ZENENERGY

2024 Impact Report

THIS IS TRANSITION

Contents

Welcome to our Impact Report

Welcome to our third ESG Report, which, in the spirit of this year's theme – This is Transition – we are renaming to our Impact Report. We do this to reflect that, as Australia's first 1.5° retailer, we have been an impact-focused organisation from day one – encapsulating the way we operate and ensuring our impact is positive.

THIS IS TRANSITION.

The renewable energy transition requires new approaches to the way we operate – in line with the latest climate science and to ensure a positive impact. As ZEN transitions towards developing and operating our own renewable energy assets for the first time, we are aware of how our practices and reporting must also develop and grow to reflect the increased impact we have on people and planet. This Impact Report reflects our journey and maintains our commitment to transparency and continuous improvement.

The transition is difficult, unpredictable, turbulent at times – not just in uplifting practices and reporting, but in achieving real change. Not everything goes to plan. Some things surprise. Some disappoint. We must report and respond to all.

Our climate continues to worsen with temperatures rising as emissions fail to fall. Climate scientists around the world are despairing as our current rate of emissions make global temperature targets more and more unlikely. Climate disasters are already happening globally. Yet in the face of this, companies around the world are failing to even demonstrate the ambition to reduce the required emissions, let alone undertake the action needed. Climate Action 100+ have found a severe lack of ambition in commitments in an assessment of 150 of the world's largest emitters. Only 24 per cent of companies were committed to transitioning, 10 per cent currently disclose a just transition plan and 3 per cent developed plans in consultation with stakeholders. Only two companies supported their plans with quantifiable KPIs.

Welcome to our Impact Report

We stand by what we said in our first report – every fraction of a degree matters. We must remain committed to the renewable energy transition to mitigate increasingly worse impacts of climate change on people and planet – every 0.1° of warming from now exposes around 140 million more people to dangerous heat[1].

As we begin developing our own renewable energy projects, we recognise the transition needs the support of impacted communities. Our research shows that despite 57 per cent of Australians believing the renewable energy transition will bring benefits, there remains more to be done to work with communities to accelerate the transition[2]. Our purpose mandates that we work with communities towards a just transition for all people and hence our reporting journey reflects our ongoing and increasing efforts to ensure our work benefits people – from ZEN people and our customers, to suppliers and contractors, to the First Nations peoples and communities in the locations we work.

We recognise the increased governance requirements needed to ensure our project development is successful. We have adjusted our business structure and leadership team to drive our project developments forward, alongside improved risk processes and reporting. We are preparing for mandatory climate-related financial disclosures introduced by the Federal Government and will progressively begin to report against the new requirements.

As we begin to encounter the full stresses and strains of the transition, we remain resolute. We will continue to drive the uptake of renewable energy. We will continue being a positive force for people and planet. We will see more action from governments and businesses. We will make this work.

THIS IS TRANSITION.

1 Marrison, A, 2023. “Limiting global warming to 1.5°C would save billions from dangerously hot climate”. University of Exeter https://news.exeter.ac.uk/research/limiting-global-warming-to-1-5c-would-save-billions-from-dangerously-hot-climate/ (accessed 1/10/2024).

2 ZEN’s This is Transition Whitepaper. published June 2024. https://www.zenenergy.com.au/knowledge-base/industry-news/in-depth-community-research-reveals-the-challenges-of-change-to-renewable-energy/.

Highlights
Our impact this year

IMPROVING HOW WE MEASURE OUR IMPACT

- We have eliminated Scope 1 and 2 emissions faster than our science-based targets and present a full Scope 3 emissions account for the first time.
- We continue to increase our renewable energy sold percentage, up to 43 per cent in 2023, from 39 per cent in 2022.
- We are beginning to report against the Australian Sustainability Reporting Standards as part of the mandatory climate-related financial disclosure requirements introduced by the Australian Government.
- We maintained our ISO standards across 9001 (Quality), 14001 (Environment), 27001 (Information Security Management Systems) and 45001 (WHS), with surveillance audits that found no non-conformances and no corrective actions required.

GROWING OUR ENGAGEMENT WITH PLATINUM CUSTOMERS

- We worked with our customers to increase our renewable electricity sales to more than 5 per cent of total renewable energy purchased against voluntary and organisational emissions targets as measured by the Clean Energy Regulator.
- Our overall customer load increased by 17 per cent, including new marquee customers ISPT, SEEK and SBS.
- We launched our first ever Net Promoter Score (NPS) survey, achieving a commendable +12 score which compares very well against our industry peers.

TRANSITIONING OUR PLATFORM FROM PPAS-ONLY, TO INCLUSION OF OUR OWN RENEWABLE ASSETS

- Our Power Purchase Agreement (PPA) portfolio grew from 1 TWh to 1.9 TWh, with plans for further significant growth to support new customer requirements.
- ZEN reached financial close on our first asset, the Templers 111 MW/291 MWh BESS project on Ngadjuri Country in South Australia.
- ZEN's second most advanced development project, Solar River (230 MW Solar + 256 MW/660 MWh BESS) successfully progressed to the Financial Value Bid Stage of the Federal Government's Capacity Investment Scheme (CIS).
- We announced our first long-duration energy storage project - Western Sydney Pumped Hydro (WSPH).
- Our asset development pipeline is now over 3 GW of projects in development.

Highlights
Our impact this year

MAXIMISING THE POSITIVE IMPACT OF OUR RENEWABLE ASSET PLATFORM

- For Templers, ZEN will support the Ngadjuri Nation to ensure that projects taking place on Ngadjuri Country adhere to the community's expectations regarding cultural and environmental heritage.
- We will provide $500,000 over the life of the Templers and Solar River projects to Ngadjuri Nation Aboriginal Corporation (NNAC) to be allocated by their Board, as they see fit.
- We completed our First Nations Procurement Policy which sets out mechanisms to promote the direct engagement of First Nations businesses through our supply chain.
- We worked with global leader, DNV, to audit three external high-risk supplier facilities to identify and assess potential supply chain risks.

TRANSITIONING OUR CAPITAL PROGRAM TO SUPPORT OUR CONTINUED GROWTH.

- The 2023 ZEN Loan Notes program successfully closed in March at $159.5 million, supported by several institutional investors including Longreach, IAM and Future Group.
- We announced a partnership with DGA Energy Solutions to deliver green hydrogen and decarbonise Mitsubishi Corporation's operations.
- We were featured in mainstream media 495 times, reaching approximately 18.3 million people, with 86 per cent of coverage positive or balanced.
- We've partnered with Essential Research to conduct quarterly qualitative and quantitative public opinion research to track key issues impacting the country's energy transition.

SUPPORTING OUR PEOPLE TO THRIVE

- We announced ZEN Elevate, a program that focuses on lifting skills and capabilities across our team, engaging women, diversity in all its forms and fostering the next generation of the ZEN team.
- Continued our social and wellbeing programme, including over 239 days of wellbeing leave taken by ZENners!
- We welcomed six new ZEN babies into the world. Importantly, six parents were able to access our new 18 weeks paid parental leave inclusive of superannuation.
- We reduced our gender pay gap from 40 per cent to 19 per cent.
- We hired 26 new people and 50 per cent were women. We increased our percentage of women to 38 per cent of team, well on our way to meet our goal of 45 per cent by 30 June 2025.

Introduction

Chair's report - Raymond Spencer, AM

THIS IS TRANSITION.

The title of this report could not be more apt. Bumpy intermittency of energy supply, with a one in 25-year wind drought in the southern states. Increasing occurrences of negative pricing across all geographies of the National Electricity Market. Ongoing second guessing of Australia's public plans. Nuclear raised its head again and large organisations wavered on their commitment to the transition of Australia becoming a renewable energy superpower.

As Chair, it is both my pleasure and duty to support the management team and the organisation as it continues to navigate what is and will continue to be, a very bumpy ride.

Inspiration on how to treat change is aplenty.

> To improve is to change; to be perfect is to change often – Winston Churchill
>
> You must be the change you wish to see in the world – Mahatma Gandhi
>
> If you don't like something, change it. If you can't change it, change your attitude – Maya Angelou

The team at ZEN flourishes in change. The fundamental business model is focused on enabling Australia to accelerate its journey to becoming a renewable energy superpower and to meet our global commitments. It means we cannot stray from our focus on the impact that we have. And that we must look to deeper, longer time horizons and not get caught in the tyranny of quarterly reporting.

Changing the title of this report from ESG to Impact Report acknowledges that financial year 2024 was a year of massive change for ZEN. We have commenced construction of our first asset, the Templers Battery Project, located in my home state, 60 km north of Adelaide, South Australia. This is a particularly poignant achievement for me and my fellow Director, Professor Ross Garnaut, as we recall our work in 2017 with then South Australian Premier, Jay Weatherill, on South Australia's Big Battery. We all know it ended being built by Tesla on the back of a Twitter dare[3], but not many know it was ZEN who started the modelling on that one.

I think that embodies our culture at ZEN. We want to make sure the country moves forwards, over-representing ourselves at a global level, and working hard to mitigate the impact of climate change. We focus on our impact, and doing the right thing, from a business, cultural and ethical perspective, because we know this will pay off in the long term and we are all here for that.

Financial year 2024 has been a year of success for ZEN (you will see in our highlights section) and some setbacks. That is what transition means. It means change. And change means unpredictability. Change means reaching deep for the guts to push on. Change means thinking differently. Change means opportunity.

Change means ZEN.

3 Keane, D, 2022. "Tesla's big battery started with an Elon Musk Twitter exchange – but behind the scenes, it wasn't that simple". Australian Broadcasting Corporation News. https://www.abc.net.au/news/2022-08-13/tesla-big-battery-began-with-elon-musk-mike-cannon-brookes-bet/101301882 (accessed 1/10/2024).

CEO's report - Anthony Garnaut

What a year this has been for ZEN. We really are in the absolute maelstrom of the energy transition. Our core business is feeling the significant impact of the intermittency of renewables and, at the time of writing, it looks like this is not going away fast.

At the same time, global consumption of coal surpassed 164 exajoules (that's 164 x 10^{18} joules, or in day-to-day language a s*** tonne) in 2023 and continues to represent 26 per cent of the world's energy consumption [4]. Australia continues to feed that demand, and renewable energy market participants like ZEN must stay the course, even as it makes operating a business in this change complex and demanding.

When ZEN entered the National Electricity Market (NEM) in 2018, we aligned around three key themes that we are seeing play out today and to which we are evolving and transforming our business to serve:

1. Significant market demand for Large Scale Generation Certificates (LGCs), which enable Australian organisations to contribute to emissions reductions and participate in the energy transition.

2. A dynamic and growing asset development market, with the most committed global companies participating in a deeply valued partnership model.

3. A deep and vast need for energy storage – both long- and short-duration to enable renewable energy to replace baseload fossil fuel generators.

In line with these themes, this year, our impact has been significant:

1. A 90 per cent growth in our PPAs, enabling us to continue to supply the increasing demand for LGCs from our customers and partners.

2. Ramping up our asset development program including commencing construction of our first battery, Templers and having an additional 3 GW of projects under development across Victoria, NSW and Queensland.

3. Commencing construction of our Templers Battery (expected to be live in mid-2025), announcing our 1 GW proposed Western Sydney Pumped Hydro project and our Solar River solar and BESS project as well as further PPAs and projects being developed.

Along with these tremendous strategic successes, our team continues to thrive in this dynamic and challenging environment. As a father of four, welcoming ZEN babies into the world is a particular delight for me and this year, six joined the world. I was even more delighted that these parents were all able to access our new 18 weeks paid parental leave inclusive of superannuation. We

brought our gender pay gap down to 19 per cent, which is now largely due to the size of our organisation and a set of unique roles for which there are no direct comparisons. And of all our new hires, 50 per cent were women.

There is no question that the transition is hard. But we came in determined to make a difference and we will not stop.

THIS IS TRANSITION.

4 Vendetti, B, 2024. "Chart: Coal Consumption by Region (1965-2023)". Visual Capitalist. https://www.visualcapitalist.com/rise-in-global-coal-consumption-by-region-1965-2023/ (accessed 7/10/2024).

About ZEN

Our purpose and values

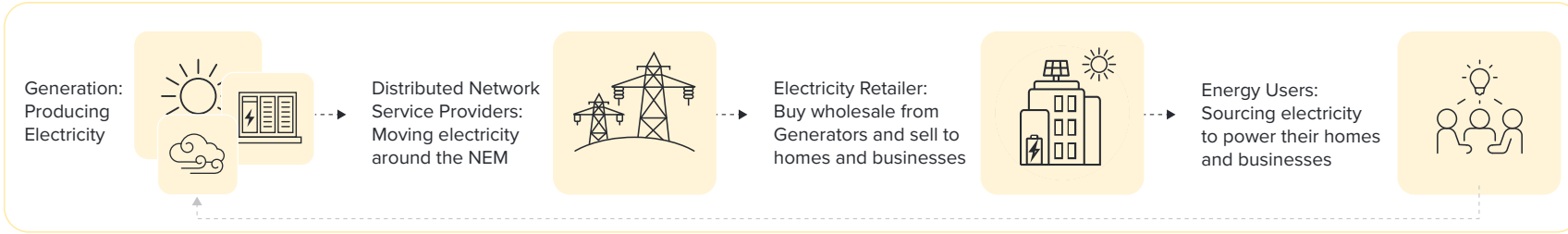
Our purpose is to lead communities into the zero-carbon world.

Our values and non-negotiables remain the foundation on which we build our suite of corporate policies, providing the framework for all ZEN people to work together to create positive impact.

Our business model and strategy

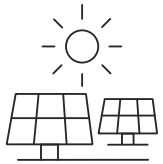
As an electricity retailer, we exist within a larger electricity value chain of electricity generation, transmission, distribution, and consumption. Within the National Electricity Market (NEM), there are simultaneous value streams in the spot and contract markets.

ELECTRICITY SUPPLY CHAIN



ZEN's ROLE IN THE ENERGY TRANSITION

ZEN Generation:
Sourcing renewable energy and storage from partners through PPAs and developing our own renewable assets



ZEN's Role:
Engaging DNSPs to bring new assets online and support our customers

ZEN Retail:
ZEN sells to large commercial and industrial customers who want 100% renewable or agree to a plan to get there by 2030

ZEN's Customers:
Large commercial and industrial customers focused on a path to net zero. ZEN customers can also help support the development of new renewable generation

Financial year 2024 saw us refine our business model as we established our burgeoning asset development program and completed the financing of our first asset, the 111 MW/291 MWh Templers Battery in South Australia.

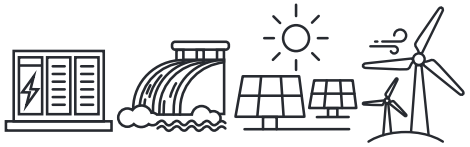
Our business model and strategy

Our business model drives how we strategically focus our business across the renewable energy supply chain. We drive discipline into how we govern our business through the different areas. ZEN's core strategy is to take a view of the direction of change in the electricity sector to drive financial growth, positioning the business to seize opportunities arising from the renewables energy transition.

PROVEN

ZEN is a proven zero-carbon utility creating sustainable value across the renewable energy supply chain.

ZEN sells long-term firmed renewable electricity to the growing segment of sustainability driven customers. We help our customers meet their core financial & sustainability goals, while co-creating other zero-carbon opportunities.



ZEN procures cost competitive firmed renewable generation through long-term contracting and building and operating renewable generation and storage across Australia.

ZEN manages market exposures through active engagement in derivative markets for electricity, renewable certificates and carbon credits, guided by a robust Wholesale Risk Management Framework.

ZEN executes innovative capital solutions to optimise value from core business opportunities, increasing capital availability, reducing cash requirements and lowering cost of capital as ZEN scales its customer, generation and hedging portfolios.

PLATINUM

ZEN has a strong pipeline of platinum opportunities with high quality organisations who are motivated to play a proactive role in the energy transition and green superpower economy.

PLATFORM

ZEN has a synergistic asset development portfolio powering customers' sustainability and financial goals.

POSITION

ZEN's strategic view of the direction of change in the electricity sector drives financial growth and positions the business to seize opportunities arising from the renewable transition.

PERFORMANCE

ZEN maximises financial returns and shareholder value through relentless focus on capital efficiency across the full value chain.

Our business model and strategy

During the second half of the year, several factors changed in the market and occurred at times different to that which ZEN had expected. Specifically:

1. Spot price outcomes have now become more strongly driven by weather than peak demand.

2. The value of geographic diversity has diminished as high levels of interstate correlation between intermittent generation reduced the benefit of having renewable generation in multiple locations.

3. Wind and price are now typically inversely related with periods of low wind generation now consistently coinciding with high spot price events such as the southern wind drought in May.

One-off timing events that impacted ZEN's earnings included:

1. Lower than expected earnings from new PPAs as executions delayed due to slower than expected finalisation of ZEN's convertible notes issue.

2. Removal of development margins forecast for the sale of Templers and Solar River projects as a successful capital program enabled ZEN to keep these assets on its balance sheet.

