



Sustainability at Powerco

Protecting and promoting your
sustainable energy future





Tē tōia, tē haumatia

Nothing can be achieved without a plan, a workforce and a way of doing things.

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Mihi whakatau

WELCOME



Tell us what you think?

You can share feedback on anything raised in this report through our website.



powerco.co.nz/sustainability

Tēnā koutou

To us, sustainability extends beyond our assets. It means balancing the needs of our people and communities, our environment, and the financial health of our company.

We know our customers and stakeholders care about sustainability. You have told us you want to be sure that Powerco takes its responsibilities seriously.

Sustainability at Powerco sets the scene for the coming years. It shares an overview of our successes so far and our aspirations for the future.

Enhancing our sustainability practices will require us to innovate, and it makes sense to share our knowledge for everyone's benefit. We will be collaborating with our partners and the wider industry as we discover new ways to achieve our sustainability goals.

It is important to us that we keep our customers and stakeholders informed in a way that is relevant and useful to you. We will be looking to tailor our future updates to best suit your needs, so we're keen to hear your feedback and ideas to ensure we hit the mark.

For now, we are excited to share our approach to protecting and promoting your sustainable energy future.

Ngā mihi (thank you) to all who contribute to Powerco's sustainability efforts. Each one of you makes a difference.

Nāku noa, nā
Nigel Barbour, CEO



Powerco's Junction Street office in New Plymouth featuring 30 former crossarms up-cycled from power poles.

Ngā kupu whakataki

OUR BUSINESS

Here for you

Powerco is part of your community. You buy electricity and gas from your retailer, and we look after the network lines and pipes that get it to you, safely and efficiently.

Electricity network
Length — 28,000km
Connections — 344,000



Powerco is the largest electricity distributor in New Zealand in terms of network length (28,000km) and has the second highest number of electricity connections (344,000).

Gas network
Length — 6,000km
Connections — 109,000



We also have the second largest gas distribution network (6,000km) and the second highest number of gas connections (109,000). We're one of only two dual-energy distributors in the country.

As at 31 March 2020, our company had around 461 full-time equivalent (FTE) dedicated employees across our offices in New Plymouth, Palmerston North, Tauranga, Wellington, Whanganui, Masterton, Te Aroha and Hawke's Bay.

The Powerco team also includes our contractors and partners. We work hard to make sure our planned work causes the least disruption possible to your energy supply. And when an unplanned interruption occurs, our team responds quickly so you can get on with your life. You'll find us out and about in your community.

Our key business objectives

Delivering value

We deliver value for our customers, communities and partners.



A safe and reliable network

We deliver a safe and reliable network of essential infrastructure to our communities that is future-ready and cost-effective.



Low carbon economy

We facilitate New Zealand's energy transition to a low carbon economy and enable positive environmental and social outcomes.



Workplace

We create a workplace where our people are engaged, safe and well, and have the capability to meet our future needs.



Our values

Safe

We are committed to keeping people safe.

Trustworthy

We are ethical and value integrity and honesty.

Intelligent

We always seek improvement and innovative solutions across our business.

Collaborative

We work with our partners to achieve results.

Conscientious

We are mindful of others, the environment and own our actions.

Accountable

We are responsible for our actions and resolve problems.

Te hīkoi

OUR JOURNEY SO FAR

Sustainability underpins how we do business. This document provides an insight into the many things that Powerco has been doing, and is planning to do, that will continue to make our company more sustainable. Powerco is proud to have taken some key steps forward to better understand and inform our stakeholders about sustainability.

Corporate Sustainability Team

We have established a dedicated Corporate Sustainability Team to pull together all our sustainability initiatives and ensure we are taking a consistent, whole-of-business approach. They also identify new opportunities and develop ways for Powerco to improve our sustainability efforts.

Maturity

To set the basis for our future development, we undertook an external sustainability maturity review. This highlighted that we have good governance, stakeholder engagement, and an established vision and strategy. It also noted there was more to be done around our materiality processes, defining our value chain, undertaking assurance, and reporting frameworks and targets.

This reinforced to us the importance of communicating our sustainability efforts, so our customers stay informed.



“Our customers and stakeholders told us that they care about sustainability, and we do too. Listening to your views has helped us identify the most important areas for us to focus on as a business. It’s exciting to be taking our sustainability efforts to the next level.”

Carol O’Sullivan
Powerco Corporate
Sustainability Manager

Reporting

Global Reporting Initiative (GRI) Standards

The GRI is an international, independent standards initiative that represents best practice for reporting on a range of economic, environmental and social impacts.

The GRI Standards are the first and most widely adopted global standards for sustainability reporting.

You can see how our work is referenced to the core GRI Standards in our GRI Index on page 46.

In 2015, United Nations members agreed to a set of 17 Sustainable Development Goals (SDGs), to guide the world towards a more sustainable future.

Powerco has identified the SDGs that are most relevant to our material sustainability areas and where we can make the biggest impact.

Look out for these SDG icons featured in upcoming sections of this report.



Global Real Estate Sustainability Benchmark (GRESB) Survey

GRESB is an international survey that benchmarks environmental, social and governance performance across companies in North America, Europe and Australasia.

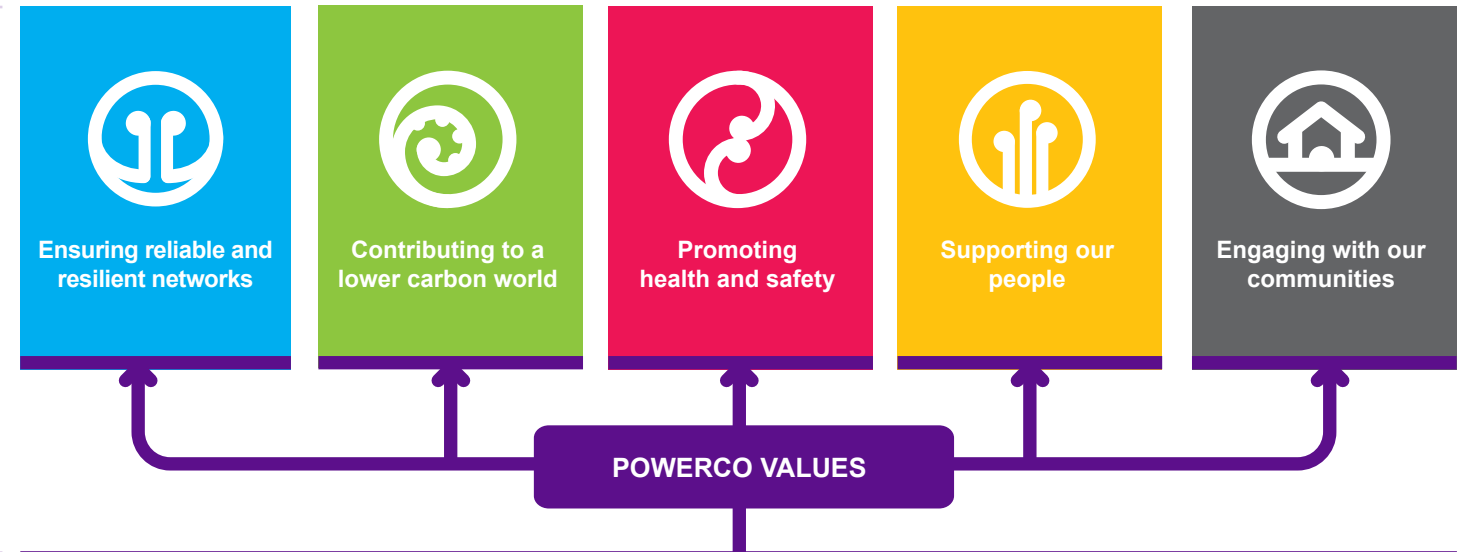
Powerco has consistently achieved a five-star GRESB rating for the past four years (which puts us in the top 20% of entities that complete the survey) and we’ve twice ranked first in our peer comparison group.

