

THIS IS TRANSITION

Welcome to our Impact Report

Welcome to the overview of our third ESG Report. In the spirit of this year's theme - **This is Transition** - we are renaming it Our Impact Report, reflecting our increased focus on measuring and ensuring that our impact is positive. To read the full version, head **here**.

As ZEN transitions to developing and operating our own renewable energy assets, our practices and reporting must develop and grow to reflect the increased impact that we will have on people and the planet. The transition is difficult, unpredictable, and turbulent at times - not just in uplifting practices and reporting but also in achieving real change. Not everything goes to plan, and our climate continues to worsen as emissions fail to fall. But we must report and respond to all.

As we enter the nucleus 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 love to discuss sustainability reporting! If you have any questions or comments, articles you want to share, or useful resources, please reach out to us at enquiries@zenenergy.com.au



Chair's report - Raymond Spencer, AM

THIS IS TRANSITION could not be more apt for this year. 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.

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 meet our global commitments. It means that we cannot stray from our focus on the impact that we have. And that we must look into deeper, longer time horizons and not get caught in the tyranny of quarterly reporting.

I think that perhaps 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 that this will pay off in the long term and we are all here for that.

FY 24 has been a year of success for ZEN 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.



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.

When ZEN entered the Australian market in 2018, we aligned around three key themes:

1. Significant market demand for Large Scale Generation Certificates (LGCs) which enable organisational emissions reductions
2. A dynamic and growing renewable asset development market
3. A deep and vast need for energy storage to enable renewable energy to replace baseload fossil fuel generators

Across these themes, our impact has been significant this year, with a 90% growth in our PPAs, ramping up our asset development program with 3 GW of projects under development across Australia and commencing construction of our Templers and announcing our 1GW proposed Western Sydney Pumped Hydro project and our Solar River solar and BESS project.

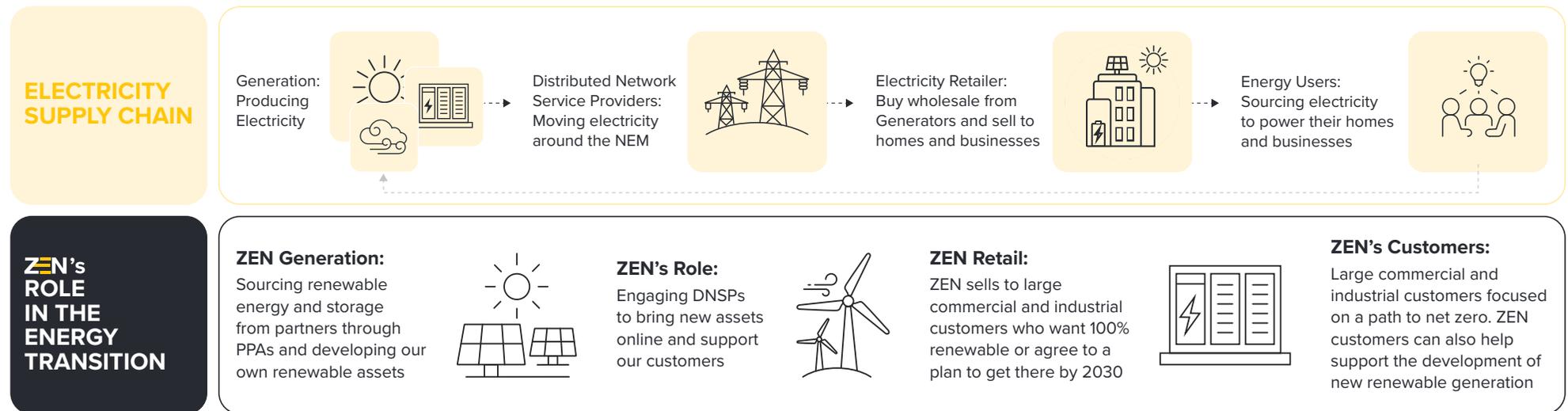
Along with these tremendous strategic successes, our team continues to thrive in this dynamic and challenging environment. There is no question that the transition is hard. But we came in determined to make a difference and we will not stop. **THIS IS TRANSITION.**



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 Energy Market (NEM), there are simultaneous value streams in the spot and contract markets. As a renewable electricity retailer, we exist in a related, overlapping value chain in renewable electricity.