These fluctuations are to be expected in the Energy Transition and we are aligning our business to ride these changes as best we can, noting that this is certainly not the last time we will see these kinds of fluctuations in the market. Our FY25 business plan aims to ensure our position is well hedged and optimised, has an increased focus on energy storage, drives growth through performance reporting, forecasting and risk management, engages more sustainability-driven, platinum customers, broadens our asset development platform, and continues to prove our success as a zero-carbon utility.

Our material ESG topics

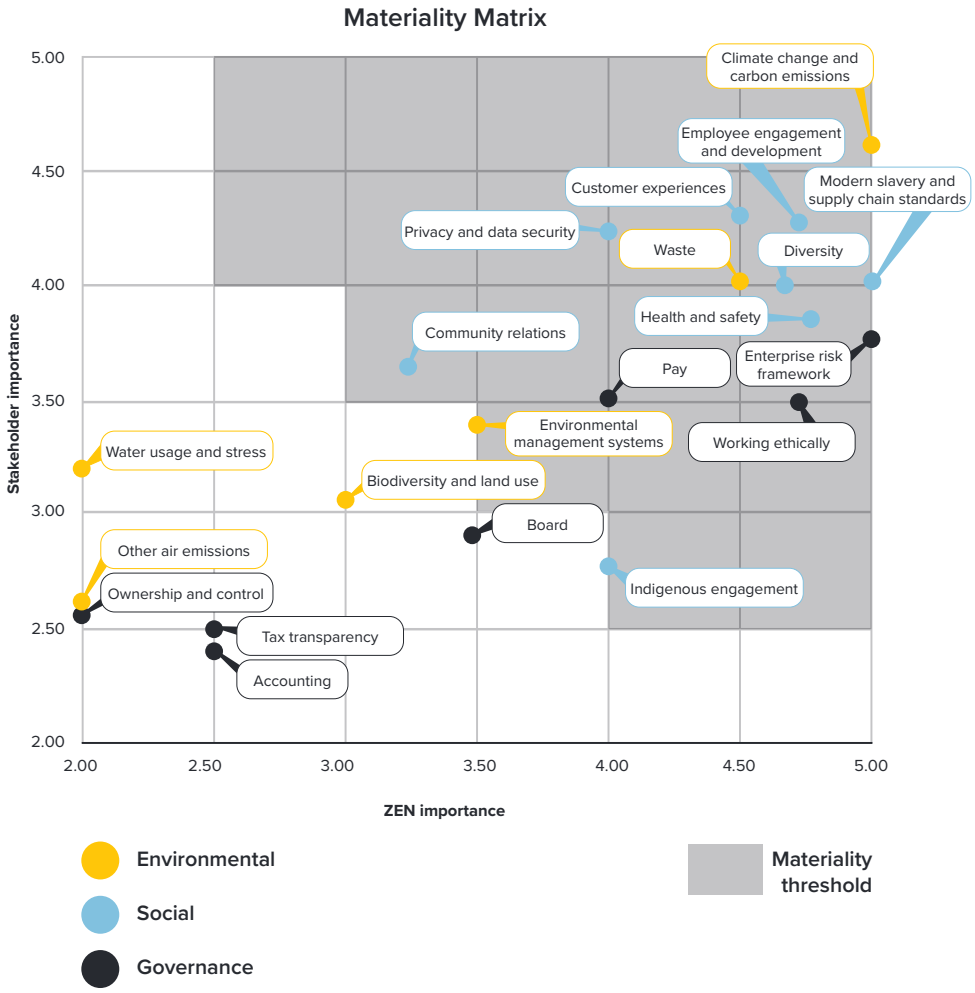
As a small organisation, we have chosen to focus on delivering to the commitments we made in the 2022 ESG report, which in turn resulted from our previous materiality assessment. As streams of work become embedded, we will continue to focus on where we can have maximum impact and thus meet our stakeholders' expectations.

This previous materiality assessment was carried out with reference to stakeholder priorities to identify the material ESG areas. Initial broad lists of material topics were compiled through research and reference to industry reports, Morgan Stanley Capital International (MSCI) ESG Materiality Map, Sustainability Accounting Standards Board (SASB) Materiality Finder, Global Reporting Initiative (GRI) Standards, and material from Sustainalytics.

From the initial lists of topics, we engaged stakeholder groups (including employees, customers, suppliers, and investors) through surveys, informal discussions, and document scans to determine each group's materiality rankings in relation to ZEN. This took place during February and March 2022.

The materiality survey was sent to all ZEN team members and 62 partners, consultants, suppliers, installers, and potential investors. Additionally, stakeholder priorities were drawn from public sustainability reports from eight customers, investors, contractors, and suppliers. The ZEN Board approved the materiality topics on 22 March 2022.

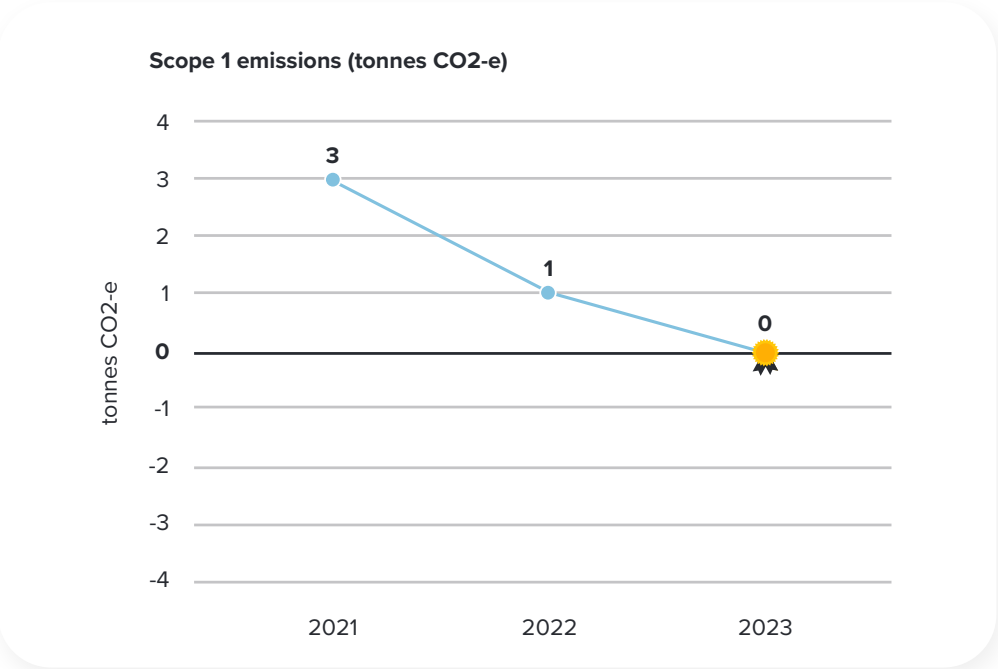
The introduction of mandatory climate-related financial disclosures and our ongoing **THIS IS TRANSITION** research provide further guidance on areas of materiality (see Community Engagement, page 34). We will incorporate this information progressively.



Environmental Impact

Scope 1 emissions

We have eliminated all sources of Scope 1 emissions since retiring our company vehicle in 2022. In calendar year 2023, our Scope 1 emissions decreased to zero tonnes of CO2-e, compared to one tonne of CO2-e in 2022. This is a faster and steeper reduction than our science-based target of 38 per cent reduction of Scope 1 greenhouse gas emissions by 2030 from a 2021 base year.

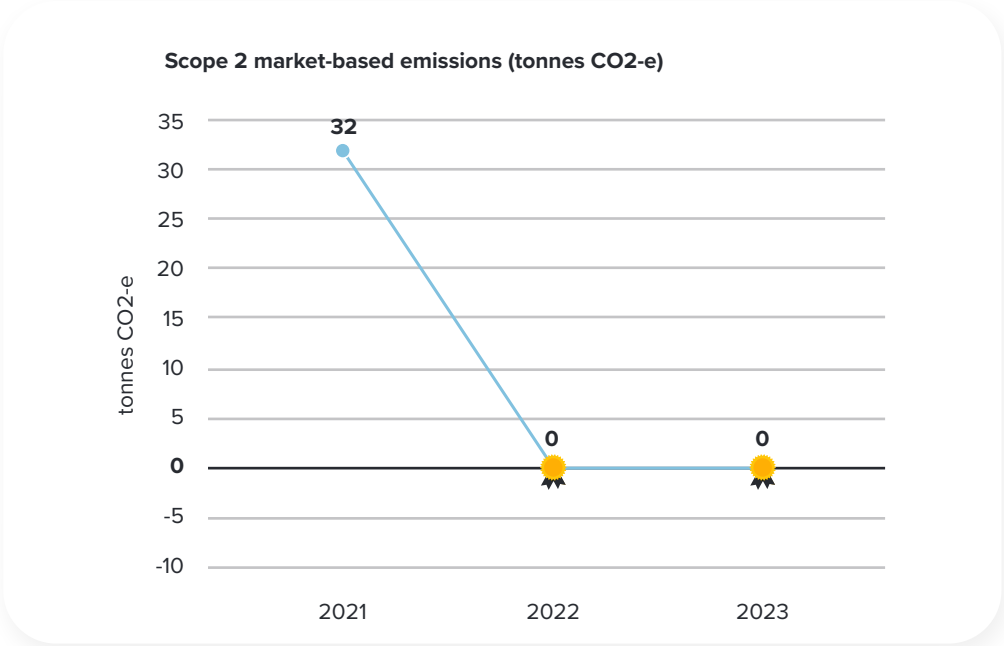


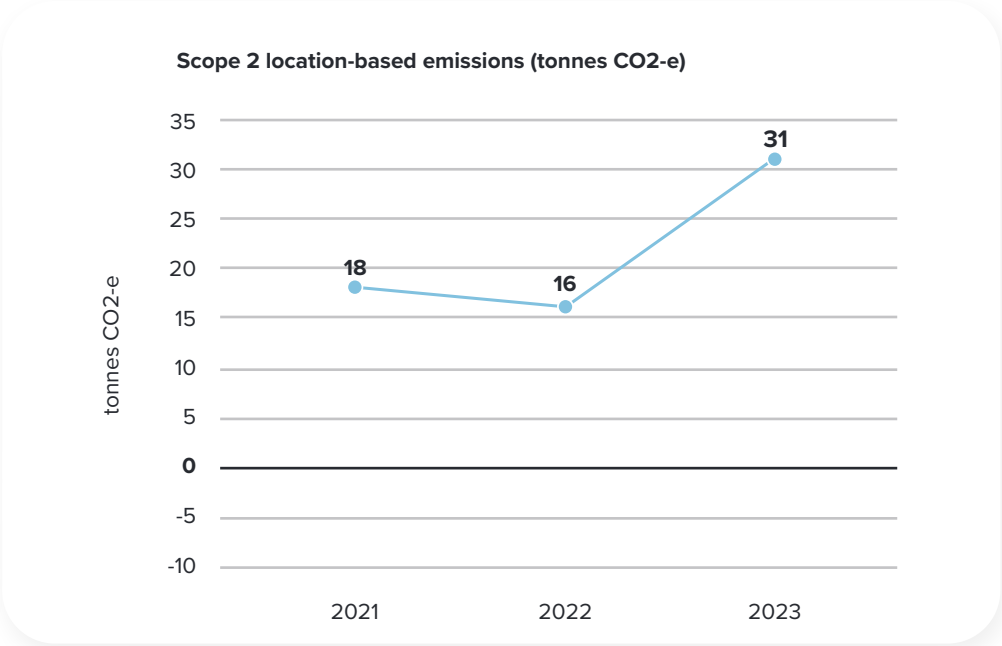
Scope 2 emissions

In 2023, our office electricity consumption increased to 65 MWh, compared to 45 MWh in 2022. This increase came from moving to a larger office space in Melbourne with an increased number of staff. There was also a period of no Melbourne office usage in 2022 whilst we changed locations which consequently reduced 2022's Melbourne consumption.

We continued to voluntarily surrender large-scale generation certificates (LGCs) against our office electricity consumption to make it 100 per cent renewable. As a result our market-based Scope 2 emissions continued to be 0 tonnes of CO2 e in calendar year 2023, a larger and faster reduction than our science-based target of a 38 per cent reduction by 2030 on 2021 levels.

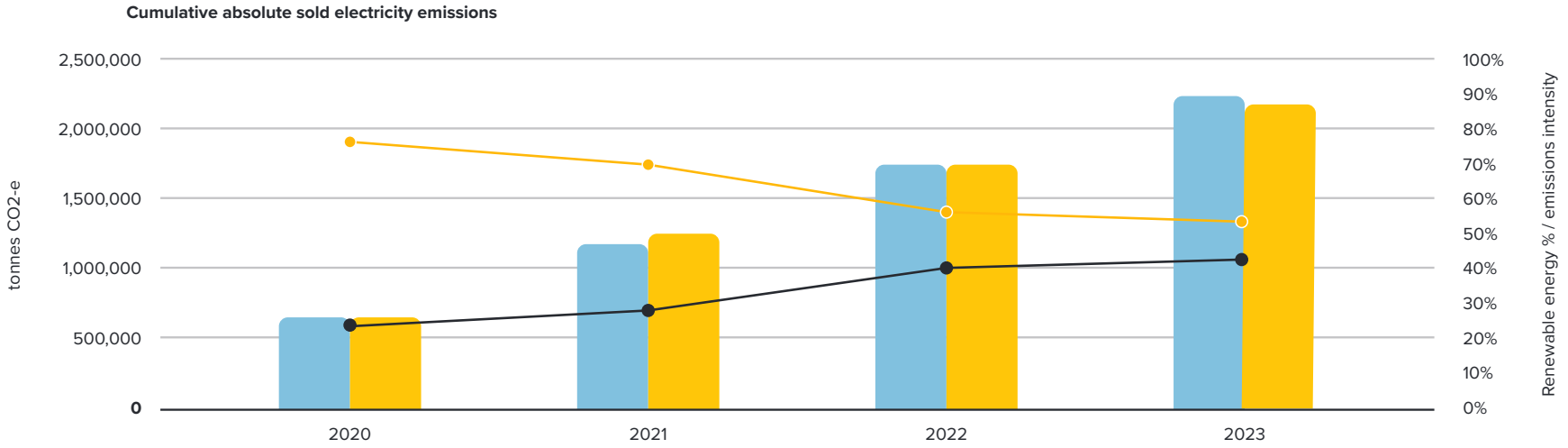
For transparency, using the location-based method, our Scope 2 emissions in 2023 increased to 31 tonnes CO2 e, compared to 16 tonnes CO2 e in 2022.





Scope 3 sold-electricity emissions

Decreasing our intensity, but absolute emissions continue to rise



	2020	2021	2022	2023
Annual emissions	608,194	519,384	522,686	566,104
Cumulative emissions	608,194	1,127,578	1,650,264	2,216,368
Cumulative emissions budget	608,194	1,172,400	1,692,617	2,168,847
Renewable energy %	23%	27%	39%	43%
Emissions intensity (t CO2-e/MWh)	0.77	0.70	0.56	0.52

Scope 3 sold-electricity emissions

Decreasing our intensity, but absolute emissions continue to rise

When we began reporting our emissions reduction efforts in 2021, we voluntarily committed to reducing our Scope 3 sold-electricity emissions in line with the SBTi's Guidance for the power sector. To help us achieve this, we aimed to work with our existing customers to move to 100 per cent renewable energy, and to work with potential customers who are willing to move to 100 per cent renewable electricity.

This is more difficult in practice. With renewables providing 35 per cent of electricity in Australia in 2023[5], and our customers at 43 per cent renewable overall, we are deep in transition. Although we purchase more than enough renewable electricity for our customers to move to 100 per cent renewable, we cannot control our customers' purchases.

Finding customers who are able to commit to 100 per cent renewable electricity is proving more difficult than we anticipated. In an economic period of sustained inflation, large customers are gradually becoming less inclined to pay more for renewable energy. This impacts our customer strategy, and raises a broader question around emissions reductions – is there value in building a relationship working together with a potential customer who is not initially able to commit to 100 per cent renewables? Or is there more value in us rejecting all but those who are already able to move to 100 per cent renewable energy now?

Transition is not about giving up when things get hard. It is about persevering, resetting, engaging and persuading. And that is what we continue to do. Our role in the transition is to increase renewable supply, driving down the overall cost of electricity and growing renewable demand. In developing renewable energy projects and sourcing PPAs, we are increasing the supply of renewables. To continue to develop our renewable supply portfolio, we must keep signing new customers. We are currently reassessing our customer strategy using our emissions modelling to determine the best way to drive a renewable transition for all.

For transparency, our Scope 3 sold electricity emissions using the location-based method increased to 490,667 tonnes CO2 e in 2023.

5 Department of Climate Change, Energy, the Environment and Water, 2024. Australian Energy Statistics, Table O Electricity generation by fuel type 2022-23 and 2023. https://www.energy.gov.au/publications/australian-energy-statistics-table-o-electricity-generation-fuel-type-2022-23-and-2023 (accessed 1/10/2024).