Ngā pou

THE PILLARS OF OUR WORK


Sustainability pillars

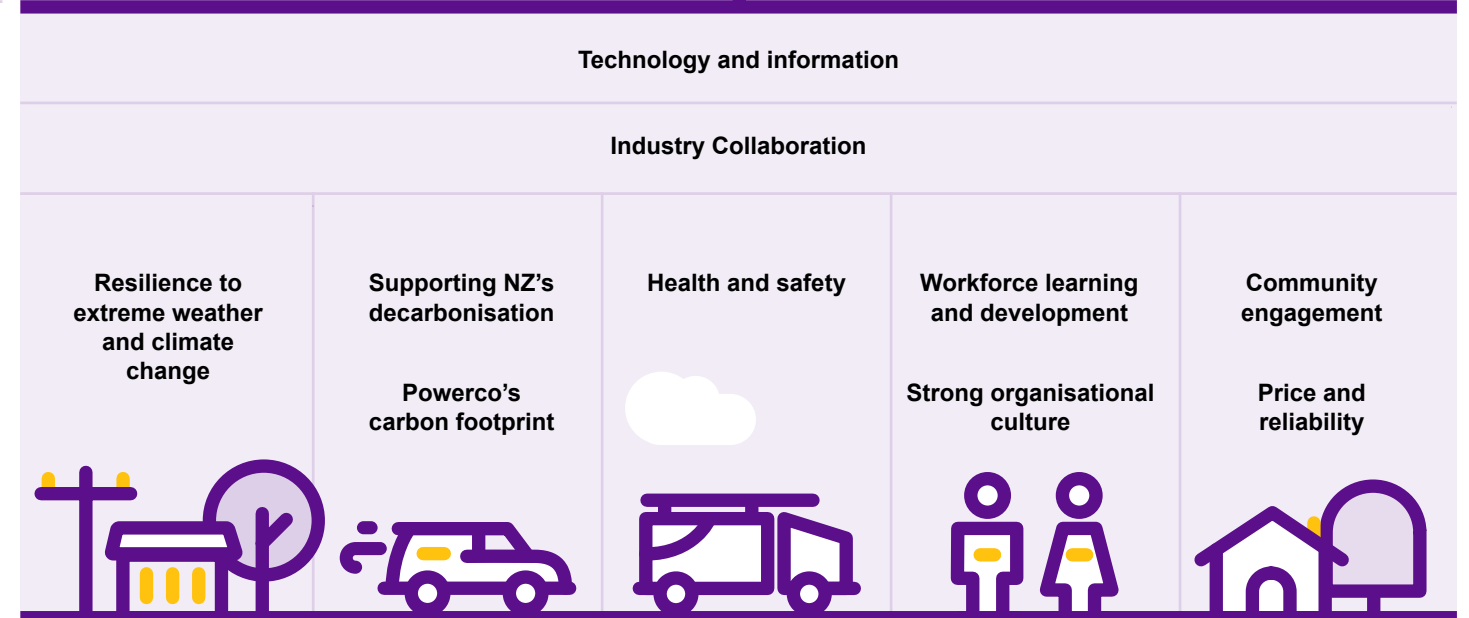
Here are our five sustainability pillars. **Sustainability at Powerco** has been prepared using these five focus areas that represent the most material issues to both you and Powerco. Our aim is to give you a clear view of our sustainability priorities, the work we are carrying out in these areas and our goals and targets



Material sustainability issues

These are the most important issues for both Powerco and you. In line with best practice and GRI requirements, we have completed our first 'materiality assessment'. This assessment involved a stakeholder engagement process which identified and prioritised the issues that matter most for the sustainability of our business. Embracing collaboration, technology and innovation are included in our values and are part of our company's common ethos. These are material values for our stakeholders too and we have intertwined them throughout the document.

 More detail about our Materiality Assessment findings is available on our website powerco.co.nz.





POU WHIRINAKI

Ensuring reliable and resilient networks

Key business objective:

To deliver a safe and reliable network of essential infrastructure to our communities that is future-ready and cost-effective.

Powerco has one of the largest electricity and gas distribution networks in Aotearoa. Ensuring our networks are reliable and resilient to extreme events, climate change and cyber threats is of upmost importance.

Here are some examples of the key projects and activities that help achieve this.

Electricity

Customised Price-quality Path investment programme

The Commerce Commission regulates us and sets the rules we follow, through a Customised Price-quality Path (CPP). This guides the price you pay and the reliability of the electricity you receive.

In April 2018, we began our five-year CPP investment programme, worth \$1.27b. This ambitious plan includes 17 major network development projects across the North Island. Our work will ensure our network is reliable, resilient to storms and major events and can grow to meet your future energy needs.

The regulations mean we need to balance two key goals — delivering on our investment programme to provide you with a safe, reliable network in the long-term, and minimising power outages in the short-term.

Powerco reports on progress towards our overall delivery goals to our customers, the Commission and interested parties each year of the five-year investment period.

Read [‘Here for you’](#), our Annual Delivery Report 2020 – CPP Year Two.



Highlights in CPP - Year Two:

Reliability

We kept the electricity on 99.95% of the time



Renewals & Growth Investment

\$135m invested in network renewal and growth



\$135m

Poles

4,073 poles replaced or reinforced



Conductors

183km of lines replaced



Vegetation Management

Over 11,000 tree sites managed



Gas

Inherently reliable and resilient

Disruptions to Powerco's natural gas service are rare. Our gas networks are underground and the physical operation of natural gas distribution is inherently reliable. This means even if an issue occurs with the system, our customers' gas supply is usually unaffected.

Highlights against our targets in FY20:

Reliability

We kept your gas flowing 99.99% of the time.

99.99%



Project Gotham

We completed a pressure upgrade for approximately 1,000 Wellington CBD customers and installed 15 new sector isolation valves.

► CASE STUDY

Project Gotham

Project Gotham in central Wellington is the largest single project undertaken by Powerco Gas. Its goal is to enable the gas pressures on the network to be raised to support increased capacity for over 1400 existing and new customers.

The project includes the installation of strategically placed isolation valves. This will enable parts of the network to be sectioned off to increase the network resilience and reduce the impact of a major event.

The entire Wellington CBD upgrade will be completed by March 2021, at a cost of around \$12m.

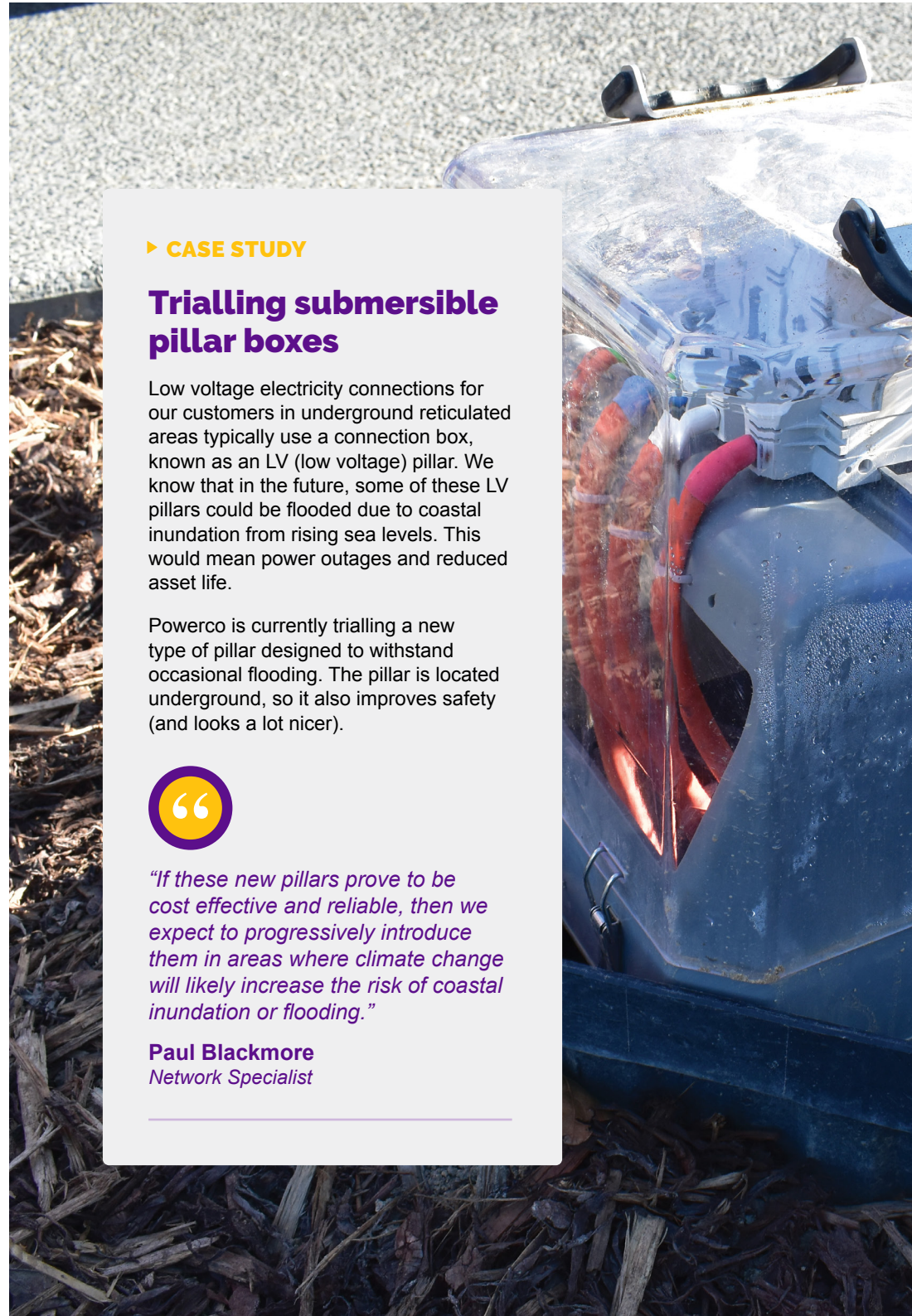


Climate change resilience

Climate change is a global issue. We know that the impacts of our changing climate will bring significant challenges to us all.