In 2024, we refined our business model as we established our burgeoning asset development program and completed the financing of our first asset, the 111MW/291MWh 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 renewable energy transition.

PROVEN

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



ZEN sells long-term firm 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 firm 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.

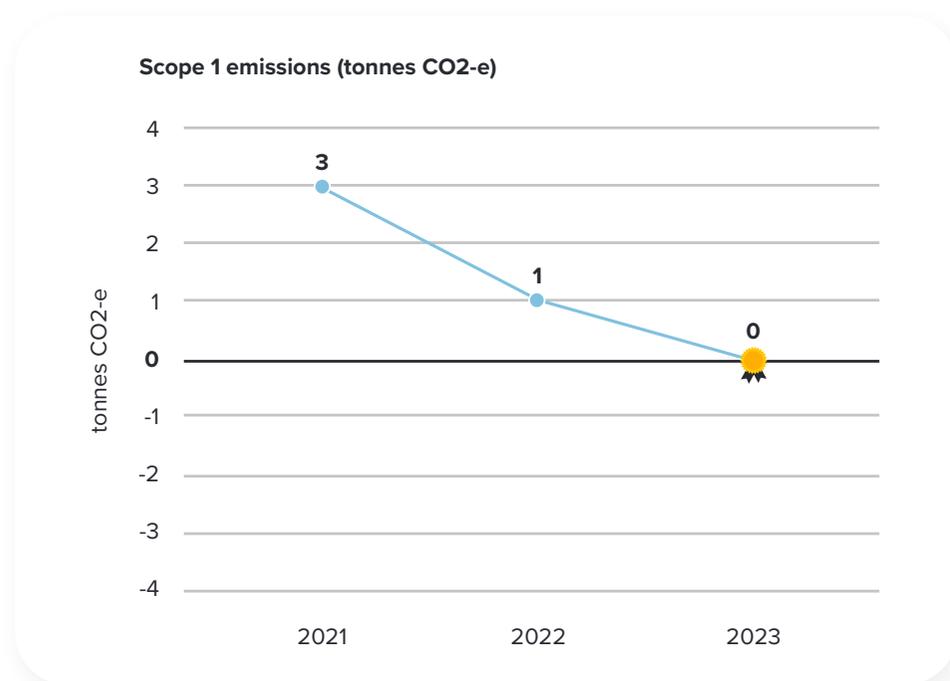
PERFORMANCE

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

Emissions

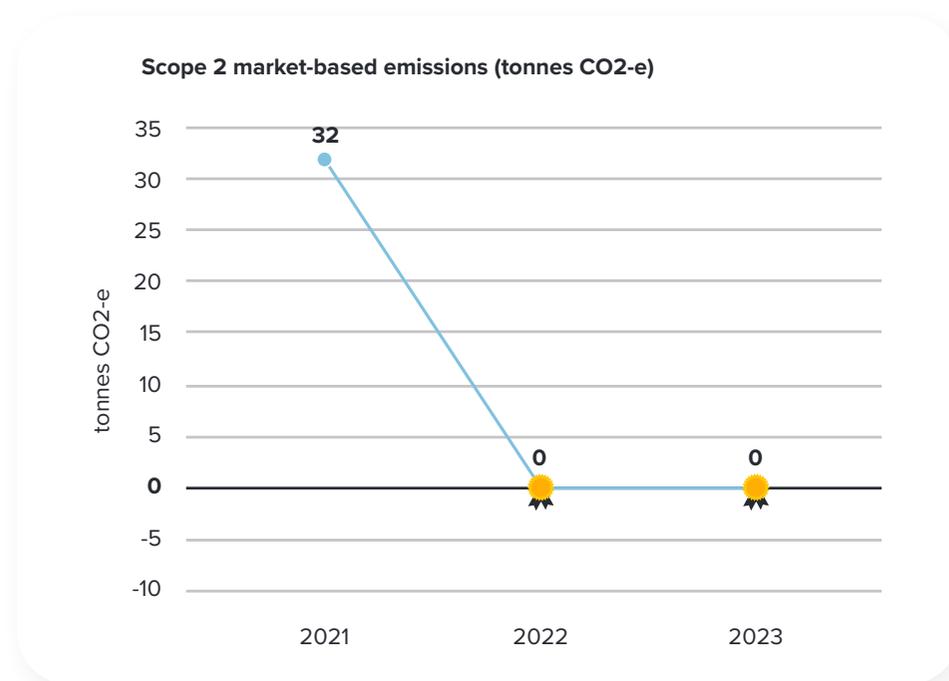
Scope 1 emissions

We reduced our Scope 1 emissions by 65% to 1 tonne of CO₂-e, and sold our company vehicle, eliminating Scope 1 emissions..