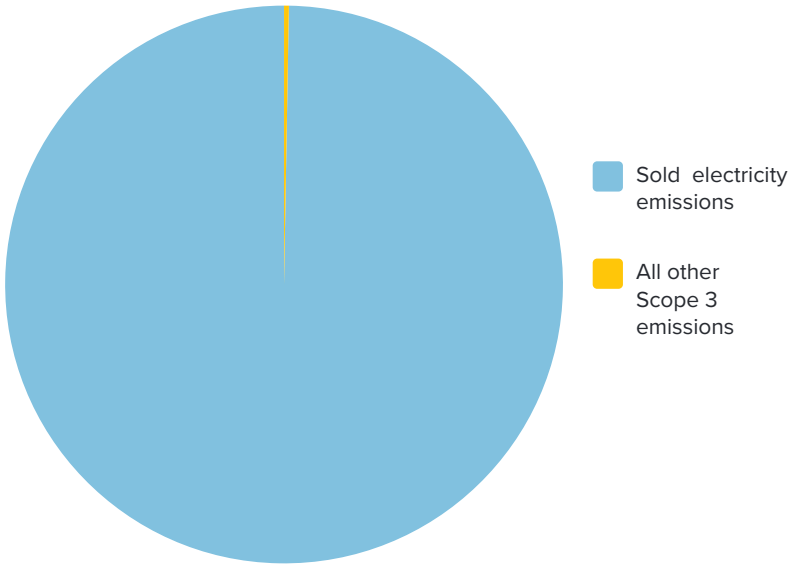
Remaining Scope 3 emissions

In 2021, we adopted the science-based target for small-to-medium enterprises to “measure and reduce Scope 3 emissions.”

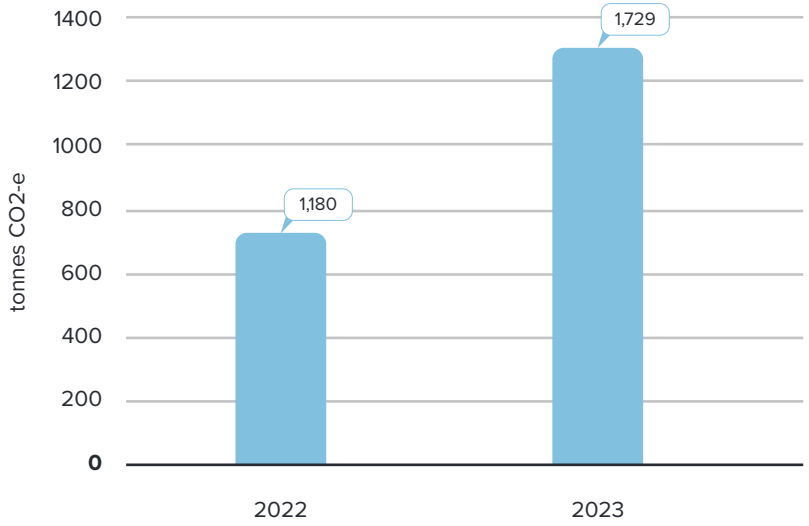
As a start, we have adopted a spend-based indirect measurement of our remaining Scope 3 emissions beyond sold electricity emissions. As this is our first full calculation of our non-sold electricity Scope 3 emissions, these numbers are unaudited. They will be in subsequent reports.

Our other Scope 3 emissions increased from 2022 to 2023, reflecting an increase in the size and volume of activities undertaken by ZEN. Our largest sources of Scope 3 emissions other than sold electricity include purchased goods and services and business travel. We aim to move to more accurate activity-based data to enable targeted emissions reduction activities, noting that the entirety of our other 2023 Scope 3 emissions was calculated to be less than 0.3 per cent of our sold electricity emissions. This means that we will continue to focus primarily on our sold electricity emissions, given the large potential emissions reductions available.

All CY2023 Scope 3 emissions



Other CY2023 Scope 3 emissions (tonnes CO2-e)



All other Scope 3 emissions by GHG Protocol category

GHG Protocol Category	2022	2023
Purchased goods and services	986	1,480
Capital goods	-	-
Fuel and energy related activities	-	-
Upstream transportation and distribution	-	-
Waste generated in operations	-	-
Business travel	155	195
Employee commuting	40	54
Upstream leased assets	-	-
Downstream transportation and distribution	-	-
Processing of sold products	-	-
Use of sold products	-	-
End-of-life treatment of sold products	-	-
Downstream leased assets	-	-
Franchises	-	-
Investments	-	-
Grand Total	**1,180**	**1,729**

All other Scope 3 emissions by Greenhouse Gas Protocol category (note totals may not add up due to rounding)

Renewable project environmental impacts

Maintaining biodiversity is critical to defend against climate change. Our research showed 60 per cent of people surveyed listed environmental impacts as their major concern for renewable energy projects[6]. Land and oceans absorb more than half of all carbon dioxide emissions, and more than half of global GDP directly relies on healthy ecosystems[7]. We must ensure we avoid negative environmental impacts, and where possible, have a positive impact on nature. This is especially true as ZEN commences renewable energy project construction this year.

The Commonwealth Treasury has indicated that nature-related impacts will eventually be included in mandatory reporting under their Sustainable Finance Strategy. As of June 2024, the Federal Government is yet to introduce the comprehensive environmental law reform committed to in its 2022 Nature Positive Plan. The Taskforce on Nature-related Financial Disclosures and Science-Based Targets for Nature provide a framework for organisations to manage and disclose their nature-related risks, set science-based targets and incorporate nature into their decision-making processes.

Just as we are at the beginning of our renewable project development journey, we are also at the beginning of our nature-related impacts reporting. As we continue to mature our processes, we are committed to improving and expanding our reporting in this area, guided by changes in legislation and best practice reporting frameworks.

TEMPLERS
ZENENERGY PROJECT

The Environmental Protection and Biodiversity Conservation (EPBC) Self-assessment for Templers BESS concluded in 2022 that associated impacts were “not likely”, with the Native Vegetation Council assessing the environmental impacts and granting consent for the development later that year. The Ngadjuri Access Clearance Survey Report (Cultural Heritage Survey), required by the Aboriginal Heritage Survey Agreement, was also completed in 2022 and recommended Cultural Heritage Monitoring be performed during ground disturbance activities. Cultural Heritage Monitoring was successfully completed during the initial excavation of Templers BESS and no items of significance were found. These assessments, surveys and monitoring found no significant environmental or heritage constraints.

WESTERN SYDNEY PUMPED HYDRO
ZENENERGY PROJECT

The Western Sydney Pumped Hydro project can be constructed with minimal impacts on environmental and cultural heritage values. It proposes to connect a new upper reservoir sited on a former coal washery to Lake Burragorang. The upper reservoir will be almost entirely contained within a degraded former coal industry site, minimising impacts on natural and cultural heritage values. The upper reservoir will be lined and the cycling of water from Lake Burragorang to the new upper reservoir has been modelled with results showing no impact on water quality expected. The volume of water used is <1% of the volume of Lake Burragorang and will only have marginal affects on shoreline habitat, similar to the effect of wind pushing towards the shoreline.

The construction of the intake into Lake Burragorang will require works within the Burragorang Valley, a highly sensitive location. We have engaged expert environmental and cultural heritage advisors to undertake assessments of the values within the Burragorang Valley, findings from these assessments will be used to inform the design and construction methodology to avoid as much as is reasonably practicable. These studies will co-designed with the Gundungurra Peoples. A Community Benefits Scheme will consider funding for restoration projects in consultation with the local community and stakeholders.

6 ZEN’s This is Transition Whitepaper published June 2024. https://www.zenenergy.com.au/knowledge-base/industry-news/in-depth-community-research-reveals-the-challenges-of-change-to-renewable-energy/.

7 United Nations, 2022. “Biodiversity - our strongest natural defense against climate change”. United Nations. https://www.un.org/en/climatechange/science/climate-issues/biodiversity (accessed 1/10/2024).

Social Impact

The ZEN team

Transitioning our workplace to be world class

In our first ESG Report in 2022, we committed to working with ZEN people to drive improvements in employee engagement, development, remuneration, and diversity and inclusion. Since making these we have undertaken a program of work to engage with our people to identify areas where we are doing well and areas to improve, and our engagement score for 2024 was 78 per cent compared to the industry benchmark of 69 per cent . We continue to grow in numbers, with 85 employees at the end of FY24, up nearly 10 per cent since last financial year. As more people join ZEN, we also continue to work to improve the experience of ZEN people.

Our 2024 Diversity and Inclusion survey results show where we are doing well and where we can improve. The results were largely positive, with our strongest scores demonstrating a strong foundation for a respectful and inclusive work environment.

Survey question	Positive responses
ZEN Energy values diversity	90%
I feel comfortable sharing my background and experiences	89%
I feel culturally safe	87%
I am able to be authentic	87%
I feel respected	86%

At the same time, other scores point to concrete areas to improve – particularly in the areas of talent management, growth and enabling voice and inclusion in decision making.

Survey question	Positive responses
My job performance evaluation is fair	71%
I believe recruitment processes are fair	71%
I believe promotion processes are fair	54%
Career opportunities are clearly communicated	69%
I am included in decision making about my work	60%
Perspectives like mine are included in decision making	70%
I can voice a contrary opinion without fear of negative consequences	71%

The ZEN team

Transitioning our workplace to be world class

To address these areas we introduced the ZEN Elevate program to foster a culture of uplift and growth. Elevate focuses on lifting skills and capabilities across our team, engaging women, diversity in all its forms and fostering the next generation of the ZEN team. Elevate is underpinned by a Learning & Development program for all staff that will commence in FY25. Our new Human Resources Information System (HRIS) will also improve individual development with a newly introduced Learning Management System LMS Go1 that will provide staff access to 89,000 plus online courses over 250 providers.

Our first ever group of Curious Minds Graduates “graduated” this year, marking a highly successful program that we will continue in FY25.

ZEN Elevate is a Learning and Development program for all staff commencing in FY25

Elevating our people’s skills and capabilities.

Celebrating uniqueness and enabling our people to bring their whole selves to work.

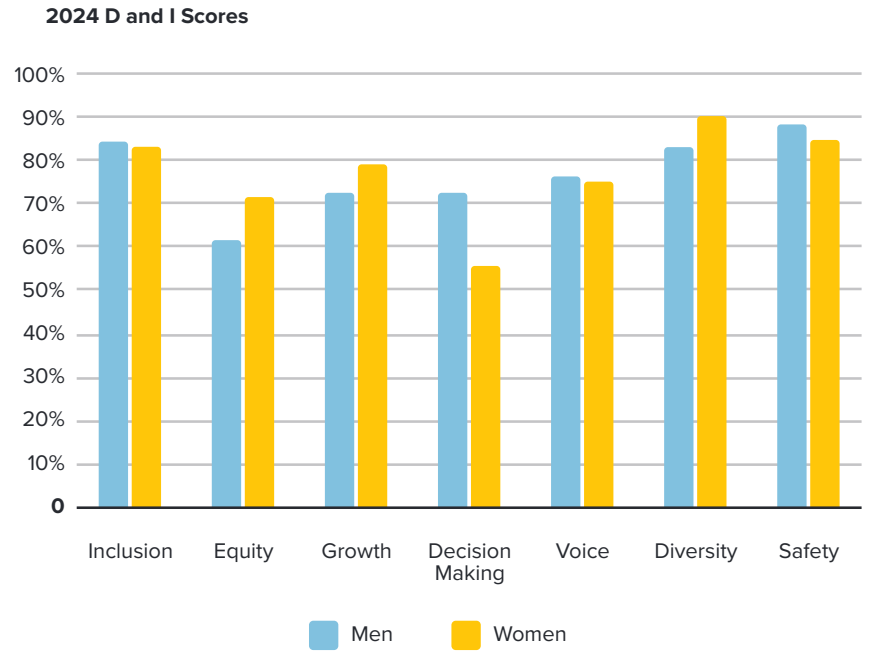
Creating a safe space that is culturally inclusive, enabling women to help each other and develop their professional career in our industry.

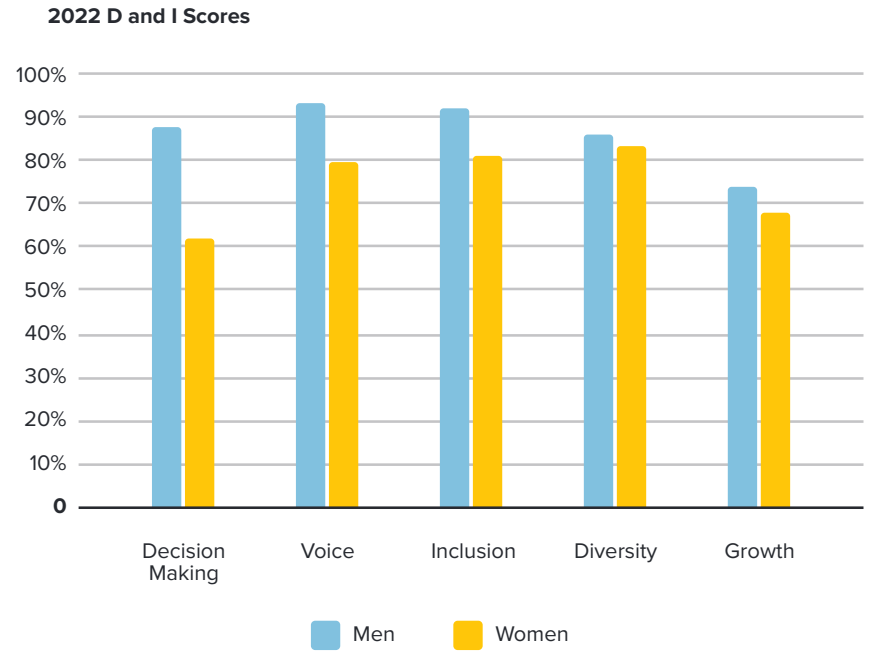
Creating a pathway for the next generation of ZEN

The ZEN team
Transitioning our workplace to be world class

Our newly formed Diversity and Inclusion Committee takes charge of working with the ZEN team to define areas for improvement identified through the survey, ensuring ZEN is a place where all people can thrive.

ZEN's women's network, ZEN-A, continued to build out its program of work with 97 per cent of ZEN-A's mentoring program participants saying that they would recommend the program to their colleagues. Our mentoring program continues with monthly catchups for 20 women at ZEN (33 per cent up from last year's group in size) and enjoys a satisfaction rating of 90 per cent. As a result of the ZEN-A program, we have seen diversity and inclusion scores for women increase significantly from 2022 to 2024 across a range of areas.





The ZEN team

Transitioning our workplace to be world class

In 2023, we became the first Australian-headquartered electricity retailer signatory to the global Equal by 30 Initiative. This year, we progressed significantly against our commitments.

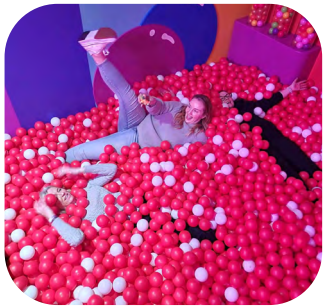
Goal	Action / measure
Create an internal program that will support women within ZEN with a view to assess and endorse career enhancement opportunities.	• International Women's Day breakfast in each state • International Women's Day Breakfast – keynote Senator Penny Wong • 20 participants in mentoring program
Aim for gender balance that reflects with a goal to reach 45% by the end of 2025 and 50% by 2030. Include full gender pay review for equivalent roles and alignment by June 2024.	• As of June 30, 2024, we were progressing well towards this target with 41% of the ZEN team identifying as women. • We hired on an equal basis with 13 new women and 13 new men joining the ZEN team. • We reduced our gender pay gap to 19% from 40% in FY23. Our only band where there is still a gap is band 4 – where we have a range of singular roles that differentiate significantly. We are now at 89% equity in this band, a marked improvement of 71% from last year.
Support return to work practices by delivering a revised parental policy in line with industry best practice, to have in place by June 2024.	• We launched a new parental leave policy including 18 weeks paid parental leave, eligible to any full or part time team member who has completed six months continuous service. This pay includes super contribution. • This year was a wonderful year for ZEN babies. We had four men and two women access the new parental leave policy. • This year, one man returned full time, one woman and two men returned to work part time and one woman remains on parental leave.
Expand female representation at the leadership level.	Female representation at every level in ZEN (where Band 7 is Chief Executive Officer level) was: Band 7: 0% Band 4: 33% Band 1: 66% Band 6: 40% Band 3: 36% Band 5: 25% Band 2: 33%
Actively inspire next generation of women to join ZEN and our industry.	We rewrote our job ads and descriptions to encourage more women to join ZEN. Our team attended multiple women's events across industry and leaders joined the Equal by 30 Ambassador Working Group Chaired by the Chair of the Australian Market Energy Commission.

The ZEN team

Transitioning our workplace to be world class

Our Social and Wellbeing activities continued strongly throughout FY24. Our diverse range of events and initiatives saw strong participation throughout the year. Some examples:

Our quarterly Wellbeing Day policy clocked 239.5 days of proactive wellbeing leave taken by 83 ZEN people over FY24.