In 2019, our team began a project to identify areas of Powerco's electricity and gas networks likely to be exposed to climate change hazards. We used scientific data to map Powerco's exposure to the hazards of coastal inundation, river and surface water flooding and coastal edge proximity.

So far, we have completed an initial high-level vulnerability study to understand our climate change risks. Our team is now scoping further work to investigate these risks at a detailed individual asset level to inform our future investment plan.



► CASE STUDY

Trialling submersible pillar boxes

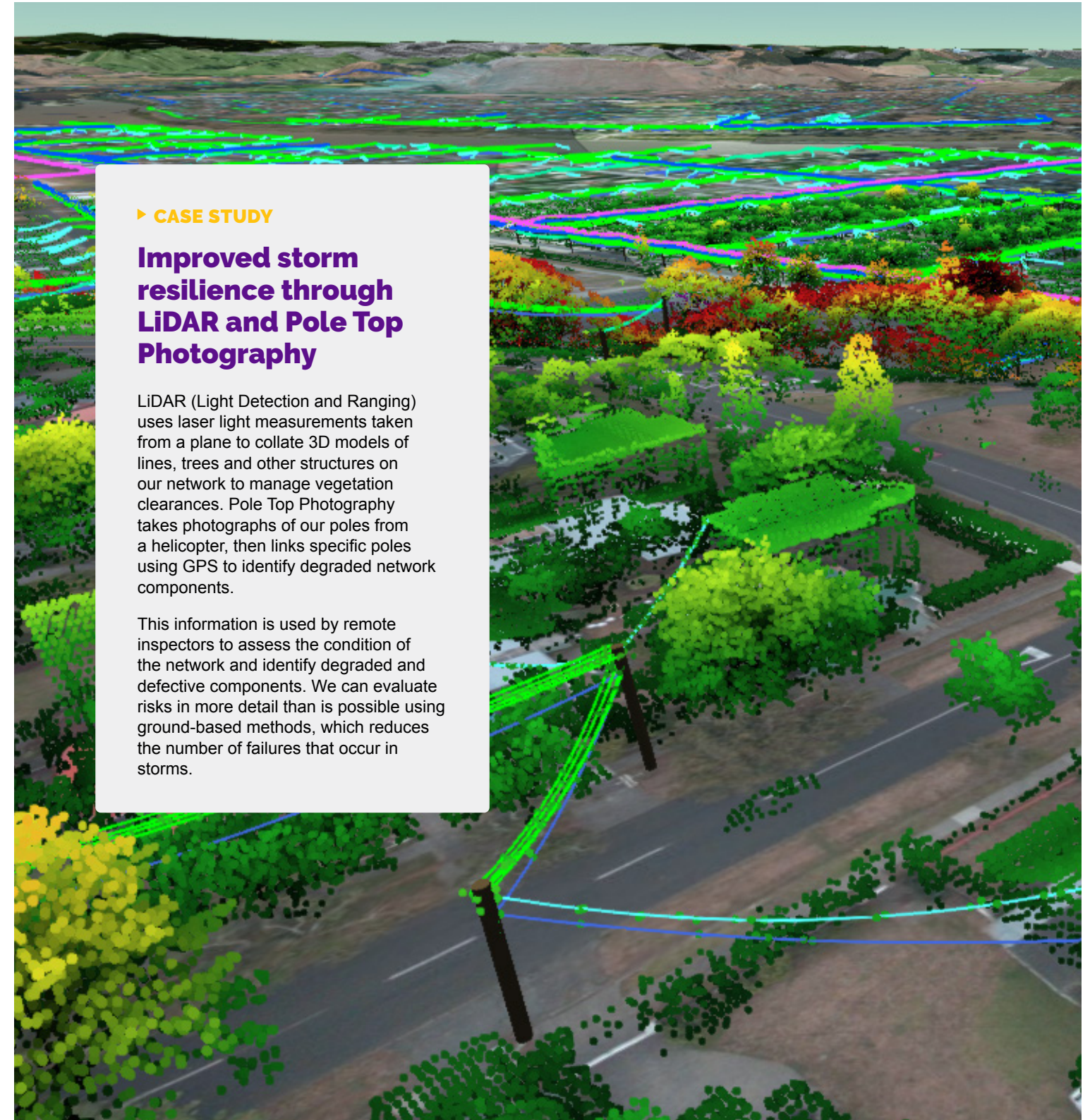
Low voltage electricity connections for our customers in underground reticulated areas typically use a connection box, known as an LV (low voltage) pillar. We know that in the future, some of these LV pillars could be flooded due to coastal inundation from rising sea levels. This would mean power outages and reduced asset life.

Powerco is currently trialling a new type of pillar designed to withstand occasional flooding. The pillar is located underground, so it also improves safety (and looks a lot nicer).



"If these new pillars prove to be cost effective and reliable, then we expect to progressively introduce them in areas where climate change will likely increase the risk of coastal inundation or flooding."

Paul Blackmore
Network Specialist



► CASE STUDY

Improved storm resilience through LiDAR and Pole Top Photography

LiDAR (Light Detection and Ranging) uses laser light measurements taken from a plane to collate 3D models of lines, trees and other structures on our network to manage vegetation clearances. Pole Top Photography takes photographs of our poles from a helicopter, then links specific poles using GPS to identify degraded network components.

This information is used by remote inspectors to assess the condition of the network and identify degraded and defective components. We can evaluate risks in more detail than is possible using ground-based methods, which reduces the number of failures that occur in storms.



► CASE STUDY

Base Power

Base Power is a stand-alone power system (SAPS), essentially an off-grid power technology that works by using a combination of solar power, an energy storage unit (ESU) and a diesel generator. The system can be used during storm or fault events to reduce emissions from temporary diesel generators. Base Power units offer an affordable alternative to replacing ageing, uneconomic and rural overhead lines. They provide a more robust and resilient option in some of New Zealand's rural locations.

Base Power Limited and Callaghan Innovation are working together to investigate a hydrogen powered generator to create a zero-emissions Base Power unit. The project looks to combine the Hylink Hydrogen System with a Base Power Version 2 system, to see if the excess solar energy generated through Base Power can be used to manufacture hydrogen. This hydrogen would then be used to heat a home or supplement the diesel supply in the generator, reducing the carbon footprint of the system's installation.

► CASE STUDY

Battery Energy Storage System in Whangamatā

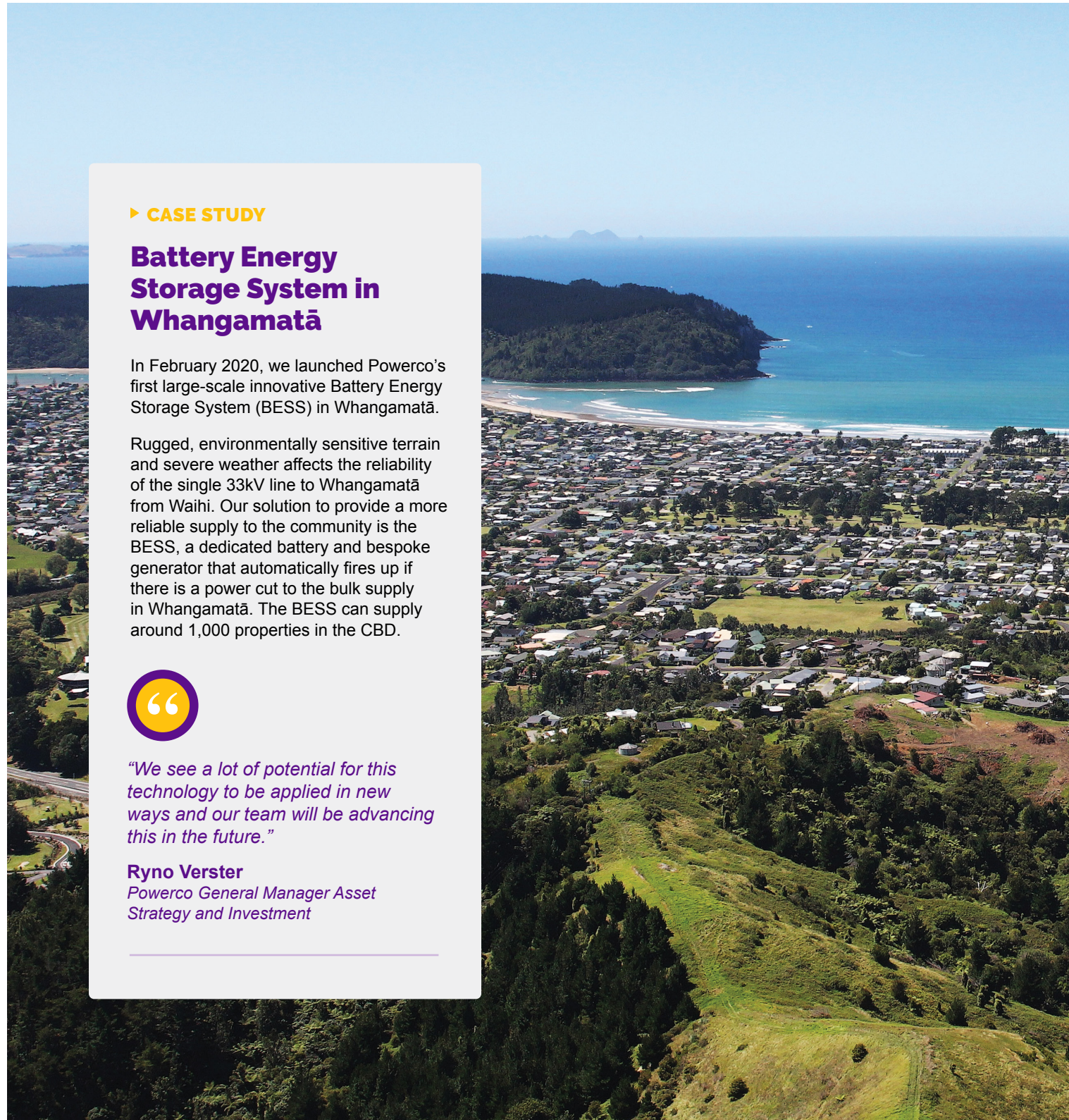
In February 2020, we launched Powerco's first large-scale innovative Battery Energy Storage System (BESS) in Whangamatā.