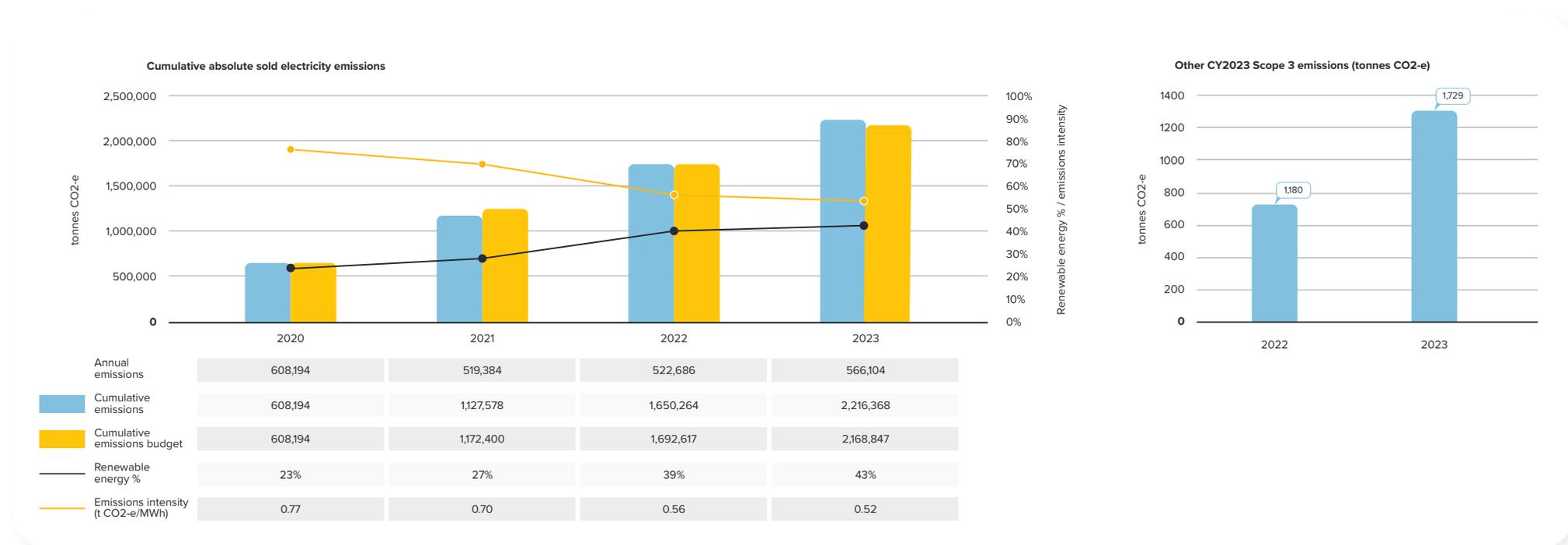
Scope 2 emissions

Using the market-based emissions accounting method, we reduced our Scope 2 emissions to zero.



Scope 3 emissions

- We reduced our sold electricity emissions intensity and increased our renewable energy percentage. Our absolute emissions rose, 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.
- This raises a broader question around emissions reductions – Is there more value in ZEN being in line with 1.5 degrees whilst the rest of the world is not, or in building a relationship working together with a potential customer who is not initially able to commit to 100% renewables?
- We completed our first account of our remaining Scope 3 emissions. These emissions are less than 0.3% of our sold electricity emissions.