Our ZENnet intranet and CitiZEN newsletter provided multiple channels for ongoing communication

Our first ever group of Curious Minds Graduates "graduated" this year, marking a highly successful program that we will continue in FY25.

Glynn Jones, Bianca Bastian, Cathy Hochwald, Geoff Titus, Melanie Carson and Wes Bloss braved the cold weather to walk 15 km in below 10°C weather in South Australia to help our customer, SAHMRI and their researchers create a brighter future for the community. We raised $15,455 and the ZEN team was the second highest fundraising team.

Our 360° feedback program also continued to facilitate development of our leadership capabilities throughout the business.

Work health and safety

As we transition to being an asset developer

Work Health and Safety (WHS) is managed through our bi-monthly WHS Committee meetings, with all agenda and meeting minutes, centrally located and shared in our ZEN Integrated Management System. Our 2024 Objectives and Targets were developed in collaboration with all ZEN staff for input, in order to maintain the effectiveness of our WHS Management plan.

In line with our ISO WHS requirements, we conducted an all-staff review of WHS System documents to ensure all WHS policies and procedures are fit for purpose and aligned with legislative requirements. We also underwent an external ISO WHS audit, with zero non-conformances raised. The whole ZEN team underwent training on changes to sexual harassment and workplace law changes.

	FY24
Number of incidents	0
Number of incidents reported that resulted in first aid or medical treatment	0
Number of incidents reported that resulted in an injury	0
Number of incidents notified to the authority within required time frame	0
Lost time injury	0
Number of complaints on discrimination, harassment and victimisation	2

A very small number of lodged complaints were handled through our Grievance and Whistle Blower policies, with copies of reports, file notes, disciplinary action and recommendations kept on file accordingly. Executive, CEO or Board are informed of serious complaints whilst maintaining confidentiality.

As we progress our renewable project development, we have also progressed our WHS processes to mitigate the changed risk. Our WHS policy explicitly places responsibility on ZEN to ensure construction safety best practice is applied. A member of the Asset Development Team sits on the WHS Committee to report on project WHS risks. Our contractors and suppliers must demonstrate commitment to proactively preventing safety issues for workers and comply with all relevant occupational health and safety laws when they agree to our Supplier Code of Conduct. WHS Reporting for our Templers BESS construction occurs through separate weekly and monthly reports from our construction contractor. As at the end of FY24, no safety events had been reported from that project.

ZEN's customers
At the heart of the transition

Customers are integral to the energy transition – their desire to purchase renewable electricity is a significant driver behind increasing levels of renewable energy consumption. For ZEN, this about focusing on organically growing our customer portfolio in line with sourcing more renewable energy to supply them.

We grew our market share to 5.2 per cent of consumers who chose to purchase renewable energy against voluntary certification programs and organisational emissions target in calendar year 2023[8], as we signed agreements with more marquee customers.

Winning new customers

ISPT one of Australia's leading property fund managers, selected ZEN to power Queensland locations, including Brisbane's Central Plaza and Wintergarden shopping centres, along with other ISPT properties, from 2025 with 100 per cent renewable energy linked to the Bluegrass Solar Farm.

SEEK chose ZEN to power their Australian operations with 100 per cent renewable energy, linked to: Diapur, Ferguson North, Ferguson South and Mortons Lane wind farms in regional Victoria. SEEK additionally committed to purchasing 2,000 renewable energy certificates per year which will contribute to offsetting their international operations in Asia and Latin America. This is a direct outcome of the traceability of Australia's Renewable Energy Target program overseen by the Australian government's Clean Energy Regulator.

> "We are pleased to be partnering with a quality energy retailer like ZEN Energy to supply renewable energy to our Queensland properties, building on similar power purchasing agreements that we have in place in Victoria, NSW and the ACT. When the agreement commences, 90 per cent of the electricity needs across our entire portfolio will come from renewables – putting us close to achieving our goal of being 100 per cent powered by renewables by 2025."
>
> Steven Peters, Chief Sustainability Officer, ISPT.

> "SEEK's target is to achieve net zero across all emissions scopes by 2030. We are also committed to 40 per cent emissions reduction across all scopes by 2025. Partnering with ZEN Energy to transition to renewable energy across our office operations will be a significant step towards achieving these goals"
>
> Kate Koch, Chief Financial Officer, SEEK.

8 Calculated from Clean Energy Regulator, 2024. "QCMR data workbook – March Quarter 2024". Clean Energy Regulator, https://cer.gov.au/document/qcmr-data-workbook-march-quarter-2024 (accessed 25/6/2024).

ZEN's customers
At the heart of the transition

Sharing new ideas with our customers

We continued to expand and grow our relationship with the Southern Sydney Regional Organisation of Councils (SSROC) – an association of local councils in the Sydney area.

To celebrate the end of FY24, we gathered with our customer on Gadigal land – at Eveleigh in New South Wales – to discuss relevant developments, including the Western Sydney Pumped Hydro and the SSROC Battery Project. The Chief Executive of our partner, MAC Trade Services, attended as a guest speaker, offering insights into the NSW incentive schemes for businesses and residents, the Peak Demand Reduction Scheme, and updates on industry electrification initiatives.

We launched a formal Net Promoter Score feedback program

As ZEN continues on its journey to deliver an outstanding experience to our customers, we launched our first ever Net Promoter Score (NPS) survey. We achieved a commendable +12 score with a solid response rate of 14 per cent. This compares very well to other industry participants' scores where AGL is sitting at an average +7 for FY23 (year end +5), Origin at -2 (FY23) and Energy Australia at -6 (FY22 last published rate), noting that these competitors also serve residential customers and ZEN does not.

Respondents were able to give multiple reasons why they are loyal to ZEN, with 64 per cent of respondents rating us highly due to our brand and reputation and 64 per cent citing our quality customer service. Twenty-six percent cited our ESG focus and 20 per cent cited our pricing. The most frequently occurring combination was "Brand & Reputation" and "Customer Service".

ZEN has a complete NPS program to roll out in FY25 to continue to measure and enhance our customer service; in the meantime taking specific actions on issues highlighted by customers.

Net Promoter Score

The NPS measures customer loyalty by looking at their likelihood of recommending a given business.

A NPS is measured with a single-question survey and reported with a number ranging from -100 to +100, where a higher score is desirable.

A NPS of above 0 s good, above 20 is favorable, above 50 is excellent, and above 80 is world-class.

ZEN's customers
At the heart of the transition

Customer portal

This year we launched a brand-new Customer Data Portal. Specified, designed, built and tested by our internal teams, the portal enables our customers to self-serve their meter and billing data, and other valuable information such as historic invoices. We created a video to guide the customers through the portal.

At launch, for each of our customers who logged into the portal, we made a donation to Deadly Science, a not-for-profit organisation providing science, technology, engineering and mathematics (STEM) resources and learning experiences to regional and remote schools in Australia, connecting young First Nations people with STEM professionals.

ZEN then topped up the donation to a total of $10,000, to be used to fund an additional seven Deadly Learner sessions during 2024. These sessions will be with regional and remote primary and high schools across Australia and enable 126 students (and their teachers) to gain access to STEM learning from the sessions.

PACE (Progressive Acquisition of Energy)

We launched PACE, ZEN's online energy procurement platform enabling large and sophisticated electricity customers to strategically purchase energy. Rather than purchasing fixed-rate electricity at a single point in time, progressive pricing adopts a flexible approach that allows for more transparent and adaptable energy procurement. Progressive purchasing enables customers to mitigate timing risks by gradually securing energy prices over an extended period. This strategy helps to manage the volatility of market highs and lows, reducing the likelihood of locking in contracts at peak market points.

ZEN's platform is market-leading in that we enable a mix of calendar, financial and quarterly strips for customer purchase, other products in the market only allow quarterly purchases. We are the only retailer enabling purchases to be as little as 0.1 MW of energy; other products in the market only allow 1 MW.

ZEN's partners
Cultivating Superpower opportunities for transition's destination

Stonepeak

In March 2024, ZEN announced that it had signed a deal with Stonepeak, a New York-based alternative infrastructure and asset investment firm, for an investment of up to ~A$70 million (~US$46 million) into our Templers Battery Energy Storage System. Stonepeak's funding facilitated our ownership of Templers, with opportunities to extend the support as we deliver against our significant pipeline of renewable assets.

DGA Energy Solutions – 100 per cent subsidiary of Mitsubishi Corporation

In May, 2024, we announced the completion of a Memorandum of Understanding with DGA Energy Solutions Australia, a 100 per cent owned subsidiary of Mitsubishi Corporation to support DGA's green hydrogen strategy and Mitsubishi Corporation's decarbonisation aspirations.

HDRE – Hongde Renewable Energy Company

In June, we signed an MoU with Taiwanese listed renewable retailer, HDRE (market cap over A$1 billion) to work together on select energy storage project developments and for future cooperation in green energy projects such as green hydrogen. This marks a significant milestone in our fast-growing asset development program.

"ZEN has built a strong business through a combination of long-term customer contracts and renewable PPA offtake agreements, and we are excited by the Company's growth trajectory and potential impact on the energy transition in Australia. We look forward to partnering with ZEN as they continue working on Templers BESS and building out their pipeline."

Darren Keogh, Senior Managing Director at Stonepeak

"DGA Australia aims to be a leading supplier of green hydrogen in the Oceania region, starting first with local production to meet the needs of businesses in Australia and moving to the export of hydrogen-based products from Australia to Asia. Partnering with ZEN, an early mover in the energy transition who already supplies a group of platinum customers from a scalable renewable generation platform, will enable us to move closer to our goals."

Kentaro Matsumura, Managing Director of DGA Energy Solutions Australia.

Community engagement
Engaging through the energy transition

The renewable energy transition cannot happen without community involvement. Our stated purpose continues to be to lead communities into a zero-carbon world. As we have progressed our renewable energy project development, we have expanded our community engagement program, focusing on locations where we are building or aspire to build.

Research – THIS IS TRANSITION

We have partnered with Essential Research, to conduct quarterly qualitative and quantitative public opinion surveys and studies, tracking key issues impacting the country's energy transition. Each quarter's research will focus on a theme topical for the energy transition, enabling an exploration of people's opinions and their motivations at a deeper level than may be the case with other opinion research.

The first piece of research, published in June found current community consultation practices are viewed cynically and that only a genuine partnership will work for communities where projects are proposed. Australians have consultation fatigue and deep scepticism about 'tick-a-box' efforts on energy projects that then claim a social licence.

In return for acceptance of construction in their backyards, communities are demanding early and proactive engagement with locals, Traditional Owners and other important stakeholders. This includes involving affected people in decision-making and in co-designing aspects of projects. Project benefits must be set aside early and allocated, based on local needs. Local needs can no longer be defined for the community with cash seemingly splashed on relatively low value items such as new footy jerseys. Instead, it is important that deeper systemic issues faced by a community and region are identified early by developers, so they can influence positively and constructively to their resolution.

Click here for link to report

Community engagement
Engaging through the energy transition

Renewable project engagement

Sentiment from local stakeholders is positive towards the Templers Battery project. We have received formal letters of support from the local Light Regional Council as well as from the state MP, Penny Pratt.

Light Regional Council has remained consistent in its support of the project, both before and after ZEN assumed the development lead. Regular communication, responsiveness to feedback and, resulting design alterations, have ensured a co-operative and positive working relationship.

The Templers project has also been positively received by the local Traditional Owners, represented by the Ngadjuri Nation Aboriginal Corporation (NNAC) Board, who have a strong interest in an ongoing partnership with ZEN and our offer of funding for a part-time employee to support their operations.

ZEN will provide $500,000 over the life of the Templers and Solar River projects to NNAC to be allocated by the Board as it sees fit ($25,000 per annum). These funds will be used to engage a consultant to support the Board to develop an Economic Development Strategy for the Corporation.

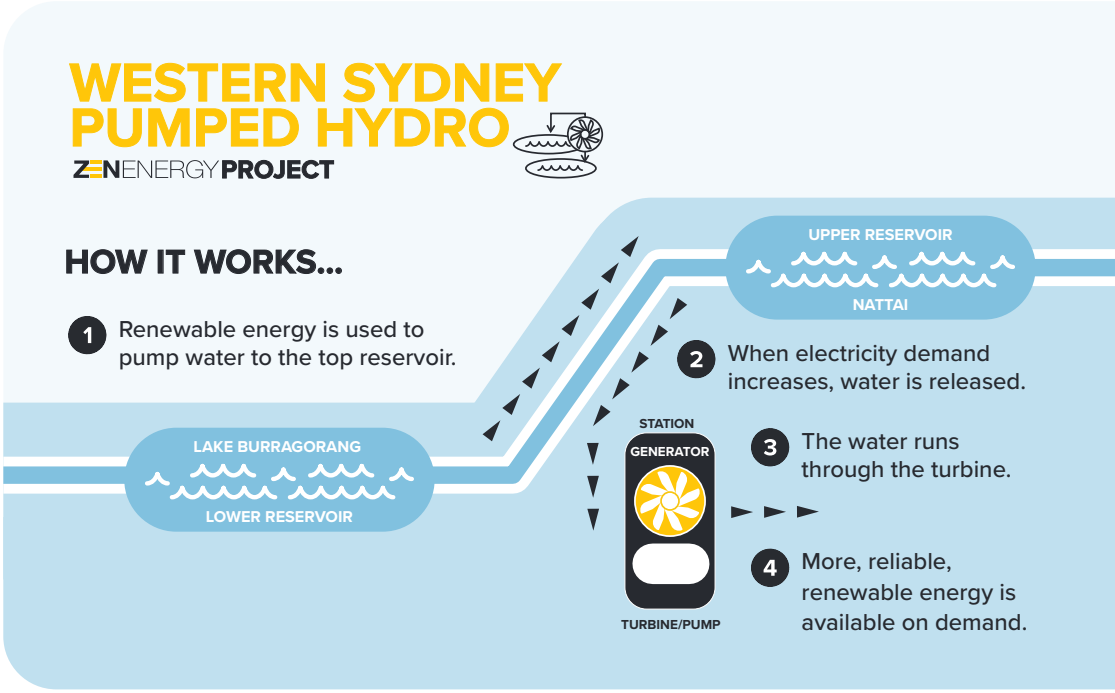
ZEN will also support Ngadjuri with the promotion and implementation of its Healthy Country Plan with the aim of ensuring that projects taking place on Ngadjuri Country adhere to the community's expectations regarding cultural and environmental heritage.

Community engagement

Engaging through the energy transition

We have been open and regular with our communication across all stakeholder groups for WSPH and so far, the project has received a warm reception including support from NSW State Member for Wollondilly, Judy Hannan MP, when visiting the site.

> “Australians are well-known as innovators. Often ahead of the curve thanks to our unique environment, this is no more obvious than in a project that is proposed for Wollondilly, NSW: Western Sydney Pumped Hydro, a site-specific project that responds to the unique challenge of what to do with the defunct Burragorang Valley Coal Washery site in Nattai.”
>
> Judy Hannan MP



Click here for link to the story

Community engagement
Engaging through the energy transition

Renewable transition advocacy

This is Transition research highlights the importance of community views around the transition. We also continued to advocate for the renewable transition more broadly through speaking engagements and making submissions to policy consultations.

This year, our leaders presented on subjects as diverse as:

- Our Chief Financial Officer, Phillipa Chen, spoke in July about market signals in energy and carbon markets that are shaping Australia's Energy Transition at the Clean Energy Council's Australian Clean Energy Summit.
- Our Executive General Manager of Markets, James McIntosh, spoke in October, 2023 at the Energy Retail Excellence Conference in Queensland on the concept of protecting consumers from volatile wholesale prices and at the Solar and Storage Conference on Innovating with battery storage and the concept of embedding green energy into hydrogen, iron and data.
- Our Board Director, Ross Garnaut, was a panellist at the European Australian Business Council's Ministerial Corporate Lunch in August and Industry Forum, attended by European Commissioner for Energy, Kadri Simson; Australian Minister for Climate Change and Energy, the Hon Chris Bowen; and ZEN's peers in the energy transition.

L-R Daniel Westerman of Australian Energy Market Operator (AEMO); Danny Nielsen of Vestas Ross Garnaut AC of ZEN Energy and Professor Emma Johnston AO FAA FTSE of University of Sydney & CSIRO

Links to government submissions, research papers

ZEN submission EPBC reform

Capacity investment scheme ZEN submission

Resolving complexity

ZEN response to SA greenpaper

ZEN white paper transition

ZEN White paper risk reward

Reconciliation action plan

What does our engagement with First Nations Peoples look like?

Under our inaugural Reflect[9] Reconciliation Action Plan (RAP), we worked to establish structures to embed reconciliation actions across our business, and to understand where we could progress reconciliation through our key focus areas of community partnerships, cultural learning, employment pathways and First Nations procurement.