Rugged, environmentally sensitive terrain and severe weather affects the reliability of the single 33kV line to Whangamatā from Waihi. Our solution to provide a more reliable supply to the community is the BESS, a dedicated battery and bespoke generator that automatically fires up if there is a power cut to the bulk supply in Whangamatā. The BESS can supply around 1,000 properties in the CBD.



"We see a lot of potential for this technology to be applied in new ways and our team will be advancing this in the future."

Ryno Verster
Powerco General Manager Asset
Strategy and Investment



Cyber security

We know that cyber threats are continually growing as energy options evolve. Much like storm events on our electricity networks, we cannot control when or how cyber breaches occur.

What we can control is how resilient and prepared our organisation is to prevent, detect, respond and recover from these events.

We have adopted the CIMS (Coordinated Incident Management System) for cyber incident management so we can easily scale and coordinate a response across the business with a well-known framework.

Powerco is proactively investing to increase our capability and make our business well-prepared and difficult to target.

COVID-19 response

In response to COVID-19, we accelerated our remote access project to enable all our team members to work securely and easily from home.

During the lockdown, there was a significant increase in phishing, website and malware targeting remote users. The learnings we gained during this process have made Powerco more resilient for future challenges ahead.



“Powerco actively collaborates with other organisations of national significance by sharing our cyber security practices. We ask these entities to challenge our thinking with the aim of the shared learnings making NZ Inc more resilient to cyber threats.”

Aaron Gayton
Powerco Chief Information Security Officer



► CASE STUDY

New Network Operations Centre

In 2019, we opened our new, purpose-built Network Operations Centre (NOC). The NOC is a centralised location where our network operation team provides constant supervision, monitoring, and management of Powerco’s electricity network.

This cleverly designed building provides us with a future-proofed base to manage any major issues that affect the network.

It meets importance level 4 for seismic resilience and can cope with a one in 2,500-year earthquake. The building has a sophisticated fire suppression system, a backup generator capable of maintaining supply for three days, auxiliary water tanks and secondary fibre and radio communication circuits.



POU TAIAO

Contributing to a lower carbon world

Key business objective:

To facilitate New Zealand's energy transition and positively impact environmental and social outcomes.

Powerco is committed to being an environmentally responsible business, and this is reflected in our investment decisions and operational practices.

But the power is truly in your hands. It is our customers who together have the most significant overall impact on our environment. Powerco and other electricity and gas distributors have a responsibility to contribute to your efforts by enabling and supporting you to create, use and save energy as efficiently as possible.

Electricity

Energy systems are transforming on an unprecedented scale. The BusinessNZ Energy Council has identified three trends impacting the global energy sector. These are often referred to as the 3Ds: decarbonisation, decentralisation of the electricity supply chain, and digitalisation.

Powerco is dedicated to preparing our network for the changes ahead and our Network Transformation Team help enable this. We are also guided by, and contribute to, the New Zealand-specific Network Transformation Roadmap developed by the Electricity Network Association (ENA).

How Powerco is responding to the 3Ds:

Decarbonisation

Powerco is working with some of our large industrial customers to help decarbonise their heating or industrial processes, through electrification or shifting to a lower carbon emitting fuel.

Decentralisation

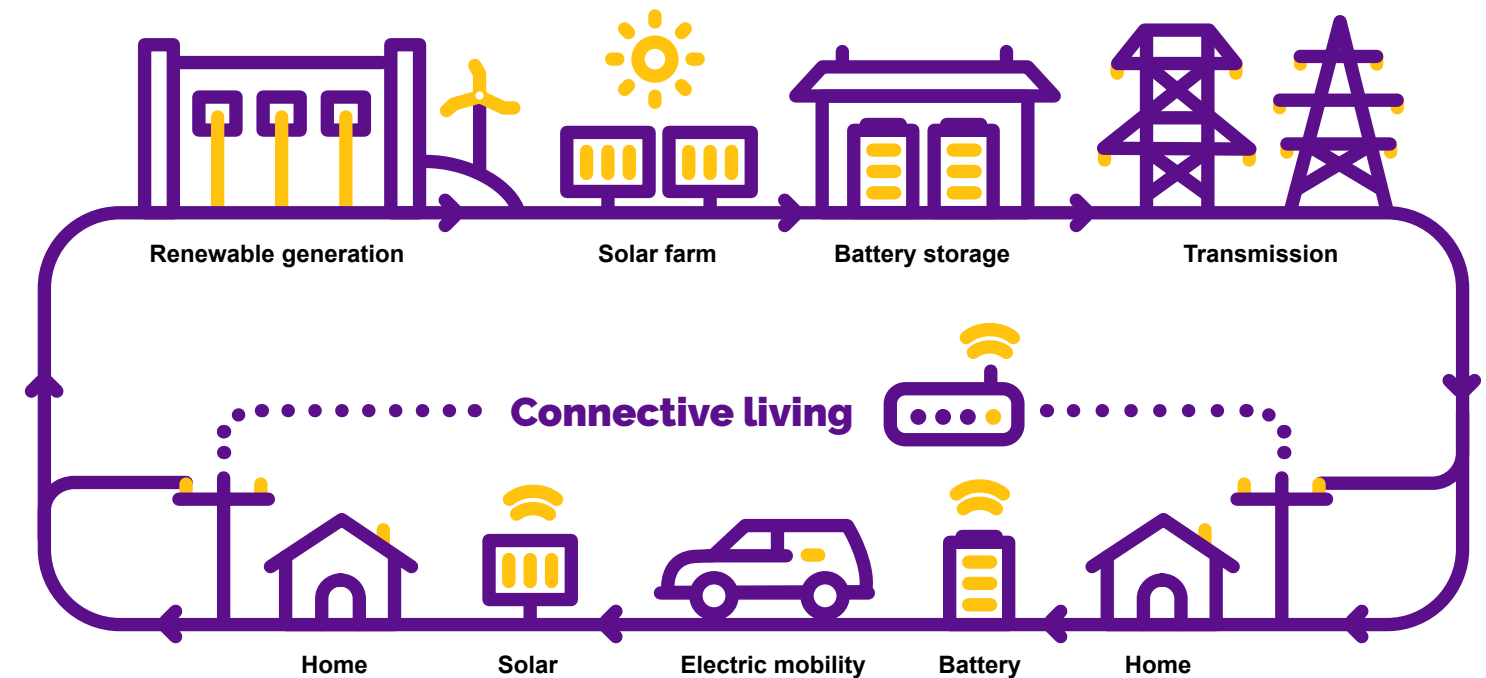
We are focused on planning and operating our electricity distribution network in an open access way.

An open access network minimises potential obstacles to the widespread use of distributed and renewable generation. It will give our customers flexibility in the way you connect to power – staying on-grid when it's required, but also maximising the potential for selling back excess energy from solar panels or other forms of generation. Batteries, electric vehicles (EVs) and other emerging technology will also be accommodated.

Digitalisation

We are monitoring how the use of our network is changing because of new technologies such as EVs, batteries and solar. Powerco is developing more sensors across our network, which means we can better respond to operational issues and efficiently plan for your needs.

We are currently planning a smart network subdivision trial where we supply customers with a variety of energy resources, including solar panels and batteries, so we can understand how these impact on our customers' energy use.



Gas

We believe that natural gas networks will continue to play an important role in our customers' energy mix. Gas is integral to energy security in Aotearoa. It is affordable and can lower greenhouse gas emissions when displacing coal and other hydrocarbon fuels.

