate Senior Management as employees who either report directly to an Executive Manager (excluding Executive Assistants) or are evaluated at a similar senior leadership level.

APPENDIX

APPENDIX

GRI Core Content Index

GRI CODE	DESCRIPTION	PAGE
G4-1	Statement from the most senior decision-maker	2-4
G4-3	Name of the organisation	6
G4-4	Primary brands, products and services	6
G4-5	Location of headquarters	6
G4-6	Number of countries where the organisation operates	6
G4-7	Nature of ownership and legal form	6
G4-8	Markets served	6 & 8-10
G4-9	Scale of organisation	6 & 2017 Annual Report
G4-10	Workforce	40
G4-11	Employees covered by collective bargaining agreements	6
G4-12	Description of supply chain	6
G4-13	Significant changes during the year	Not Applicable
G4-14	Precautionary principle	7 & 14
G4-15	Externally developed principles or initiatives to which the organisation subscribes or which it endorses	Not Applicable
G4-16	Principal associations to which the organisation belongs	Not Applicable
G4-17	Entities included in the organisation's consolidated financial statements and in the boundary of the Report	2017 Annual Report
G4-18	Process for defining the report content and the Aspect Boundaries and implementation of the GRI principles	11
G4-19	Material aspects identified	11
G4-20	Aspect boundaries – internal	11
G4-21	Aspect boundaries – external	11
G4-22	Restatements of information provided in previous reports	Not Applicable
G4-23	Significant changes in the Scope and Aspect boundaries	Not Applicable
G4-24	Stakeholder groups engaged by the organisation	13
G4-25	Basis for selection of Stakeholders	13
G4-26	Approaches to Stakeholder engagement	13

APPENDIX

CONTINUED

GRI CODE	DESCRIPTION	PAGE
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G4-29	Date of previous report	Not Applicable
G4-30	Reporting cycle	1
G4-31	Contact point for questions regarding the report	48
G4-32	GRI Index with respect to the "in accordance" option chosen	46-47
G4-33	External assurance for the report	Not Applicable
G4-34	Governance structure	2017 Annual Report and Corporate Governance Statement
G4-56	Description of values, principles, standards, and norms of behaviour such as codes of conduct and codes of ethics	15

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