This began with building a foundational level of cultural competency for ZEN's people through formal face-to-face training and external speaker events, as we began forming relationships with Traditional Owner groups and First Nations clean energy networks to better understand the role we can play in advancing reconciliation as a renewable energy retailer.

We have adopted and embedded the First Nations Clean Energy Network's engagement principles to ensure we apply best practice in our engagement with Traditional Owners from around Australia. We have also developed a First Nations procurement policy that sets out mechanisms to promote the engagement of First Nations businesses through our supply chain, both through direct contracting, and through setting expectations with our tier one contractors to demonstrate the engagement of First Nations businesses through sub-contracting arrangements.

Our reconciliation journey over the last 12 months also included actively advocating for the YES campaign and the full implementation of the Uluru Statement from the Heart. Despite the disappointing outcome, our commitment to implementing and advancing our RAP remains firm. We will amplify our decision to be a voice for strong relationships, respect and opportunities and we have stepped up our work to give the First Peoples of Australia a voice in our work.

9 For further understanding of Reconciliation Australia's RAP framework – please see https://www.reconciliation.org.au/reconciliation-action-plans/the-rap-framework/.

Reconciliation action plan

What does our engagement with First Nations Peoples look like?

This year we have worked towards making our first renewable energy asset a reality. With construction beginning on our first project and several other projects in our pipeline, we have identified our renewable energy projects as a priority area for reconciliation opportunities. This includes the negotiation of community benefits packages with Native Title holders that deliver shared value and support broader community aspirations.

We are now progressing to the next stage of our reconciliation journey, an Innovate RAP in recognition that reconciliation with First Nations peoples is an ongoing process of growth and that ZEN must do more within our sphere of influence. Our RAP will continue to be a roadmap for our relationships and engagement with First Nations peoples and communities. We remain committed to our core purpose of leading communities into a zero-carbon world and understand that First Nations peoples have a vital role to play in that transition, as the Traditional Owners and custodians of Country.

Click here for link to report

Reconciliation action plan

What does our engagement with First Nations Peoples look like?

WESTERN SYDNEY PUMPED HYDRO
ZENENERGY PROJECT

On the proposed Western Sydney Pumped Hydro project, ZEN has committed to the First Nations Clean Energy Network's best practice engagement and consultation approach:

- **Early Engagement** – engagement with Traditional Owners is our highest priority are the first stakeholders we are engaging with as part of this project.
- **Respect, Listen and Understand** – we value the unique knowledge that Traditional Owners hold regarding Country, culture and community. We hope to build a relationship where the community is comfortable sharing this knowledge with ZEN.
- **Protect Country and Cultural Heritage** – we understand that this landscape has incredibly high cultural and environmental value and that this heritage must be protected. We want to empower the community to guide how we do this.
- **Co–design** – we believe there are genuine opportunities for the Aboriginal communities to be engaged in the design of our projects including site selection, heritage management, Caring for Country, community benefit sharing and others.
- **Community Benefits** – ZEN will allocate a substantial amount of funding, annually (for the life of the project), to support initiatives that are important to the community. If approved, we will allocate an initial $5 million in a Community Benefits fund, followed by $1 million per year for the next 10 years, and then a further $5 million will be allocated. We propose to direct a portion of this funding to specifically support outcomes prioritised by the Aboriginal communities.
- **Equity and Transparency** – we understand the importance of open and regular communication with our stakeholders and commit to co-design an engagement processes that meet the needs of the Aboriginal communities. As this can be time-consuming, we ensure that people are compensated for their time and can provide resources to build organisational capacity.

Our suppliers
Making the energy transition happen

As we commence our renewable energy project construction, we become increasingly exposed to complex global supply chains in locations at high risk of being involved in modern slavery practices. The Australian Human Rights Commission and KPMG identified most modern slavery risks in Australia's energy sector relate to the direct procurement of goods used in the construction of power infrastructure. In line with this view, we have assessed our original equipment manufacturer (OEM) suppliers contain the largest risk of modern slavery in our operations and supply chains. This is due to a combination of factors including supply chains in high-risk geographies, demand for base-skill workers, the temporary and seasonal nature of work, use of labour outsourcing, low visibility over multi-tiered supply chains and reliance on long chains of logistics and transport which, themselves, are areas of high modern slavery risk.

To identify and assess actual and potential human rights impacts, ZEN has:

- Developed an improved procurement policy and supplier assessment process to ensure procurement decision making considers a range of sustainability criteria including modern slavery and human rights.
- Built a supplier questionnaire to supplement our Supplier Code of Conduct during the procurement process. The questionnaire includes requiring potential suppliers to share their ESG policy, environmental or OHS policy, Modern Slavery Statement, confirmation they do not use forced labour, and confirmation that they and their suppliers have not been convicted of an offence relating to modern slavery or are the subject of enforcement proceedings or inquiries.
- Engaged globally recognised assurance and risk management experts, DNV[10], to perform an onsite audit of three high-risk supplier facilities, identifying and assessing potential risk factors around facility management systems and supply chain due diligence, human rights and labour rights, occupational health and safety, environment protection, and business ethics and governance.
- Explored a partnership to test that the origin of polysilicon products is aligned with the ban enforced by the United States Customs and Border Protection on silicon-based products from certain areas and companies.
- Updated our whistleblower policy and procedure to provide more reporting options, including to an external whistleblower hotline provider, and provided more detail around the reporting, protection, confidentiality, and report handling and investigation processes.
- Sent ZEN staff to inspect suppliers' overseas factories and offices.

We have built some visibility of our renewable project development supply chains over the reporting year; however, our oversight is limited to the information provided to us by suppliers about their own operations and supply chains or through agreed-to audits with the supplier. To try and provide additional independent oversight of supply chains, we have explored partnering with an external provider to develop a verification of origin for polysilicon methodology to trace the source of a key raw material used in solar panels.

All energy infrastructure requires raw materials sourced from around the world, and we believe the renewable transition must benefit all people, and not just those in wealthy countries. This is easier said than done. We look to continually uplift our modern slavery due diligence and reporting levels to mitigate the risk present in renewable energy supply chains. Particularly, this will require understanding who our suppliers' suppliers are to better assess and mitigate the risk of slavery being used in any part of our renewable energy projects. We also look forward to improvements made to the Modern Slavery Act (Cth) to drive improved due diligence across the country.

10 https://www.dnv.com.au/

Governance

Board and governance structures

As a private company, board composition is largely representative of shareholdings. The nomination and selection process for independent Board members involves a comprehensive process incorporating and recognising any skills gaps at the board level, engaging within our extended community, a structured interview process, and engagement with current board members and our executive leaders. The Chair and the Chief Executive Officer will seek to drive a program of work to appoint additional Directors to complement the growth trajectory of ZEN and to facilitate succession planning – befitting a maturing and high-growth business.

ZEN has benefited immensely from the strategic insights, leadership, experiences and networks of its Board of Directors. The Board composition as of 30 June 2024 is:

Raymond Spencer, our Chair, has experience in leading organisations and achieving a high performing initial public offering. Mr Spencer is the founding partner of RSVP Ventures, which oversees an investment portfolio of more than a dozen companies in the United States and Australia.

Michael Lane specialises in providing strategic management and tax advice to private businesses and their investment activities.

Chair - Audit and Finance Committee

Purpose - Review and recommend to the Board to endorse the annual financial statements. Review and ensure integrity in reconciling the statutory and management financial statements.

Paula Conboy has deep experience, spanning 25 years in the energy sectors of Australia, Canada, Singapore, and the United States. Ms Conboy is an expert in leadership, corporate governance, and leading transformational change.

Chair - People and Culture Committee

Purpose - Review and make recommendations to the Board on the remuneration and benefits strategy of ZEN and initiatives to support developing a thriving and inclusive organisational culture.

Norman Pater established the Carbon Farming Foundation and contributed to numerous private, public, listed and not-for-profit boards over the last 30+ years.

Chair - Risk and Governance Committee

Purpose - Note and highlight any significant issues from the regular renewable electricity portfolio risk reports shared by the Wholesale Risk Management Committee and via the monthly Performance Report.

Professor Ross Garnaut has played a critical role in transforming the Australian policy and business landscapes in the past 40 years. He is a leading voice in the national conversation on energy transition and economic reform.

Chair - Energy and Carbon Markets Committee

Purpose - To facilitate scaling of external advocacy and partnerships, including beyond the scope of just the electricity markets.

Board and governance structures

Forming Burragorang Valley Green Energy - Governance and Board

For our Western Sydney Pumped Hydro project, ZEN has formed a partnership with the SADA Group, who have operated at the coal washery land in Nattai since 1995. Their knowledge and experience will be vital to transitioning the former fossil fuel site into a renewable energy beacon. ZEN has taken a 51 per cent stake in Burragorang Valley Green Energy (BVGE), with SADA remaining in place as a 49 per cent owner. The new Board of Directors for BVGE reflects this, with existing members Tony McFadden and Peter Dunbier of SADA Group joined by two new directors, ZEN's Chief Governance Officer, Glenn Garnaut and Dan Manderson GM Assets and Generation, from ZEN Energy. These governance arrangements will help ZEN develop this project and mitigate the corresponding risks.

Risk

Our enterprise risk process continues to develop with each risk assessment and review, ensuring the process remains as relevant to the business as possible. We continue to work to align our risk mitigation with our Board-approved Risk Appetite Statement. At a management level, enterprise risks are overseen and managed through our Executive Management Board with more focused committees managing wholesale, retail and work health and safety risks.

Through our enterprise risk process, risks are identified by all executives and assessed by a group of relevant staff across the business. The risk assessment requires the assessing group to collaboratively describe the risk itself, and its potential causes and consequences. Consequences are mapped out on a risk impact matrix from insignificant to catastrophic, across a range of risk impact areas relevant to the business. Likelihood is assessed from rare to almost certain, with guidance provided around the definitions of these terms. Together, likelihood and consequences are mapped on a risk matrix that then provides a level of inherent risk, from low to catastrophic.

Controls are listed and rated, and the risk is reassessed in light of the effectiveness of these controls in reducing the likelihood and/or consequences, resulting in a residual risk rating. Following assessment, risks are prioritised by their residual risk rating and monitored by the internal risk team and Chief Governance Officer.

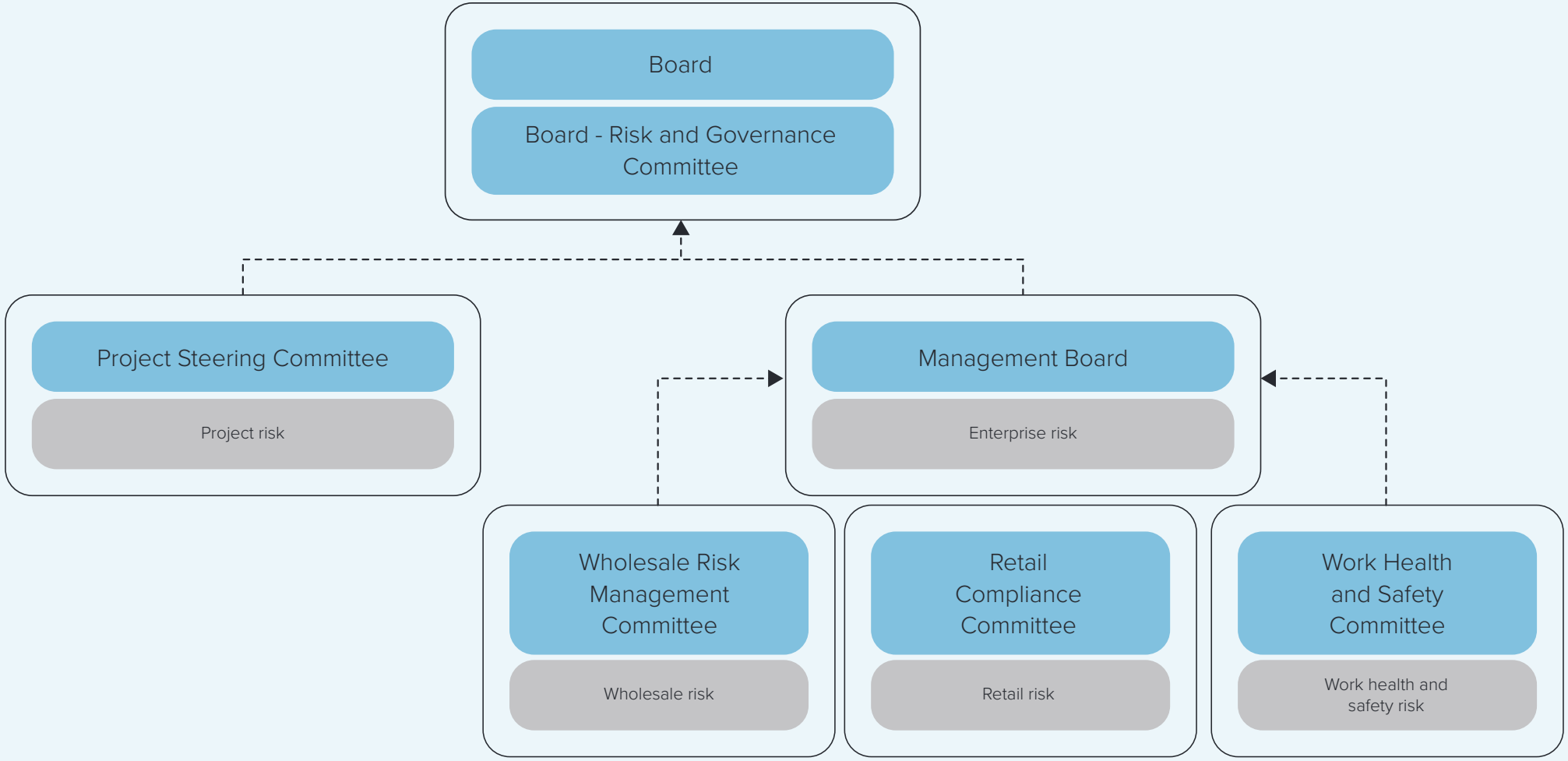
Our wholesale risk management processes continue to grow in sophistication, with additional resources being dedicated to Risk Analytics and Reporting. This focus will allow us to drive load and generation forecasting improvements, continue to develop and improve market risk and credit risk measurement tools and reporting as well as maintain strategic overview of the long-term risk position of the business and ensure alignment with key strategic actions.

Tailored risk processes have been developed by our Project Steering Committee as ZEN begins construction on physical renewable energy assets. Reporting from our construction contractors, including risk reporting flows through to our Project Steering Committee who review risk identification, assessment, monitoring and mitigation.

As our business continues to navigate the renewable energy transition we will continue to refine and expand our risk processes to ensure our risks and opportunities are managed within our risk appetite.

Risk

ZEN Risk process



Climate risk

In line with our theme of transition, we are beginning to report against the Australian Sustainability Reporting Standards as part of the mandatory climate-related financial disclosure requirements introduced by the Australian Government. In this report we have presented our full emissions account. Our goal is to begin reporting on climate-related risks and opportunities here, with the aim of iteratively improving and expanding our reporting to be fully compliant by the time we are required to by law.

Governance

The Board has ultimate oversight of all climate-related opportunities resulting from generating, procuring, and selling renewable electricity, and the climate-related physical and transition risks to the electricity system and ZEN. These responsibilities are deployed primarily through the Board's oversight of the Enterprise Risk Register and the work of two Board Committees: Energy and Carbon Markets, and Risk and Governance. These Committees meet at least quarterly and escalate any critical matters to the attention of the full Board. The Board also spends considerable time reviewing and providing input to this Impact Report as a key accountability tool related to climate risk.

Each financial year, ZEN's business plan presents the blueprint on how we create financial value from the opportunities of the energy transition. The Board assesses performance and risk mitigation against each year's business plan which works to achieve ZEN's mission to lead communities into the zero-carbon world. As part of this process, all sustainability targets are approved by the Board and progress is monitored alongside business plan progress. The Board has oversight over our emissions reduction targets.

We have not yet undertaken a climate-related skills and competencies assessment of the Board; however, several members of the Board and executive have undertaken the Australian Institute of Company Directors' course on climate governance.

Given the ZEN mission, and our strategy to achieve our science-based emissions reduction target, all our management structures become responsible for oversight of climate-related risks and opportunities. These are overseen at a management level by the Executive Team and:

- In overseeing our portfolio position, the Wholesale Risk Management Committee is responsible for managing the potential physical climate-related risks to the electricity market, as well as the opportunities presented by a volatile market in transition.
- The Investment Committee is responsible for managing the pipeline of climate-related opportunities in renewable electricity asset development, as well as assessing the climate impact of potential projects.
- The Project Steering Committee is responsible for managing the climate-related risks to our renewable asset development projects.
- Our ISO management system explicitly considers climate change as an external factor impacting the effectiveness of ZEN's ISO Management Systems.

Climate risk

Reporting on all sustainability issues, including climate-related risks and opportunities occurs regularly, through each of these governance and management structures.

Climate-related risks and opportunities targets are not explicitly included in remuneration policies. However, the targets in the broader business plan and remuneration bonuses for all staff are linked to financial performance, which relies on our ability to achieve our purpose which would mitigate climate-related risks and take advantage of climate-related opportunities.