Natural gas is supplied to over 250,000 homes in the North Island (if LPG is included, this totals more than 400,000 homes) yet residential natural gas causes less than 1% of New Zealand's total greenhouse gas emissions. Natural gas is the cleanest burning fossil fuel, with CO₂ emissions around half those of coal.

Powerco's long-term asset management strategy means we are investigating and readying our gas network assets for alternative uses, including conveying biomethane (also known as biogas) and hydrogen.

Hydrogen and biofuels have the potential to be substitutes for natural gas, enabling the flexibility, security and performance of gas to continue. The majority of Powerco's existing gas pipelines, and all new gas infrastructure, is suitable for hydrogen and hydrogen blends.

Powerco has joined the New Zealand Hydrogen Association and we are actively looking at opportunities to invest in renewable energy and hydrogen technologies.

► CASE STUDY

Industry leadership and collaboration

Industry collaboration is crucial to the natural gas industry being able to innovate and adapt. Firstgas and Powerco together commissioned London-based consultancy Vivid Economics to report on 'Gas infrastructure futures in a net zero New Zealand'. This study explored potential scenarios for the future use of our gas networks to support the goal of net zero emissions by 2050, while maintaining reliable and affordable supply.



"It's really important that we understand the impacts of different transition pathways on infrastructure providers, such as gas networks, to ensure consumers enjoy the lowest possible energy prices over the long term while we transition to net zero emissions."

Nigel Barbour
Powerco CEO





► **CASE STUDY**

Electric vehicle charging network

We have been running an EV residential charging programme since 2016, and in 2020 launched a Future Energy Survey. As part of this, we've been gaining insights from our customers on EV growth and its impact on our network. It will also assist in forecasting what changes we'll need to make to our electricity network to transition to a lower carbon future.

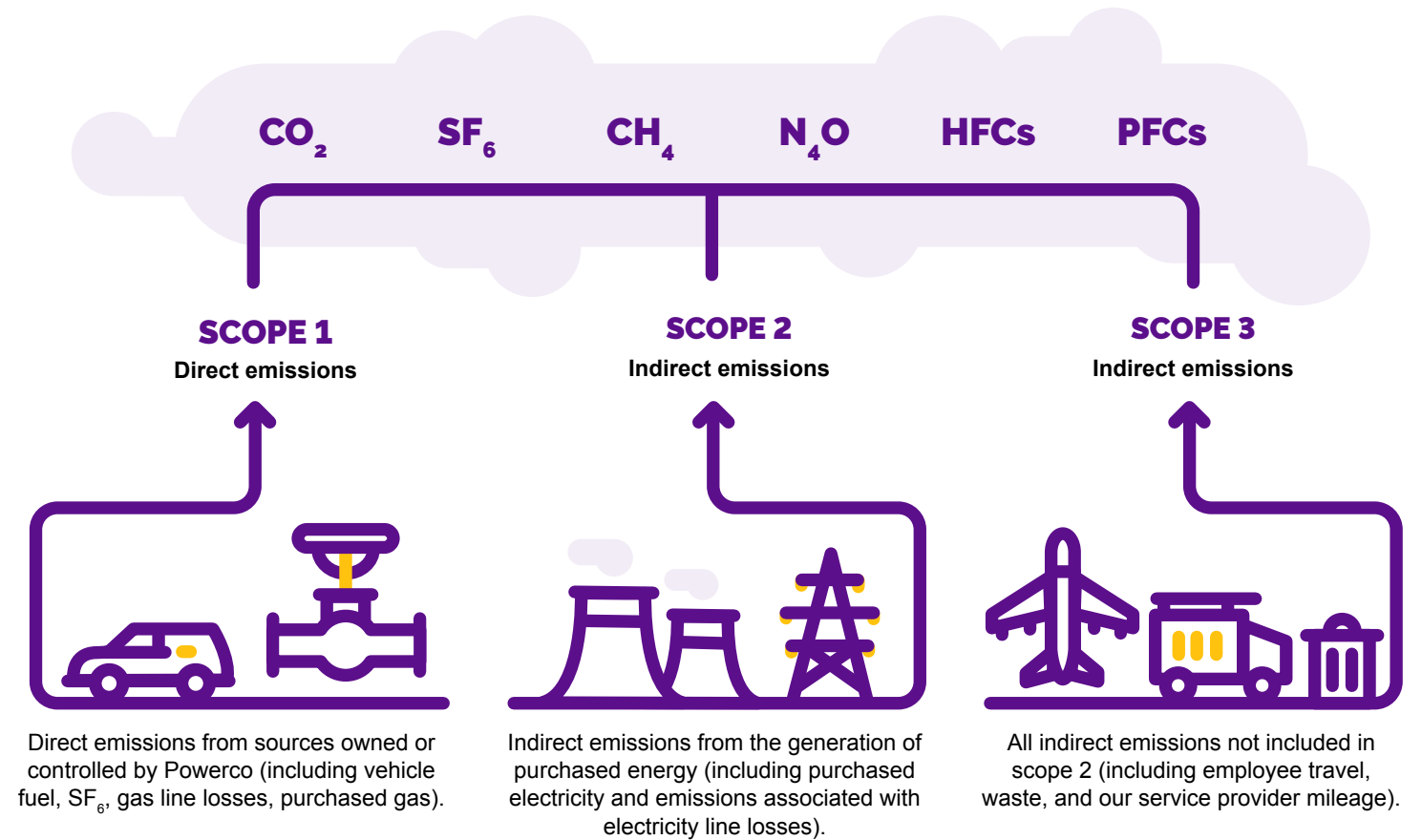
The Greenhouse Gas (GHG) Protocol

The GHG Protocol represents the world's most widely used greenhouse gas accounting standards. In line with this, Powerco's emissions fit into these three categories:

Scope 1
(20% of total emissions in FY20)

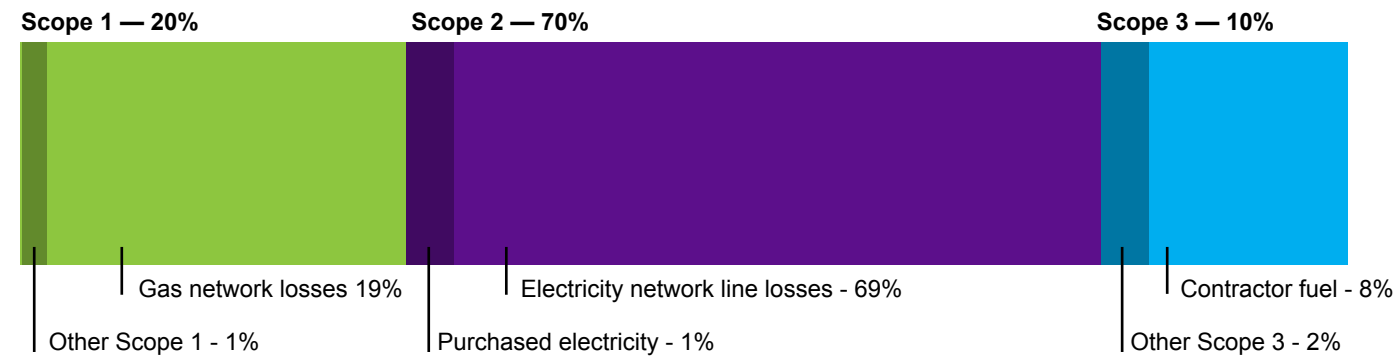
Scope 2
(70% of total emissions in FY20)

Scope 3
(10% of total emissions in FY20)



Powerco's total FY20 GHG emissions by scope

Powerco's total GHG emissions (full carbon footprint) for the year ending 31 March 2020 were 38,397tCO₂e. This was a 9.3% decrease compared with the previous year.



Powerco's emissions reduction at 2030 target


In FY20, we committed to an emissions reduction target. Our emissions reduction target excludes emissions associated with energy lost through our electricity lines and gas pipes.

Although our country has an increasing degree of renewable electricity, New Zealand's transition to a lower carbon economy will require more electricity. This means that while our overall emissions will reduce, Powerco's line losses and the emissions associated with those may not. Although reducing line losses will still be a focus for our team, we have excluded these from our reductions target. This will help us to achieve our goal of lowering New Zealand's total emissions.

This year, the total emissions included in our emissions reduction target decreased by 3.58% compared with our FY19 base year. This was largely a result of the Ministry for the Environment's change in emission factor for purchased electricity.

Our SF₆ emissions decreased because of less damage to our SF₆ equipment by third parties.

Our vehicle fleet emissions increased, with more vehicles because of higher employee numbers as we work to deliver on our CPP investment programme.

 More detail about our GHG emissions is available on our website in Powerco's GHG Inventory Report.







"Our company feels proud of our commitment to net zero. As well as focusing on those areas included in our target, we will continue to measure and reduce our highest Scope 3 emissions activities, such as staff flights, taxis, rental cars and contractor mileage."

Carol O'Sullivan
Corporate Sustainability Manager

Emissions (tCO₂e) relating to our emissions reduction target

3.6% decrease in net zero target emissions from FY19 to FY20

Emission source	FY20	Base year FY19	Variance	
	tCO ₂ e	tCO ₂ e	tCO ₂ e	%
 Vehicle fleet	464.5	402.4	+62.1	+15.4
 SF ₆	4.6	50.2	-45.6	-90.9
 Purchased gas	0.13	0.12	+0.01	+8.3
 Purchased electricity	385.9	434.1	-48.3	-11.1
Total	855.1	886.8	-31.7	-3.6



POU HAUORA

Promoting health and safety

Key business objective:

We deliver a safe and reliable network of essential infrastructure to our communities that is future-ready and cost-effective.

At Powerco, we are committed to keeping people safe - our health and safety measures include our team and contractors, our delivery partners and the public.

Our results in FY20:

Lost time injury severity rate (LTISR):

We recorded a rate of 15.43 – this is the baseline for our target to reduce by 10% year-on-year.

Days lost to injury per 200,000 hours worked

15.43



92

Executive and board safety leadership visibility:

We exceeded our target of 92 leadership workplace safety interactions.

Total recordable injury frequency rate TRIFR:

We achieved a rate of 11.24, our best result in four years.

Events per million hours worked

11.24



COVID-19 response: We worked closely with our service providers using COVID control plans to manage the health risk, while keeping the lights on and gas flowing for our customers.



FY20 reviewing our health and safety strategy

The Powerco health and safety systems and strategy are experiencing rapid and exciting changes. We have more information at our fingertips than ever before. We are improving our health and safety outcomes by making proactive, data-led decisions.

To take stock and provide a basis for our planning, we undertook our largest independent health and safety review to date. This review covered our current approach to health and safety and service provider management.

Our Health and Safety Team used this as a foundation and worked closely with internal staff members, external consultants and our service providers to develop Powerco's health and safety strategy for the next three years.

Powerco's new strategy for FY21-23 was approved in March 2020 and is based on delivering health and safety outcomes for our team, our service providers and the public, across three areas — critical risks, public safety and safety as usual.

Critical risks

We are committed to continuing our focus on critical risks exposure. We have an ongoing programme of work to identify, educate and monitor the effectiveness of the critical controls. This work is essential to our goal of keeping people safe.

Public Safety

Along with smaller localised campaigns to target specific issues, our team ran public safety campaigns during the year, including:

- **Copper theft:** Engaging the public on the dangers of copper theft.
- **Look Up:** A comprehensive power lines safety campaign, across multiple digital, print and radio platforms.
- **Customer trees:** Raising awareness for tree management and safety, through online and newspaper media.

Safety as usual

Powerco is shifting its overall approach to health and safety. We are moving from a traditional approach that focuses on the incidents that went wrong, to instead focusing on what made things work well.

We know that at Powerco, things go right far more often than they go wrong. By considering all the aspects that are performing well at Powerco, our team has access to a much larger and richer pool of data that relates to our system's ability to succeed under varying conditions.



“Learning from success and building system resilience are key for Powerco. Our service providers are working on our networks every day and they’re experts at doing so safely, so it’s vital we engage and listen to them.”

“Human error means it’s inevitable we will make mistakes. As part of our new strategy, we’ll focus on building a resilient system that enables us to increase our ability to fail safely.”

Julie McAvoy

Powerco General Manager Health and Safety

► CASE STUDY

Collaboration with our service providers

The review found that Powerco has a good overall approach to contractor safety management. It highlighted our continued evolution from a ‘command and control’ model to a ‘relationship-based’ model, and noted that our approach is on par with the best of our peers.

Our contractor forum initiative has been widely welcomed as a useful learning and collaboration tool. These forums cover induction requirements, traffic management and shared learning across all contractors from both our electricity and gas networks. They are a great example of the power of information sharing.





POU MANAAKI TĀNGATA

Supporting our people

Key business objective:

To create a workplace where our people are engaged, safe and well, and have the capability to meet our future needs.

Culture

A positive culture is crucial. It delivers business outcomes, attracts talent, mobilises innovation, develops strong leaders, and becomes a lever for ongoing success.

We check in formally with our team through our twice-yearly employee survey, Pulse Check. This is conducted anonymously and helps us to better understand in detail the experience of our employees at work. We pay particular attention to the experience that traditionally under-represented groups are having, such as females, youth, minority ethnicity and part-time employees.

Inclusion and diversity

We believe an inclusive workplace is one where our people have a sense of belonging, are taken care of and treated fairly. To us, a diverse workforce means we have a range of people with different experiences, thinking styles and backgrounds.

In 2019, Powerco launched an inclusion and diversity strategy. In the first year of our journey, we are implementing a broad range of improvement initiatives to deliver immediate outcomes. Our good progress has resulted in Powerco being awarded the YWCA GenderTick and Accessibility Tick.



Initiatives

- We've partnered with Champions of Change, and annually assess our gender pay gap and gender representation of our workforce. This year, we achieved the landmark +/-2% gender pay gap and are approaching 40% female representation in senior leadership roles.
- Work/life balance is our most popular employee benefit. Over 90% of employees utilise flexible working provisions, and employees can apply for lifestyle leave to access the additional time off they need to pursue their personal interests.
- We have extended our paid parental leave to all new parents (mums, dads, partners) and this includes for birth, whāngai, adoption, surrogacy and foster care.
- We launched an open-access development repository, the HR Hub, and have invested in the personal and professional development of all employees through our fortnightly Thrive webinars.
- Our Youth Network, GenR8, has been created to encourage diversity of thought in solving our business challenges and to provide a connection point for early career employees.
- We have established an inclusion and diversity specialist, with a focus on enabling all employees to thrive at work. This position is supported by Te Puāwai o Powerco, an employee-interest group with a mandate to drive cultural competency and diversity.



*“E koekoe te tūi, e ketekete te kākā, e kūkū te kererū
(The tūi chatters, the kākā cackles, the kererū coos)”.*

Author unknown

“This proverb, through a Te Ao Māori (Māori worldview) perspective, acknowledges the different children (manu) of Tāne-mahuta. The different voices, songs, colours and personalities they embody in the forest which they all call home and live in harmony. Next time you are in the forest observe the children of Tāne and how they seem to effortlessly express themselves without judgement and constraint. We all have our own voices, songs, colours and personalities. Let this be an example for us to empower, embrace and share empathy, for a diverse and inclusive future”.

Hayden Patene,
Inclusion and Diversity Specialist

Hayden Patene

Inclusion and Diversity Specialist

Pictured planting a tree for the Powerco's Replant For Tomorrow partnership





POU WHAKAKOTAHITANGA

Engaging with our communities

Key business objective:

We deliver value for our customers, communities and partners.

As a business that is part of your community, we are committed to meeting your energy needs and expectations now and in the future.

Engaging with our customers and stakeholders is key to achieving this. The more that we hear from our customers, the better informed we are to make the right decisions at the right time.



“Customer engagement is about providing our customers with opportunities to talk to us about what matters to them. Capturing these needs and wants helps to guide our current priorities and ensures we keep our customers at the centre of our thinking when designing our networks for the future.”

Stuart Dickson

Powerco General Manager Customer

Our approach

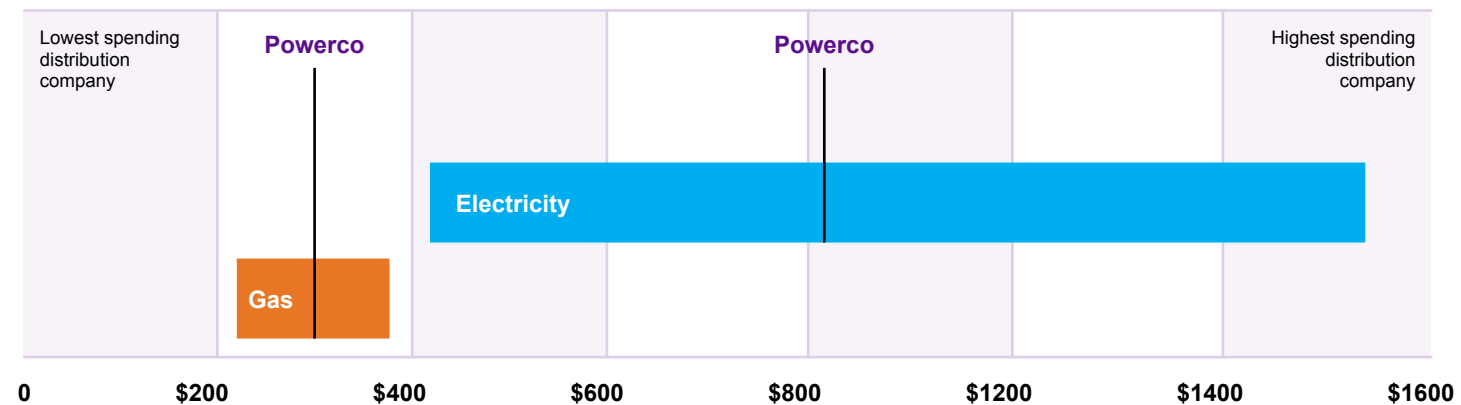
We invite our customers and communities to engage with us on projects that enhance our current operations and help us to plan for the network of the future.