Climate-related risks and opportunities

Climate risk is monitored through our enterprise risk framework, which includes regular reviews and focussed reporting. Although climate risk is not specifically prioritised over other risks, climate-related impacts are considered individually and in relation to other risks such as our wholesale portfolio risk.

The enterprise risk framework is reported to the Board, through the Board Risk and Governance Committee. Relevant risks are also considered through the Investment Committee and Project Steering Committees. We have only assessed our resilience in the current scenario of an ongoing energy transition in our current energy market conditions, with a federal 82 per cent renewable energy target, a legislated 2030 emissions target and no carbon price. We are not yet able to perform other scenario analysis or to assess the effects of climate risks on our related financial statements.

We aim to improve our reporting and incorporate further scenario analysis and financial impacts in future years.

Broadly:

- One hundred per cent of the business is vulnerable to climate-related transition risks / aligned to transition opportunities – the entire business model depends on the renewable energy transition occurring, and because of this, it is also aligned to the opportunities of the renewable energy transition.
- One hundred per cent of the business is vulnerable to climate-related physical risks – the entire energy system is dependent on physical assets which are extremely vulnerable to climate-related physical risks. The health of all life on the planet is also extremely vulnerable to physical climate-related risks, further illustrating that the entirety of all businesses is vulnerable to physical climate risks.

The following pages are a summary of some of the major climate-related risks and opportunities faced by ZEN. This assessment was carried out through an internal risk assessment process, involving relevant staff across the business in line with our enterprise risk process.

Climate risk

Risk description	ZEN response, including effects on business model, value chain, strategy and decision making	Resilience of strategy and business model
Transition - opportunity Global demand for renewable energy continues to grow. The renewable energy transition presents an opportunity to generate and sell more renewable electricity as organisations and Australia look to meet their emissions reduction targets.	Our strategy focuses on taking the opportunity presented by the renewable energy transition. This includes sourcing renewable energy PPAs, developing our own renewable generation and storage assets, selling to renewable focused customers, advocating for transition, developing analytics to manage our wholesale portfolio, and working to attract green investment.	The major uncertainty in realising this opportunity is the pace and scale of the renewable energy transition itself. We are also currently seeing a fossil fuel driven energy crisis, creating further uncertainty. In the midst of this uncertainty, we continue to demonstrate the viability of our strategy in taking this opportunity, growing our customer base and generation portfolio, and developing renewable projects.
Transition - risk Failure to meet our sold electricity emissions reduction targets. This could come from a change in ZEN's priorities, changing of government priorities and policies, supply constraints, and/or a lack of desire from consumers to purchase renewable electricity.	Our strategy revolves around achieving our science-based emissions reduction targets through taking the renewable transition opportunities described above. Our emissions reduction targets inform our customer strategy and help guide the amount of renewable energy to be procured in the portfolio strategy. We procure more than enough renewable electricity to enable all our customers to go to 100% renewable immediately. ***Metrics*** Our annual Scope 3 sold electricity emissions in 2023 have dropped by 7% compared to calendar year 2020, and we have increased our renewable energy percentage from 23% in 2020 to 43% in 2023. However, greater emissions reductions will be required to meet our requirements (see Emissions for more details).	Policy and regulation wise, our strategy is resilient given the Australian Government have announced a 2030 renewable energy target, legislated a 2030 emissions reduction target, and the importance of renewable electricity in achieving those emissions reductions. If policy changes, ongoing increases in voluntary surrenders of LGCs over time demonstrate demand for renewable electricity. The introduction of mandatory Scope 3 reporting may drive an increased uptake of renewable electricity in various supply chains. It is currently difficult to obtain sufficient renewable demand from customers to achieve our reduction targets, negatively impacting our resilience. These difficulties are discussed in more detail in the Emissions section of this report.

Climate risk

Risk description	ZEN response, including effects on business model, value chain, strategy and decision making	Resilience of strategy and business model
Physical & transition risk The energy market experiences disruption due to climate change physical and transition impacts. This includes changes to electricity generation and customer demand patterns in response to climate change. Acute weather events increase the volatility of the market, and chronic changes in weather make market trends, seasonal variation and volatility more difficult to predict and prepare for. Risk to transmission lines may also impact the ability of our generation to send electricity to the grid. Government policies can also influence and distort the electricity market. The wholesale electricity market will also continue to experience volatility in the absence of a clear transition plan and as fossil fuel closures occur or are delayed.	Our strategy focuses on locking-in long-term customer and generation contracts, and generally aims to have more generation than load in our portfolio to avoid high market price fluctuations. We contract both wind and solar energy from a range of locations to provide some protection against localised events. Our wholesale risk management determines our hedging strategy and informs the timing and the amount of market instruments we purchase to hedge our portfolio. It is informed by ongoing analysis of climate impacts on renewable energy generation and the broader electricity market, as well as analysis of the links between our customer consumption and temperature. We also continually monitor and assess wholesale market risk through the Wholesale Risk Management Committee (WRMC). As part of this we are developing more sophisticated risk assessment. We are prioritising storage development to provide flexible market coverage and responsiveness, further mitigating market uncertainty. We also engage with governments to continue supporting the transition. ***Metrics*** • Wholesale risk metrics and analysis • Engagement with government / advocacy	Operating in the energy market is inherently uncertain, and physical climate changes introduce additional complexity and uncertainty to managing an energy portfolio. Our hedging strategy has proved its resilience in past years and we continue to strengthen it as we begin to develop our own renewable energy projects, further ensuring our supply of renewable energy. From a transition risk perspective, we believe that the economics of renewable energy make a complete abandonment of renewables unlikely. However, we are still vulnerable to a slowing or stalling transition, which could slow our growth, generate more emissions, and worsen the physical impacts of climate change. Although not ideal, we believe our business model would remain resilient as we have already seen a slowing growth of renewable energy recently in Australia.

Climate risk

Risk description	ZEN response, including effects on business model, value chain, strategy and decision making	Resilience of strategy and business model
Physical – risk ZEN owned renewable assets are negatively impacted due to climate change impacts, both chronic and acute. These negative impacts include supply chain disruption, negative impacts on construction workers, damage to physical assets, and volatile generation patterns.	The global renewable energy supply chain, including ours, is heavily dependent on long, complex and opaque supply chains, which were shown to be highly vulnerable to disruption during the COVID-19 pandemic. We actively advocate to government for local renewable infrastructure supply chains to help mitigate this risk. Both acute and chronic physical impacts can have negative impacts on construction workers. We work with contractors with their own weather related WHS policies to mitigate this risk. Physical assets are vulnerable to damage from acute weather events. We have both construction phase and operational phase insurance cover for Templers BESS to protect against climate-related impacts, including extreme weather events. We also mitigate this risk through asset design. Equipment is specified to operate at higher than any historical locational temperatures, infrastructure is kept out of 1 in 100-year flood risk areas as a minimum, and all sites require some boundary buffer distance / fire break which is maintained to a low fire risk condition. Our actions to manage energy market risk also apply here as physical renewable assets make up a part of our broader energy portfolio.	We are as vulnerable as other renewable energy developers until governments decide to support local resource extraction and manufacturing, which would help to mitigate the risk of global supply chain constraints. Working with contractors that include climate impacts in WHS provisions improves the resilience of our construction sites. The combination of insurance and design increase the resilience of our physical generation assets to climate change impacts to a degree, but this risk cannot be completely mitigated in a changing climate. Our energy market resilience is discussed above.
Transition – risk Failure to attract sufficient green investment due to a slow transition.	We actively propose and implement innovative capital solutions with investors in order to scale our customer, generation and hedging portfolios and deliver maximal financial returns.	The Government's emissions reduction strategy includes a Sustainable Finance Strategy that aims to "enable Australian firms to access the capital needed to finance their own transitions and take advantage of new opportunities that arise." Alongside the legislated emissions reduction target, and the renewable energy target, this should help ensure that increased amounts of investment are available for emissions reduction activities.

Climate risk

Risk description	ZEN response, including effects on business model, value chain, strategy and decision making	Resilience of strategy and business model
Physical – risk Information and Communication Technology (ICT) operations are impacted by climate change.	Our ICT provider, Superloop, hosts and manages our cloud servers in accordance with ISO 27001. Through their partnership with Next DC and Equinix, Superloop utilises geo-redundant infrastructure across multiple locations to deliver seamless failover and continuous operation, and climate-controlled environments to maintain optimal operating conditions. Fire suppression systems ensure that operations can seamlessly continue at other locations if one site is affected and building fortification infrastructure also offers enhanced protection against extreme weather conditions. Advanced environmental monitoring systems and integrated early warning systems and weather forecasting enable proactive management and rapid response. In the event of failure, systems regularly back up critical data to secure off-site locations, ensuring data integrity and accessibility even during regional disruptions.	Barring widespread environmental collapse, our ICT operations are resilient to a wide range of climate impacts through our provider's climate risk mitigation actions.
Transition – risk Community resistance to renewable energy and associated infrastructure development.	We have partnered with Essential Research to conduct quarterly qualitative and quantitative public opinion research to track key issues impacting the country's energy transition. We are committed to running community engagement programs for each of our renewable project developments, with ongoing engagement currently in place for our Templers BESS and Western Sydney Pumped Hydro projects. Our Reconciliation Action Plan documents how we aim to build reconciliation with First Nations peoples through our business activities, particularly through our renewable project developments. Our actions focus on early, proactive engagement, involving local people in decision-making and co-designing, and allocating project benefits based on local needs.	Although we can never guarantee community acceptance of a project, our approach helps ensure we have some resilience to this risk. At the same time, communities may be influenced by anti-renewable messaging or developers with poor community engagement practices. Although we advocate for the broader renewable energy transition, an element of this risk remains outside of our control and so we remain vulnerable to these climate-related developments.
Transition – risk Policy and regulation changes create unfavourable conditions for renewable energy development.	Our strategy includes a strong engagement program with various state and federal governments to continue to drive programs that accelerate the renewable energy transition. We have discussed specific areas of engagement related to climate risks above where relevant.	In our resilience assessments, we have assumed that government policy remains at least at its current levels of support for emissions reductions and renewable energy. We have discussed specific areas of resilience related to policy change where relevant.

Cybersecurity

We continued to enhance our cybersecurity processes to ensure that our data and systems remain as secure as possible. Actions taken include:

- Continual review of a range of key network components, system architecture, policies, process rules, access controls and whitelisting.
- As part of our ISO 27001 certification, implementing the Essential Eight[11] framework, and scheduling regular (at least annual) ISO compliance events including disaster recovery and penetration testing
- Conducting simulation testing, including (but not limited to) phishing and ransomware, with follow up training as required.
- Implementing improved cybersecurity governance including obtaining cyber insurance and improving cybersecurity Board reporting
- Conducting business impact analysis to refine the Business Continuity Plan
- Designing and implementing a vendor assessment process

11 https://www.cyber.gov.au/resources-business-and-government/essential-cyber-security/essential-eight.

ISO accreditation and compliance

In July 2024 ZEN underwent a surveillance audit for ongoing compliance with the ISO 27001 standard. The certification for ZEN successfully remains in place. There were no non-conformances identified throughout the surveillance audit and no corrective actions required.

From ZEN's surveillance audit in October 2023 for Quality, Environment and WHS and the surveillance audit for Information Security, the auditors commented on many positive findings and strengths of the business, including:

- The level of reporting improvements and business procedures remains commendable, with internal audits conducted to a high-quality.
- The Company's organic growth that has occurred over the past twelve months, with positive focus on future business and planning.
- The thought process behind the retail side of the business and the documented processes to cover operational elements.
- The number of repeat customers being retained.
- Staff awareness and understanding behind the Management System and the benefits to the company, including their individual responsibilities to meeting those requirements of the standards.
- Communication at all levels between staff is obvious and effective.
- Strong positive culture in the implementation of QR Code access for all staff for online risk, opportunity, and incident reporting.

Appendices

Glossary

Alternating Current - (AC)

The flow of electricity that changes direction periodically.

Ampere - (A)

An Ampere or “Amp” is a unit of electrical current/ rate at which electricity is flowing.

Australian Energy Market Operator - (AEMO)

The AEMO’s primary responsibility is to balance the demand and supply of electricity by despatching the generation necessary to meet demand.

Back-up power

Besides being a sustainable practice, this prevents you from not having electricity in a blackout or grid interruption.

Battery

Batteries are energy storage devices. Coupling batteries with renewable energy generation allows that energy to be stored during low demand and released at times of peak demand.

Battery Electric Vehicle (BEV)

Known as EVs (Electric Vehicles), they utilise the energy stored in their rechargeable battery packs.

Blackout

There is no light or power because of an electricity outage.

Capacity

Capacity is the maximum output of electricity that a generator can produce.

Capacity Market Programs – (CAP)

Capacity markets are used in some wholesale electricity markets to pay resources for being available to meet peak electricity demand.

Carbon Dioxide – (CO2)

Carbon Dioxide is a gas released by human activities.

Carbon Footprint

The amount of greenhouse gas emissions released into the atmosphere generated from our activities, such as food creation and consumption and transport.

Carbon Monoxide – (CO)

Carbon Monoxide is a gas naturally present in the atmosphere.

Direct Current - (DC)

An electric current is uni-directional, therefore flowing continuously in the same direction.

Electricity

A form of energy resulting from the existence of charged particles (such as electrons or protons), either statically as an accumulation of charge or dynamically as a current.

Electricity Measurement

VOLTS VOLTAGE - **V**

AMPS AMPERE - **A**

WATTS - **W**

MEGA WATTS - **MW**

KILOWATT - **kW**

KILOWATT HOUR - **kWh**

Energy Efficiency

Energy efficiency means minimising energy waste to perform the same function reducing costs and greenhouse gases.

Environmental, Social, and Governance - (ESG)

Ethical standards to measure the companies’ impact on topics such as Climate Change (Environmental), Human rights (Social) and Business Ethics (Governance).

Feed-in Tariff – (FiT)

Feed-in tariffs for renewable energy pay for excess electricity generated by small-scale solar photovoltaic (PV) or wind power systems.

Fossil Fuel

Non-renewable fuels including coal, oil, and natural gas.

Frequency

The balance of supply and demand controls the frequency. If the electricity demand is higher than the supply, there’ll be less frequency. However, if the supply is higher than the demand, the frequency is higher.

Generator

A tool that converts mechanical energy into electrical energy.

Gigawatt-Hour - (GWh)

One billion (1,000,000,000) watts of electricity.

Global Climate Change

Climate change is a long-term shift in global or regional climate patterns.

Greenhouse Gases

Any gas that absorbs infra-red radiation in the atmosphere.

Grid

A grid-connected transmission and distribution system allowing power to reach buildings.

Hertz - (Hz)

The number of Hertz equals the number of cycles per second.

Inverter

An electronic device or circuitry changes Direct Current (DC) to Alternating Current (AC).

Joule - (J)

A unit of energy.

Kilowatt - (kW)

A unit of measure which equates to One thousand (1,000) watts.

Kilowatt-Hour - (kWh)

The amount of energy used per hour.

Large Scale Certificate - (LGC)

Certificates were created and validated as a government incentive to install solar energy systems above 100kW.

Megawatt – (MW)

A megawatt is one million (1,000,000) watts of electricity.

Glossary

Megawatt-Hour - (MWh)

A megawatt hour equals (1,000) kilowatts of electricity generated per hour.

Megajoule - (MJ)

A Megajoule totals 1 million (1,000,000) Joules (J).

Meter

A device for measuring levels and volumes of electricity use.

National Electricity Market - (NEM)

The National Electricity Market is a wholesale market trading electricity between electricity producers and retailers.

National Greenhouse and Energy Reporting – (NGER)

A national framework responsible for reporting and disseminating company information about greenhouse gas emissions, energy production and energy consumption.

Offsets

Offset units used to compensate for emissions produced to reduce a carbon footprint.

Outage

An interruption of electric service that is temporary, also known as Blackout.

Peak Demand

Peak demand refers to the times of day when electricity consumption is at its highest.

Peak Load

The highest electrical demand within a particular period of time.

Peak Shaving

Peak Shaving consists of flattening the load profile and reducing the amount of energy purchased from companies during peak hours of energy demand to save costs.

Photovoltaic Cell – (PV)

A semiconductor that converts light directly into electricity.

Power Plant

An industrial facility that generates electricity from primary energy.

Power Purchase Agreement – (PPA)

Refers to a long-term electricity supply agreement between two parties.

Renewable (energy)

Energy generated from natural sources such as sun, wind and water and is continuously replenished.

Retail Market

A market in which electricity and other energy services are sold directly to the end-user.

Science Based Targets initiative - (SBTi)

Provide a clearly-defined pathway for companies and financial institutions to reduce greenhouse gas (GHG) emissions.

Scope 1 emissions

Are the emissions released into the atmosphere directly from an activity. Also referred to as direct emissions, examples include electricity generation and gas production.

Scope 2 emissions

Electricity consumed to power our offices and operating sites.

Scope 3 emissions

Encompasses indirect emissions, other than Scope 2, relating to value chain that we do not own or control, including wholesale purchases of electricity from the NEM.

Small-Scale Generation Certificates - (STC)

Small-Scale Generation Certificates are government incentives that help reduce the upfront cost of installing your energy solution and apply to systems below 100kW.

Solar Feed-in Tariff

The amount an electricity retailer pays for any electricity a solar energy solution generates that is fed back into the grid.

Solar Panel

They are constructed from a series of photovoltaic cells and generate energy from the sun. See Photovoltaic Cell – (PV).

Sustainability

Avoidance of the depletion of natural resources to maintain an ecological balance.

Tariff

A tariff is a price charged for the energy consumed.

Terawatt hour – (TWh)

A terawatt-hour is equal to outputting one trillion watts for one hour.

Thermal Energy

The energy that comes from the temperature of the heated substance.

Transmission Lines

The poles and wires carry electricity to everyone's homes, schools and workplaces.

Ultrahigh Voltage Transmission – (UVT)

Electricity transportation over bulk-power lines at voltages greater than 800 kilovolts.

Utility (industry)

A utility company sells electricity and connects it to homes.

Variance

Permission is granted for a limited time (under stated conditions) for a company to operate outside the limits prescribed in a regulation.

Volt - (V)

One Volt is defined as energy consumption of one Joule per electric charge of one Coulomb.

Watt - (W)

A Watt is a unit of power, and power is the rate at which energy is produced or consumed.

Watt-Hour - (Wh)

One watt of power is expended for one hour, representing one thousand (1,000) of a kilowatt-hour.

Wholesale Power Market

Generators and retailers trade electricity in Australia under the National Energy Market.

Corporate Policies

Risk description	Resilience of strategy and business model
Quality, Environment and WHS Policies	Outlines ZEN's commitment to conduct our business in a manner that respects all the applicable laws, regulations, standards, and other requirements and is committed to maintaining systems compliant with the internationally recognised standards ISO9001, ISO14001 and ISO45001.
Corrective Actions and Business Improvements	Reporting system for business improvements, non-conformances and non-compliances and subsequent corrective and preventive actions that may be required.
Incident Investigation and Reporting	ZEN's approach to incident reporting and investigation in ensuring the health, safety and welfare of all persons within the workplace.
Workplace Health and Safety	ZEN's commitment to a workplace free of occupational injury and illness, a robust health and safety risk management system based on continuous improvement and a workplace and culture supportive of the priority we place on health and safety.
ICT Security Statement	Protects the Confidentiality, Integrity and Availability of the data and systems we use to service our customers and stakeholders. ZEN Energy has implemented and maintains an Information Security Management System (ISMS) aligned with industry best practices.
Information Security Policy	This policy establishes and communicates the expectations for cyber security within ZEN Energy and supports the business's ongoing secure operation to protect our staff, customers, and external partners.
Code of Conduct	Outlines the standards expected of ZEN Energy Personnel and how they should conduct themselves through all business activities.
Anti-Bribery and Corruption Policy	This policy outlines how ZEN Energy conducts its business ethically, with integrity, and in compliance with all applicable laws.
Whistleblower Policy	ZEN has improved the ability for employees, suppliers and other stakeholders to report any concerns about wrongdoing or misconduct, engaging an independent third-party provider with dedicated avenues for confidential reporting.
Modern Slavery Policy	ZEN Energy works proactively to reduce modern slavery within our supply chain and business operations, and we expect all organisations we engage with directly or indirectly to behave in the same manner.
Supplier Code of Conduct	All directors, employees and contractors of, and suppliers to, ZEN Energy are expected to observe the highest possible standards of behaviour, ethics and integrity as a condition of their employment and relationship to ZEN Energy.

How we calculated our emissions

Scope 1

We use the organisational control approach to consolidate our emissions, where "a company accounts for 100 per cent of the GHG emissions from operations over which it has control," as opposed to the equity share approach, where "a company accounts for GHG emissions from operations according to its share of equity in the operation."

To calculate Scope 1 emissions, we use emission factors and global warming potentials from the National Greenhouse Accounts Factors 2024, which include CO2 (Carbon Dioxide) , CH4 (Methane) and N2O (Nitrous Oxide).

Scope 2

We obtained our office electricity consumption directly from the meter data for each site.

Under the market-based method, emissions-free electricity was calculated by subtracting the number of Large-scale Generation Certificates (LGCs) surrendered against the calendar year to the Clean Energy Regulator (CER) from the amount of used electricity to determine emissions-free electricity. Any remaining electricity is multiplied by the Scope 2 emissions factors from the National Greenhouse Accounts Factors 2024. With the latest emission factors stating they are for financial years ending in June, we have applied the average of each relevant financial year to obtain a calendar year factor. For consistency we have applied this to previous years, which may have slightly changed the previous figures.

Calculations

Melbourne consumption – 29.26 MWh
Adelaide consumption – 36.00 MWh
LGCs surrendered – 67 LGCs

CY 2023 SA emissions factor – 0.24
CY 2023 VIC emissions factor – 0.78
Residual national emissions factor – 0.915

Market-based emissions – (29.26 + 36 MWh – 67 LGCs) * 0.915 = **0 t CO2-e**
Location-based emissions – (36MWh * 0.24) + (29.26MWh * 0.78) = **31 t CO2-e**

How we calculated our emissions

Scope 3 (Sold electricity emissions)

Our electricity emissions (Scope 3 sold electricity) are calculated using the market-based method for electricity emissions, as detailed by the Greenhouse Gas Protocol.

Using the market-based method, the number of Large-scale generation certificates surrendered against the calendar year to the Clean Energy Regulator was subtracted from the amount of sold electricity as zero-emissions electricity. Our sold electricity volume is obtained from the Australian Energy Market Operator's Market Management System (MMS); specifically, from the SETCPDATA table which "shows meter settlement data for each connection point. This is the key view for retailers to verify energy charges."[12] We subtracted the number of LGCs surrendered against the calendar year to the Clean Energy Regulator (CER) from the amount of used electricity to determine emissions-free electricity.

A residual emissions factor is calculated using the Scope 2 and 3 national emissions factor published in the National Greenhouse Accounts Factors by the Commonwealth Department of Climate Change, Energy the Environment and Water. In recent releases, the published factors have included a residual emissions factor, in previous years we have adjusted to remove the impact of the Renewable Power Percentage in line with the methodology published by Climate Active. With the latest emission factors stating they are for financial years ending in June, we have applied the average of each relevant financial year to obtain a calendar year factor. For consistency, we have applied this to previous years, which may have slightly changed the previous figures.

The remaining amount of sold electricity is then multiplied by the residual emissions factor to calculate the GHG emissions associated with power deliveries.

12 https://nemweb.com.au/Reports/Current/MMSDataModelReport/Electricity/MMS%20Data%20Model%20Report.htm (accessed 1/10/2024).

The numbers used in the calculations for 2023 are as follows:

Market-based method
Wholesale electricity purchased to sell to customers – 1,086,394 MWh
LGCs surrendered (by ZEN or by ZEN customers) – 467,701 LGCs
2023 Australian Emissions Factor = 0.715 t CO2-e / MWh
Residual emissions factor = 0.915 t CO2-e / MWh
Market-based emissions = (1,086,394 MWh - 467,701 LGCs) * 0.915 = **566,104 t CO2-e**

Location-based method
For transparency, we also report our Scope 3 sold-electricity emissions using the location-based method, where each State, Territory or grid in Australia is assigned a separate emissions factor and multiplied by sold electricity in each jurisdiction. In this method, renewable energy purchases are ignored and are split up evenly amongst all electricity consumers in each jurisdiction.

Wholesale electricity purchased to sell to customers in NSW - 273,499 MWh
Wholesale electricity purchased to sell to customers in QLD - 277 MWh
Wholesale electricity purchased to sell to customers in SA - 727,874 MWh
Wholesale electricity purchased to sell to customers in VIC - 84,744 MWh
2023 NSW Emissions Factor = 0.715 t CO2-e / MWh
2023 QLD Emissions Factor = 0.845 t CO2-e / MWh
2023 SA Emissions Factor = 0.305 t CO2-e / MWh
2023 VIC Emissions Factor = 0.86 t CO2-e / MWh
Location-based emissions = (273,499 MWh * 0.715 t CO2-e / MWh) + (277 MWh * 0.845 t CO2-e / MWh) + (727,874 MWh * 0.305 t CO2-e / MWh) + (84,744 MWh * 0.86 t CO2-e / MWh) = **490,667 t CO2-e**

How we calculated our emissions

Note that due to the reporting cadence of the National Greenhouse Accounts factors there are no explicit emissions factors for calendar year 2021. The 2021 factors go up to the 2018/19 financial year, and then provide a “latest estimate”. Given these factors were published in August 2021, we have assumed that the “latest estimate” factors correspond to the 2019/20 financial year. The 2022 factors no longer include historical figures, and no longer average emissions factors over 3 years. Given that the factors were published in February 2023 and state that “Data are for financial years ending in June” we have assumed that the 2022 factors correspond to the 2021/22 financial year. We have averaged the “latest estimate” factor from the 2021 factors, and the factor from the 2022 factors to obtain a ‘2021 emissions factor’.

Remaining Scope 3 emissions

Our remaining Scope 3 emissions were calculated using the indirect spend-based method. In this method, the cost of all purchased goods and services were assigned a corresponding emission factor to estimate the resulting greenhouse gas emissions.

As we develop relationships with specific suppliers, we will aim to incorporate more supplier-specific emission factors where possible.

Materiality topic definitions

Area	Material issue	Definition
Environment	Climate change and carbon emissions	Encompasses the Greenhouse Gas emissions resulting from our own operations (Scope 1), our electricity usage (Scope 2) and our value chain (Scope 3), in accordance with GHG Protocol definitions and methodology.
Environment	Waste	Management of waste resulting from asset development activities, including application of circular economy concepts and principles.
Society	Employee engagement and development	The management of our people, engaging them in our culture, developing their skills and capabilities and managing risks relating to skilled labour scarcity, including measures of retention, recruitment, development, and training.
Society	Customer experiences	The experience of our customers who purchase renewable energy from us to ensure a high quality, smooth renewable transition for all.
Society	Modern slavery and supply chain standards	The management of human rights issues in the supply chain, particularly modern slavery, includes but is not limited to child labour, forced/bonded labour, safe working environment, and harsh or inhumane treatment of workers.
Society	Diversity	The provision of equal opportunity, and an inclusive workplace that combats discrimination and unfairness at all levels.
Society	Pay	The provision of fair and equitable compensation to our people within each respective category, and across categories.
Society	Indigenous engagement	Engagement with and support of indigenous communities within Australia who we recognise as the first peoples of Australia.
Society	Health and safety	Safe working environment and a workers' right to health and no harm.
Governance	Privacy and data security	Data governance practices include how we collect, use, manage and protect data to ensure the safe and secure use and maintenance of customers' personal data.
Governance	Working ethically	Ethical working focuses on general professional ethics such as taxation, accounting, bribery, corruption, and anti-competitive practices.
Governance	Enterprise risk framework	A systematic approach to identifying, assessing, addressing, and reporting risk through all levels of the organisation.
Governance	Best practice management systems	Management systems across all functions that meet best practice.

Task force on climate-related financial disclosures

Area	Recommended Disclosure	Report Section
Governance	Describe the Board's oversight of climate-related risks and opportunities.	The Board has ultimate oversight of all climate-related opportunities resulting from generating, procuring, and selling renewable electricity, and the climate-related physical and transition risks to the electricity system and ZEN. Given the ZEN mission to "lead communities into the zero-carbon world" and our strategy to achieve our science-based emissions reduction target, all our management structures become responsible for oversight of climate-related risks and opportunities. For more detail, see Governance – Climate risk – Governance.
	Describe Management's role in assessing and managing climate-related risks and opportunities.	
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	ZEN aims to take the climate-related transition opportunity presented in the transition to renewable energy. The major climate-related risks we have identified are: • Failure to meet our sold electricity emissions reduction targets. • The energy market experiences disruption due to climate change physical and transition impacts. • ZEN owned renewable assets are negatively impacted due to climate change impacts, both chronic and acute. • Failure to attract sufficient green investment due to a slow transition. • ICT operations are impacted by climate change. • Community pushback against renewable energy and associated infrastructure. • Policy and regulation changes create unfavourable conditions for renewable energy development. We are focused on taking the opportunity presented by the renewable energy transition. This includes sourcing renewable energy PPAs, developing our own renewable generation and storage assets, selling to renewable focused customers, advocating for transition, developing analytics to manage our wholesale portfolio, and working to attract green investment. The climate-related risks identified also impact each area of the business and require consideration and mitigation in each area. In the scenario of an ongoing energy transition with a federal 82% renewable energy target, a legislated 2030 emissions target and no carbon price, we have assessed our strategy as resilient given our positive performance over recent years in the face of highly volatile market conditions. For more information, see Governance – Climate risk - Climate-related risks and opportunities.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	

Task force on climate-related financial disclosures

Area	Recommended Disclosure	Report Section
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	Climate-risk is monitored and managed through our enterprise risk framework, which contains regular reviews, as well as via internal reporting conducted by specialist staff.
	Describe the organisation's processes for managing climate-related risks.	Although climate-risk is not specifically prioritised over other risks, climate-related impacts are considered individually and in relation to other risks such as our wholesale portfolio risk.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	For more detail on our enterprise risk process see Governance – Risk, and for more detail on climate-related risks see Governance – Climate risk - Climate-related risks and opportunities.
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We assess our climate-related risks through tracking our emissions against our science-based emissions reduction targets, our wholesale risk metrics and government advocacy. We are yet to develop metrics to measure some of our climate-related risks. For more information on emissions, see Environmental section. For more information on climate-related risks see Governance – Climate risk - Climate-related risks and opportunities.
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Scope 1 emissions – 0 tonne CO2-e Scope 2 emissions – 0 tonnes CO2-e (market-based) Scope 3 sold electricity emissions – 566,104 tonnes CO2-e (market-based) Other Scope 3 emissions – 1,729 tonnes CO2-e For more information, see Environmental section. For detailed calculation methodology, see Appendices – How we calculated our emissions.

Sustainability Accounting Standards Board Index (selected disclosures)

Note that this information is by financial year (ending 30 June), except for emissions reporting, which is reported by calendar year of the previous year. For example, the FY24 column contains emissions information for CY23. We take this approach because LGC surrender occurs by calendar year, in the February of the following year.

SASB Topic	Code	Accounting Metric	2022	2023	2024	Notes
Greenhouse Gas Emissions & Energy Resource Planning	IF-EU-110a.1	1) Gross global Scope 1 emissions	3 tCO2-e	1 tCO2-e	0 t CO2-e	The organisational control approach is used to consolidate ZEN's emissions.
		2) Percentage Scope 1 emissions covered under emissions-limiting regulations	0%	0%	0%	No emissions under emissions-reporting regulations.
		3) Percentage Scope 1 emissions covered under emissions-reporting regulations	0%	0%	0%	See Appendix - How we calculated our emissions for more information on these calculations.
	IF-EU-110a.2	GHG emissions associated with power deliveries	519,384 tCO2-e (market-based) 291,019 t CO2-e (location-based)	522,686 tCO2-e (market-based) 404,311 t CO2-e (location-based)	566,104 tCO2-e (market-based) 490,667 t CO2-e (location-based)	See Appendix - How we calculated our emissions for more information on these calculations.
	IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	We aim to work with our existing customers to move to 100% renewable energy, and to work with potential customers who are willing to move to 100% renewable electricity. This is more difficult in practice. With renewables providing 35% of electricity in Australia in 2023, and our customers at 43% renewable overall, we are deep in transition. Although we purchase more than enough renewable electricity for our customers to move to 100% renewable, under our contractual provisions the decision to increase procurement of renewable certificates beyond the statutory minimum ultimately rests with our customers. Our role in the transition is to increase renewable supply, driving down the overall cost of electricity and growing renewable demand. In developing renewable energy projects and sourcing PPAs, we are increasing the supply of renewables. To continue to develop our renewable supply portfolio, we must keep signing new customers. We are currently reassessing our customer strategy using our emissions modelling to determine the best way to drive a renewable transition for all. For more information, see Environmental section.			

Sustainability Accounting Standards Board Index (selected disclosures)

SASB Topic	Code	Accounting Metric	2022	2023	2024	Notes
Greenhouse Gas Emissions & Energy Resource Planning	IF-EU-110a.4	1) Number of customers served in markets subject to renewable portfolio standards (RPS)	83 "large electricity customers" or 0.1% "market share" in Q3 2021-22, as of the AER retail performance report published on 28 June 2023,	100 "large electricity customers" or 0.2% "market share" as of Q3 2022-23 in the AER retail performance report published on 28 June 2023.	75 "large electricity customers" or 1.6% "market share" as of Q3 2023-24 in the AER retail performance report published on 21 June 2024.	As an Australian electricity retailer, ZEN Energy is required to comply with the Australian Renewable Energy Target (RET) scheme. The RET scheme covers all Australian jurisdictions in which ZEN Energy sells energy. This figure covers the number of retail contracts during the reporting period under which ZEN served electricity to customers. Note that there will be multiple meters associated with each retail contract.
		2) Percentage fulfilment of RPS target by market	100% LRET liability fulfilled	100% LRET liability fulfilled	100% LRET liability fulfilled	
Air Quality	IF-EU-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	N/A	N/A	N/A	ZEN Energy does not own or operate any applicable facilities impacting air quality, and the air emissions of pollutants from mobile sources are immaterial.