Gaining a deeper understanding of our customers’ needs has guided the scheduling of our planned work as part of our day-to-day operations. Your feedback has shaped our standards on when to turn the power off and for how long, as well as telling us how you like to be informed about outages.

For example, when Powerco applied to the Commerce Commission for our Customised Price-quality Path (CPP) investment in the electricity network, we provided robust evidence of our engagement and support from our customers, communities and stakeholders. This plan reflected your preferences about security, reliability and cost.

Powerco is the only electricity distribution business to have had a CPP approved, with the main driver of meeting our customers’ future reliability expectations.

What we spend to meet your energy needs



Range of capital and operational expenditure for NZ distributors (\$ per connection per year)*

There is a trade-off between the investment to maintain and enhance the performance of our networks and the cost that flows through to our customers. Our spend on the networks (compared to other electricity and gas distribution companies) is shown in the graph above.

We strive to balance spend with network reliability and it’s through engagement with our stakeholders that we are more informed in our decisions. The Commerce Commission oversees Powerco’s revenue and reliability performance. We will continue to work with the Commission to ensure our customers’ expectations and preferences can be met within the regulations.

Your experience matters

We continually strive to make it easier for you to engage with us and access the information you need and want. Most recently we have further developed our social media platforms, centralised our customer experience communications and have become more active and visible in your communities. Last year this resulted in a 15% drop in customer complaints compared to previous years.

Currently we are focused on implementing a Customer Experience Hub. This will allow us to systematically drive an exceptional experience for all our customers, while providing us valuable insight into your expectations and priorities.

Community support

We live and operate in the regions we serve and reflect our community’s priorities in the work we do to support these communities. A great example of this is in Taranaki where there is a strong drive to regenerate native bush, which connects with our desire to mitigate the impact of our vegetation management work.



*Source: Electricity Information Disclosures, year ending 31 March 2019, and Gas Information Disclosures, year ending 30 June 2019 or 30 September 2019.

► CASE STUDY

Replant for Tomorrow partnership

Trees cause close to a quarter of all power cuts across the Powerco network. When overgrown, they interfere with power lines and make it difficult for our team to restore power to our communities.

Replant for Tomorrow is a Powerco initiative in partnership with Asplundh (one of New Zealand's leading vegetation management companies) and Restore Taranaki (facilitated by Wild for Taranaki) to redress vegetation loss.

Restore Taranaki brings together over 40 local organisations to carry out conservation work. For every tree that Powerco needs to remove from our network, the Replant for Tomorrow initiative will plant a native tree in our community. Asplundh will manage the trees until they are well established in the ground.

Together, we are aiming that, by 2050, the cloak of Mt Taranaki will be restored.



► CASE STUDY

Upper Hutt City Council Parks and Places sponsorship

The Upper Hutt City Council Activation Team has developed Parks and Places, an annual programme providing a range of fun activities in Upper Hutt's beautiful parks and recreation areas.

Powerco's The Gas Hub is the major sponsor of this summer events programme.

Parks and Places is focused on collaboration, bringing together the community and local organisations. The programme encourages the public to make active choices and have fun in a wide range of experiences, including the Hutt Valley Festival of Cycling and key iconic events such as Bike the Trail and Top School.



Ngā kupu whakakapi

IN SUMMARY

I orea te tuatara ka patu ki waho.

A problem is solved by continuing to find solutions.

The following are Powerco's current sustainability goals and targets. They have been developed in line with the priorities (sustainability pillars) we share with you, our stakeholders (see page 10).

Our team is committed to working hard to achieve these solutions, with the support and guidance of our Board, Executive Management Team and Corporate Sustainability Team.

We want to keep you updated on our progress in a way that is most relevant to you. We'll be consulting with our stakeholders to develop the most effective way to do this. Stay tuned!



POU WHIRINAKI

Ensuring reliable and resilient networks

SHORT TERM (FY21)

Keep our customers' power on for an average of 99.95% of the time.

Invest (CPP1) \$145m in electricity network renewal and growth to stabilise network performance, including:

- Replace or reinforce 4456 poles
- Replace 210km of lines
- Manage over 7472 tree sites

Keep our customers' gas flowing on average 99.99% of the time.

Complete Wellington central business district pressure and resilience upgrade project (Project Gotham).

MEDIUM TERM (1-5 YEARS)

Complete the CPP1 electricity investment programme.

Maintain electricity resilience and reliability by developing the post CPP1 investment programme.

Develop a Climate Change physical asset adaptation strategy based on climate hazard mapping.

Improve gas network security by installing sectorisation valves.

Complete the district regulator station (DRS) rationalisation and resilience programme.

Replacement of poor performing HDPE pipelines (installed pre-1985).

Improve cyber security resilience to 4.2 by FY23 (based on an internationally recognised maturity framework and survey).

LONG TERM (5+ YEARS)

Improve network automation and visibility

- Automation and control
- Enable distributed generation
- Low voltage network performance monitoring programme

Ongoing network renewal and growth investment programme to maintain reliability and resilience.

Replacement of poor performing HDPE pipelines (installed pre-1985).

Replacement of poor performing steel pipeline.

Continual improvement of cyber security resilience.



POU TAIAO

Contributing to a lower carbon world

SHORT TERM (FY21)

Develop a roadmap for our 2030 emissions reduction target.

Measure and reduce Scope 1 and 2 emissions (excluding line losses) and the most material Scope 3 emission activities (currently flights and contractor mileage).

Develop low carbon transition strategy for the gas network.

MEDIUM TERM (1-3 YEARS)

Deliver the roadmap for meeting our emissions reduction at 2030 target during FY21.

Prepare for Zero Carbon Amendment Act and Taskforce for Climate Related Financial Disclosures (TCFD) requirements.

Support distributed and renewable generation by enabling our customers' use of solar panels, batteries, and EVs.

Collaborate with industry peers and customers on reducing line losses.

Plan to enable our gas network assets to convey biomethane (biogas) and hydrogen.

Trial zero carbon gas (or blend) on our gas network.

Test options for our gas customers to offset their emissions through a voluntary scheme (eg forestry).

LONG TERM (3+ YEARS)

Deliver the roadmap for meeting our emissions reduction at 2030 target during FY21.

Achieve our emissions reduction emissions target through the reduction of emissions and by offsetting any unavoidable emissions (eg via forestry).

Continue to evolve the electricity network to support customer driven renewable generation and energy trading.

Prepare our gas network assets and trial biomethane (biogas) and hydrogen substitution.



POU HAUORA

Promoting health and safety

SHORT TERM (FY21)

Reduce serious harm through a 10% year-on-year reduction in LTISR (the severity rate of injuries).

Increase use of data to drive public safety initiatives with a focus on reducing live lines coming down.

Achieve a minimum of 92 Executive and Board leadership workplace safety interactions per year.

Increase awareness of critical risks and controls.

MEDIUM TERM (1-3 YEARS)

Implement Safety As Usual (based on Safety II) at Powerco.

Continue to focus on critical risks controls.

Deliver insights and improvement plans in risk management by bringing key stakeholders together to learn across three focus areas – lines down, wooden assets, and mark and locate.

Deliver balance in health and safety with a focus on health, specifically mental health.

Develop a clear understanding of our health and safety resilience through the creation of a leading indicator balance scorecard.

LONG TERM (3+ YEARS)

Continually improve our health and safety resilience.



POU MANAAKI TĀNGATA

Supporting our people

SHORT TERM (FY21)

Develop an annual inclusion and diversity reporting framework.

90% of employees able to access flexible working practices.

MEDIUM TERM (1-3 YEARS)

Develop a Māori response strategy.

Achieve a less than 2% gender wage gap.

Achieve a gender balance within 10% for senior roles.

Positive employee Net Promotor Score (eNPS).

LONG TERM (3+ YEARS)

Powerco's workforce reflects the communities it serves.

Develop a company culture that positively shapes the employee experience and supports the delivery of business priorities.



POU WHAKAKOTAHITANGA

Engaging with our communities

SHORT TERM (FY21)

Implement annual Community and Stakeholder Engagement Programme, including:

- Establishment of Iwi engagement framework.
- a 25% increase in engagement with customers most impacted by power cuts.

Publish annual customer insight information relating to customer views on reliability, price, sustainability, service experience and use/planned uptake of new technologies.

The Gas Hub attendance at home-shows across our network regions.

MEDIUM TERM (1-3 YEARS)

All community investment initiatives are aligned to our sustainability priorities.

Customer Experience Hub established by FY22.

Introduce a suite of customer satisfaction measures by FY22 and collect data to establish a baseline.

Implement a support plan for customer groups identified by Powerco as vulnerable by FY23.