Sustainability Accounting Standards Board Index (selected disclosures)

SASB Topic	Code	Accounting Metric	2022	2023	2024	Notes
Water Management	IF-EU-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	N/A	N/A	N/A	For our WSPH project, the upper reservoir will be lined and the cycling of water from Lake Burragorang to the new upper reservoir has been modelled with results showing no impact on water quality expected. The volume of water used is <1% of the volume of Lake Burragorang and will only have marginal affects on shoreline habitat, similar to the effect of wind pushing towards the shoreline.
	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	N/A	N/A	N/A	
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	N/A	N/A	
Energy Affordability	IF-EU-240a.1	1) Average retail electric rate for residential customers	N/A	N/A	N/A	Although we have prototyped a residential electricity product, we do not have a residential product offering.
		2) Average retail electric rate for commercial customers	$74 / MWh	$71.73 / MWh	$74.16 / MWh	Note this figure is the average weighted electricity price for customers and does not include the mandatory LRET charges and network costs.
		3) Average retail electric rate for industrial customers	N/A	N/A	N/A	ZEN Energy did not serve industrial customers during the reporting period.

Sustainability Accounting Standards Board Index (selected disclosures)

SASB Topic	Code	Accounting Metric	2022	2023	2024	Notes
Energy Affordability	IF-EU-240a.2	1) Typical monthly electric bill for residential customers for 500 kWh of electricity delivered per month	N/A	N/A	N/A	Although we have prototyped a residential electricity product, we do not have a residential product offering.
		2) Typical monthly electric bill for residential customers for 1,000 kWh of electricity delivered per month	N/A	N/A	N/A	
	IF-EU-240a.3	1) Number of residential customer electric disconnections for non-payment	N/A	N/A	N/A	
			N/A	N/A	N/A	
		2) Percentage of residential customers reconnected within 30 days following disconnection for non-payment	N/A	N/A	N/A	
	IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Although average wholesale prices have been reducing compared to FY23, the electricity market continued to experience periods of high volatility, with the AER reporting 3 of 4 quarters had more 30-minute periods of high prices than the same period of the previous year. Our strategy continues to focus on securing cost-competitive firmed renewable PPAs to hedge our customer load continued to reduce ZEN's and therefore, our customer's exposure to the volatile spot market prices.			

Sustainability Accounting Standards Board Index (selected disclosures)

SASB Topic	Code	Accounting Metric	2022	2023	2024	Notes
Coal Ash Management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	N/A	N/A	N/A	ZEN Energy does not own or operate any facilities requiring coal ash management, nor does it have any direct energy offtake contract with coal-based generation.
		Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	N/A	N/A	N/A	
Activity Metrics	IF-EU-000.A	1) Number of residential customers served	N/A	N/A	N/A	Although we have prototyped a residential electricity product, we do not have a residential product offering.
		2) Number of commercial customers served	16	20	17	This figure covers the number of retail contracts during the reporting period under which ZEN served electricity to customers. Note that there will be multiple meters associated with each retail contract.
		3) Number of industrial customers served	N/A	N/A	N/A	ZEN Energy did not serve industrial customers during the reporting period.

Sustainability Accounting Standards Board Index (selected disclosures)

SASB Topic	Code	Accounting Metric	2022	2023	2024	Notes
Activity Metrics	IF-EU-000.B	1) Total electricity delivered to residential customers	N/A	N/A	N/A	Although we have prototyped a residential electricity product, we do not have a residential product offering.
		2) Total electricity delivered to commercial customers	685,596 MWh	867,419 MWh	1,001,488 MWh	Note that these figures applies to calendar years of the previous year of the column. All of ZEN's electricity is delivered to commercial customers. This reported figure largely represents 100% of the wholesale electricity purchased, minus losses that occur to give the volume consumed by the customer. This figure is also missing a small amount of consumption from customers whose sites do not have meters that meet the data requirements to be included in this figure. This consumption is still captured by the total wholesale electricity purchased disclosure in IF-EU-000.E. We have moved to a new data system which may have impacted previous results compared to previous reports.
		3) Total electricity delivered to industrial customers	N/A	N/A	N/A	ZEN Energy only had commercial customers during the reporting period.
		4) Total electricity delivered to all other retail customers	N/A	N/A	N/A	
		5) Total electricity delivered to wholesale customers	N/A	N/A	N/A	

Sustainability Accounting Standards Board Index (selected disclosures)

SASB Topic	Code	Accounting Metric	2022	2023	2024	Notes
Activity Metrics	IF-EU-000.C	Length of transmission and distribution lines	N/A	N/A	N/A	ZEN Energy is not a network operator.
	IF-EU-000.D	1) Total electricity generated	N/A	N/A	N/A	ZEN Energy did not own or operate any generation during the reporting period.
		2) Percentage electricity generated by major energy source	N/A	N/A	N/A	
		3) Percentage electricity generated in regulated markets	N/A	N/A	N/A	
	IF-EU-000.E	Total wholesale electricity purchased	745,373 MWh	925,846 MWh	1,086,394 MWh	Note this figure applies to calendar years of the previous year.

Key global reporting initiative standards

Note that this information is by financial year (ending 30 June), except for emissions reporting, which is reported by calendar year of the previous year. For example, the FY24 column contains emissions information for CY23. We take this approach because LGC surrender occurs by calendar year in the February of the following year.

Area	Material topic	Disclosure	Disclosure title	2022	2023	2024	Notes
Environment	Climate change and carbon emissions	305-1	Direct (Scope 1) GHG emissions	3 tCO2-e	1 tCO2-e	0 tCO2-e	The organisational control approach is used to consolidate ZEN's emissions. Note the Scope 1 CO2-e calculation includes CO2, CH4 and N2O. The emission factors and global warming potentials were sourced from the National Greenhouse Accounts Factors 2024. ZEN Energy does not have any biogenic emissions.
		305-2	Energy indirect (Scope 2) GHG emissions	36 tCO2-e (market-based) 22 t CO2-e (location-based)	0 tCO2-e (market-based) 19 t CO2-e (location-based)	0 tCO2-e (market-based) 31 t CO2-e (location-based)	Please see below for notes with a detailed break-down of our Scope 2 and Scope 3 sold electricity emissions calculations
		305-3	Other indirect (Scope 3) GHG emissions	Scope 3 sold electricity: 519,384 tCO2-e (market-based) 291,019 t CO2-e (location-based)	Scope 3 sold electricity: 522,686 tCO2-e (market-based) 404,311 t CO2-e (location-based) Other Scope 3: 1,180 t CO2-e	Scope 3 sold electricity: 566,104 tCO2-e (market-based) 490,667 t CO2-e (location-based) Other Scope 3: 1,729 t CO2-e	See Appendices – How we calculated our emissions for more detail on these numbers.

Key global reporting initiative standards

Area	Material topic	Disclosure	Disclosure title	2022	2023	2024	Notes
Environment	Climate change and carbon emissions	305-4	GHG emissions intensity	0.70 t CO2-e / MWh (market-based) 0.39 t CO2-e / MWh (location-based)	0.56 t CO2-e / MWh (market-based) 0.44 t CO2-e / MWh (location-based)	0.52 t CO2-e / MWh (market-based) 0.45 t CO2-e / MWh (location-based)	The emissions intensity reported represents Scope 3 sold electricity emissions only. The denominator of the emission's intensity represents MWh's of wholesale electricity purchased from AEMO. The emission factors used from the NGA Factors do not have the granularity to report what gases are included.
		305-5	Reduction of GHG emissions	We have reduced our Scope 1 and 2 (market-based) emissions to zero. We focus on reducing our Scope 3 sold electricity emissions because they make up the vast majority of our emissions. In 2023, we continued to increase the amount of electricity we sold and our renewable electricity percentage at the same time. This decreased our sold electricity emissions intensity, while absolute sold electricity emissions continued to rise. We aim to work with our existing customers to move to 100% renewable energy, and to work with potential customers who are willing to move to 100% renewable electricity. However, finding customers who are able to commit to 100% renewable electricity is proving more difficult than anticipated. Although we purchase more than enough renewable electricity for our customers to move to 100% renewable, we cannot force them, and we cannot break our existing contracts. We now weigh up if there more value in building a relationship working together with a potential customer who is not initially able to commit to 100% renewables? Or is there more value in being principled and rejecting all but those who are already in a position to move to 100% renewable energy now? As we reassess our customer strategy using our emissions modelling to determine the best way to drive a renewable transition for all, we continue to work to increase renewable supply, driving down the overall cost of electricity and growing renewable demand. See Environmental – Scope 3 sold electricity emissions for more detail.			

Key global reporting initiative standards

Area	Material topic	Disclosure	Disclosure title	2022	2023	2024	Notes
Environment	Waste	306-1	Waste generation and significant waste-related impacts	N/A	N/A	N/A	Waste management plans and reporting are in place for our Templers BESS. As materials begin to be brought onsite in FY25 we will begin receiving waste reporting from our construction contractor. We will report here as we receive the data.
		306-2	Management of significant waste-related impacts	N/A	N/A	N/A	
		306-3	Waste generated	N/A	N/A	N/A	
		306-4	Waste diverted from disposal	N/A	N/A	N/A	
		306-5	Waste directed to disposal	N/A	N/A	N/A	
Social	Health and Safety	403-1	Occupational health and safety management system	Work Health and Safety (WHS) is managed through our bi-monthly WHS Committee meetings, with all agenda and meeting minutes, centrally located and shared in our ZEN Integrated Management System. In line with our ISO WHS requirements, we conducted an all-staff review of WHS System documents to ensure all WHS policies and procedures are fit for purpose and aligned with legislative requirements. We also underwent an external ISO WHS audit, with zero non-conformances raised. For more information see Social – Work Health and Safety.			
		403-2	Hazard identification, risk assessment, and incident investigation				

Key global reporting initiative standards

Area	Material topic	Disclosure	Disclosure title	2022	2023	2024
Social	Health and Safety	403-9	Work-related injuries	One incident reported that resulted in an injury or resulted in first aid or medical treatment in the reporting period. The incident that occurred during the reporting period impacted a third-party contractor and the management of this incident took place through the contracted organisation. We had investigated the case and concluded that this was a once-off case with no evidence of systemic issues pertaining to the contractor's WHS policies/procedures. We have also communicated to our contractor network regarding the incident as a reminder on workplace health and safety. A 3-month follow-up as per our policy will be carried out to ensure corrective action was successful and no further incidents occur.	One near miss reported that did not result in injury. The near miss that occurred during the reporting period impacted a third-party contractor and the management of this incident took place through the contracted organisation. From further investigation all actions were addressed by the third-party contractor, no further action was required from ZEN.	Zero injury incidents reported. Two lodged complaints were all handled through our Grievance and Whistle Blower policies, with copies of reports, file notes, disciplinary action and recommendations kept on file accordingly. Executive, CEO or Board are informed of serious complaints whilst maintaining confidentiality.

Key global reporting initiative standards

Area	Material topic	Disclosure	Disclosure title	2022	2023	2024	Notes
Social	Employee engagement and development	404-1	Average hours of training per year per employee	N/A	N/A	We are introducing our learning program ZEN Elevate in FY25, where we will track the average hours of training per year per employee. For more information, see Social – The ZEN Team.	
		404-3	Percentage of employees receiving regular performance and career development reviews	N/A	N/A	100% of employees receive a performance review. As part of ZEN Elevate we will improve our data collection in this space.	
	Modern slavery and supply chain standards	308-1, 414-1	New suppliers that were screened using environmental / social criteria	N/A	N/A	We screened our EPC partners for Templers BESS using environmental and social criteria.	
		308-2, 414-2	Negative environmental / social impacts in the supply chain and actions taken	N/A	N/A	No negative environmental or social impacts were identified in our EPC partner assessments.	

Key global reporting initiative standards

Area	Material topic	Disclosure	Disclosure title	2022	2023	2024
Social	Diversity	405-1	Diversity of governance bodies and employees	N/A	N/A	Our Board has one woman member (20%). Women employees at each level as at 30 June 2024 (band 7 being CEO): Band 7: 0% Band 6: 40% Band 5: 25% Band 4: 33% Band 3: 36% Band 2: 33% Band 1: 66%
		405-2	Ratio of basic salary and remuneration of women to men	N/A	N/A	19% gender pay gap
	Pay	2-21	Annual total compensation ratio	N/A	N/A	21.98% median to highest total compensation Median total compensation increased by 10.07%. The highest total compensation did not increase.

Key global reporting initiative standards

Area	Material topic	Disclosure	Disclosure title	2022	2023	2024
Governance	Privacy and data security	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	We have zero substantiated and reported complaints concerning breaches of customer privacy and losses of customer data.		
	Working ethically	205-2	Communication and training about anti-corruption policies and procedures	We are committed to anti-corruption. All employees must acknowledge and abide by our Code of Conduct, Whistleblower, and Anti-Bribery and Corruption Policies through our induction processes.		
		205-3	Confirmed incidents of corruption and actions taken	We had no confirmed or suspected cases of corruption during the reporting period.		

UN Sustainable Development Goals

Goal	Target		ZEN contribution
3 GOOD HEALTH AND WELL-BEING 	3.9	By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	By working to increase the use of renewable energy, and through development of our own renewable energy assets, ZEN contributes to improvements in environmental conditions and air quality by reducing the use of polluting fossil fuels. This year we have increased the proportion of renewable energy sold to our customers and begun developing our own battery energy storage system.
5 GENDER EQUALITY 	5.1	End all forms of discrimination against all women and girls everywhere	ZEN has committed to promote gender equality through diversity and equality policies and commitments to be developed and implemented at all levels of the business through our Equal by 30 commitments. We do this through our Women's Network – ZEN-A – and our broader Diversity and Inclusion committee.
	5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	
7 AFFORDABLE AND CLEAN ENERGY 	7.1	By 2030, ensure universal access to affordable, reliable and modern energy services	ZEN's strategy to secure cost-competitive firmed renewable PPAs to hedge our customer load has reduced our exposure (and thus, indirectly, that of our customers) to the volatile spot market. This allows ZEN to bring long-term price stability, and clean energy to our commercial customers. Developing our own renewable energy assets further reduces our exposure to the spot market and allows better portfolio management.
	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	Our emissions reduction plan involves signing new customers and working with existing customers to achieve significantly increased renewable energy supply by 2030. We continued to increase our renewable energy percentage sold this year.
	7.3	By 2030, double the global rate of improvement in energy efficiency	ZEN contribute to energy efficiency improvements through the South Australian Retailer Energy Productivity Scheme (REPS).

UN Sustainable Development Goals

Goal	Target		ZEN contribution
8 DECENT WORK AND ECONOMIC GROWTH 	8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	ZEN has committed to improving work conditions for all our team members through our focus on the experience of the ZEN team. Our work in this area over the last year is detailed in the Social section.
	8.7	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	ZEN has initiated and implemented policies and procedures to help us manage the integrity of our supply chain. We have done so in line with both our obligations under the Modern Slavery Act (Cth, 2018), and in a way that aligns with our values and promotes better outcomes. This year we have progressed work to give us better visibility of our supply chain and modern slavery risks and have assessed our renewable project development partners.
	8.8	Protect labour rights and promote safe and secure working environments for all workers, including mi-grant workers, in particular women migrants, and those in precarious employment	ZEN is committed to providing a safe work environment in accordance with, and, where possible, exceeding minimum requirements to drive a culture of safety across the organisation.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	12.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	ZEN is working with our renewable project partners to firstly understand, manage and then reduce the waste produced from our projects.
	12.6	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	ZEN is committed to reporting sustainability information at least annually following the release of this report. This year we have begun the process to align our-selves with the newly introduced mandatory climate-related financial disclosure requirements.
13 CLIMATE ACTION 	13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	ZEN's business strategy supports this SDG by increasing the generation of renewable energy and encouraging and supporting customers to increase their usage of renewable energy. By aiming to reduce our emissions in line with a science-based 1.5° degree target, we are working to reduce the worst impacts of climate change.
	13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	

UN Sustainable Development Goals

Goal	Target		ZEN contribution
	16.5	Substantially reduce corruption and bribery in all their forms	ZEN has implemented a range of policies to ensure we work transparently, ethically and with accountability including our Code of Conduct, Whistleblower Policy, Anti-Bribery and Corruption Policy, Modern Slavery Policy, and the Supplier Code of Conduct.
	17.17	Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	ZEN has built a broad ecosystem of sustainability-driven partners to advance our purpose and establish trust and collaborative relationships to demonstrate the utility sector's potential to participate in the zero-carbon world.