Seek direct community input to support the planning and design for at least 50% of major Powerco network projects.

The Gas Hub engagement with customers and communities to guide the transition to a low carbon gas future.

LONG TERM (3+ YEARS)

All customers and communities understand the role of Powerco in their communities, and know when and where to seek information and engage with us.

GRI index

Sustainability at Powerco is our inaugural sustainability document.

Future updates will be provided to meet our customer and stakeholder requirements.

You can provide feedback on anything raised in this report by answering our feedback questions on our website:

 powerco.co.nz/sustainability

GRI STANDARD	DISCLOSURE	PAGE
102-1 Name of organisation	Powerco Limited (including all its subsidiaries)	
102-2 Activities, brands, products and services	Ngā kupu whakataki - Our business	6
102-3 Organisation's headquarters	Level 2, NPDC Civic Centre 84 Liardet Street, New Plymouth New Zealand	
102-4 Countries with significant operations	New Zealand	
102-5 Nature of ownership and legal form	www.powerco.co.nz/about-us/our-people	
102-6 Geographic locations, sectors, customers and beneficiaries	Ngā kupu whakataki - Our business	6
102-7 Scale of operation	Ngā kupu whakataki - Our business Our People – statistics: Powerco's most recent Electricity Annual Information Disclosure Statement: Electricity Information Disclosure 2020 Powerco's most recent Gas Annual Information Disclosure Statement: Gas Information Disclosure 2019	6
102-8 Employees	Ngā kupu whakataki Our People – Statistics	6
102-9 Description of supply chain	Ngā kupu whakataki - Our business www.powerco.co.nz/about-us/our-business	6
102-10 Significant changes to the organisation and its supply chain	Nil	
102-11 Precautionary Principle or approach	Powerco incorporates a precautionary approach within our environmental management system and Health, Safety and Environment by Design guidelines.	
102-12 externally developed environmental and social charters and principles	Pou manaaki tāngata - Supporting our people YWCA GenderTick, Accessibility Tick, Te hīkoi – GRESB	34

GRI STANDARD	DISCLOSURE	PAGE
102-13 Main memberships relating to our material topics	Accessibility Tick network, Drive Electric, Electricity Engineers Association (EEA) - Lifeline Utilities Group, EEA National Committee for Live Work, EEA Overhead Line Design Competency, EEA Public Safety Working Group (PSWG), EEA Safety Standards and Procedures Group (SSPG), Electricity Network Association (ENA) Customer Engagement Working Group, ENA Smart-Tech Working Group, ENA Strategic Pricing Working Group, ENA Tree Regulations Policy and Task groups, ENA Quality of Service, ERANZ Vulnerable and Medically Dependant Working Group, Gartner, Gas Association New Zealand (GANZ), GenderTick network, Market Development Advisory Group, NZ Arb Utility Arborist group, NZ Hydrogen Association, Public Relations Institute of NZ.	
102-14 Statement from CEO	Mihi whakatau - Welcome	4
102-16 Organisation's values, principles, standards and norms of behaviour	Ngā kupu whakataki - Our business	7
102-18 Governance structure	www.powerco.co.nz/about-us/our-people/board-of-directors	
102-40 List of stakeholders	Materiality assessment summary	
102-41 Percentage of total employees covered by collective bargaining agreements	No employees are covered by collective bargaining agreements	
102-42 Basis for identifying and selecting stakeholders with whom to engage	Materiality assessment summary	
102-43 Approach to stakeholder engagement	Materiality assessment summary	
102-44 Key topics and concerns raised through stakeholder engagement	Materiality assessment summary	
102-45 Entities included in the consolidated financial statements	Powerco Limited and all of its subsidiaries	
102-46 Process for defining the report content and topic boundaries. How the reporting principles have been implemented.	Te hīkoi - Our journey so far Nga Pou - The pillars of our work This report covers Powerco's performance for FY20 across our full operations Materiality assessment summary	9 10-11
102-47 List of material topics	Materiality assessment summary	
102-48 Restatements of information	There have been no restatement on previous data as this is the first report	
102-49 Changes from previous report - material topics and topic boundaries	Not applicable - first report	

GRI STANDARD	DISCLOSURE	PAGE
102-50 Reporting period	Figures used in this report are based on FY20 (1 April 2019 to 31 March 2020) or Powerco's most recently published information disclosures (electricity - 31 March 2020, gas - 30 September 2019), unless otherwise stated in the report.	
102-51 Date of previous report	Not applicable - first report	
102-52 Reporting cycle	We intend to keep stakeholders updated as material topics evolve and with an annual GRI index disclosure.	
102-53 Contact point for questions	Feedback survey	
102-54 Claims of reporting in accordance with the GRI standards	This report has been prepared with reference to the GRI Standards Core option	
102-55 GRI content index		46-50
102-56 External assurance	No assurance has been sought on this report. The GHG Inventory Report referenced in this document has limited assurance.	
Material topic: Technology and Innovation		
103-1 Explanation of the material topic and its boundaries	Ngā pou - The pillars of our work	10-11
103-2 The management approach and its components	Powerco's 2020 Electricity Asset Management Plan update (sections 2 and 3) Powerco's 2020 Gas Asset Management Plan (Executive Summary, 3.5.5, Chapter 4 and Chapter 5): Powerco's Gas Asset Management Plan 2020	
103-3 Evaluation of the management approach	Pou whirinaki – Trialling submersible pillar boxes Pou whirinaki – Battery Energy Storage Systems Pou whirinaki – LiDAR and Pole Top Photography Pou Taiao – Electric vehicle charging network Pou Taiao – Vivid Economics report Pou Hauora – Safety as usual	16 19 17 26 24 32
Material topic: Price and reliability		
103-1 Explanation of the material topic and its boundaries	Ngā pou - The pillars of our work	10-11
103-2 The management approach and its components	Pou whakakotahitanga - Engaging with our communities	36
103-3 Evaluation of the management approach	Pou whakakotahitanga - Engaging with our communities	37

GRI STANDARD	DISCLOSURE	PAGE
Material topic: Industry collaboration		
103-1 Explanation of the material topic and its boundaries	Ngā pou - The pillars of our work	10-11
103-2 The management approach and its components	Ngā kupu whakataki - Our business Our Management approach is a holistic one. Collaboration is part of our values and can be viewed in the way we accomplish our targets. Pou Hauora - Collaboration with our service providers	7 32
103-3 Evaluation of the management approach	Pou Hauora - Safety as usual Pou Taiao - Industry leadership and collaboration Pou manaaki tāngata – Pulse Check Pou Whakakotahitanga – Your customer experience	32 24 34 37
Material topic: Resilience to extreme weather and climate change		
103-1 Explanation of the material topic and its boundaries	Ngā pou - The pillars of our work Pou whirinaki - Ensuring reliable and resilient networks	10-11 12
103-2 The management approach and its components	Pou whirinaki - Ensuring reliable and resilient networks	12-21
103-3 Evaluation of the management approach	Pou whirinaki - Ensuring reliable and resilient networks	12-21
Material topic: Supporting NZ's decarbonisation and Powerco's carbon footprint		
103-1 Explanation of the material topic and its boundaries	Ngā pou - The pillars of our work Pou taiao - Contributing to a lower carbon world GHG Inventory Report	10-11 22
103-2 The management approach and its components	Pou taiao - Contributing to a lower carbon world GHG Inventory Report	22-29
103-3 Evaluation of the management approach	GHG Inventory Report	
GRI 305: Emissions		
305-1 Direct (Scope 1) GHG emissions	GHG Inventory Report	
305-2 Energy Indirect (Scope 2) GHG emissions	GHG Inventory Report	
305-3 Other indirect (Scope 3) GHG emissions	GHG Inventory Report	
305-4 GHG emissions intensity	GHG Inventory Report	

GRI STANDARD	DISCLOSURE	PAGE
Material topic: Health and Safety		
103-1 Explanation of the material topic and its boundaries	Ngā pou - The pillars of our work Pou hauora - Promoting health and safety	10-11 30
103-2 The management approach and its components	Pou hauora - Promoting health and safety	30-31
103-3 Evaluation of the management approach	Pou hauora - Promoting health and safety	30-33
Material topic: Workforce learning, development and a strong organisational culture		
103-1 Explanation of the material topic and its boundaries	Ngā pou - The pillars of our work Pou manaaki tāngata - Supporting our people	10-11 34
103-2 The management approach and its components	Pou manaaki tāngata - Supporting our people	34-35
103-3 Evaluation of the management approach	Pou manaaki tāngata - Supporting our people	34-35
Material topic: Community engagement		
103-1 Explanation of the material topic and its boundaries	Ngā pou - The pillars of our work Pou whakakotahitanga - Engaging with our communities	10-11 36
103-2 The management approach and its components	Pou whakakotahitanga - Engaging with our communities	36-37
103-3 Evaluation of the management approach	Pou whakakotahitanga - Engaging with our communities	36-37