* Because large-scale generation certificates (LGCs) are surrendered in February for the previous year, we report all our emissions for the previous calendar year.

Environmental - our careful planning and engagement have rendered our activities successful so far.

TEMPLERS ZENENERGY PROJECT



- Templers has undergone Environmental Protection and Biodiversity Conservation (EPBC) Self-assessment, Native Vegetation Council assessment of and Ngadjuri Access Clearance Survey (Cultural Heritage Survey). These assessments, surveys and monitoring found no significant environmental or heritage constraints.

WESTERN SYDNEY PUMPED HYDRO ZENENERGY PROJECT



- We have established that this project will not inundate the Lake Burragarang shoreline, a culturally and environmentally sensitive area.
- The upper reservoir will be almost entirely contained within a degraded former coal industry site, minimising impacts on biodiversity.
- We commissioned further environmental and cultural heritage studies, in consultation with the Gundungurra Traditional Owners and will use the results to co-design the project to avoid or minimise environmental and cultural impacts, and a Community Benefits Scheme will consider funding for restoration projects in consultation with the local community and stakeholders.

Suppliers - we are working hard to ensure transparency of our supply chain.

- We developed an improved procurement policy and supplier assessment process to ensure we always consider a range of sustainability criteria, including modern slavery and human rights. This includes a supplier questionnaire to supplement our Supplier Code of Conduct during the procurement process. The questionnaire requires potential suppliers to share a range of ESG information to inform our assessment.
- We engaged DNV, a globally recognised assurance and risk management organisation, to perform an on-site audit of three high-risk supplier facilities to identify and assess potential ESG risk factors.
- We continued 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.
- ZEN has inspected suppliers' overseas factories and offices.

Social - our wellbeing program continues to flourish at ZEN with high staff engagement.

- Our latest D&I survey showed that we have a strong foundation for a respectful and inclusive work environment, highlighting areas to improve - talent management and growth, and enabling voice and inclusion in decision making.
- To help us address these areas we have introduced ZEN Elevate – our program that focuses on lifting skills and capabilities across our team, engaging diversity in all its forms and fostering the next generation of the ZEN team.
- We reduced our gender pay gap from 40% to 19%, hired 26 new people with 50% women, and increased our overall percentage of women to 38% of the team: well on our way to meeting our goal of 45% by the end of FY 2025.

Work Health and Safety - expanding our capability as we start construction activities

- We expanded our WHS management to include asset development. Our WHS policy explicitly places responsibility on ZEN to ensure construction safety best practice is applied.
- 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

Partners - partnering with organisations at the heart of the global transition

- In March, we announced a deal with Stonepeak, a leading alternative infrastructure and asset investment firm, through its portfolio company Peak Energy, for an investment of up to A\$70 million into our Templers Battery Energy Storage System.
- We announced the completion of a Memorandum of Understanding with DGA Energy Solutions Australia, a 100% owned subsidiary of Mitsubishi Corporation, to support DGA's green hydrogen strategy and Mitsubishi Corporation's decarbonisation aspirations.
- In June, we signed an MoU with Taiwanese listed renewable retailer, HDRE (market cap over AUD 1bn) to work together on select energy storage project developments and cooperate in green energy projects such as green hydrogen in the future.

Customers - growing our market share and providing quality customer service

- We grew our market share to 5.2% of consumers who chose to purchase renewable energy against voluntary certification programs and organisational emissions target.
- Our customer load increased by 17% and we signed new marquee customers including ISPT, SEEK and SBS.
- We achieved a +12 score in our first NPS survey with a solid response rate of 14%. This is significantly above our competitors' 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).
- This year we launched a brand-new Customer Data Portal. Specified, designed, built and tested by our internal team, the portal enables our customers to self-serve their meter and billing data, and other valuable information such as historic invoices.
- We launched PACE, ZEN's online energy procurement platform enabling large electricity customers to strategically purchase energy. Progressive purchasing enables customers to mitigate timing risks by gradually securing energy prices over an extended period.

Reconciliation Action Plan - engaging with First Nations communities where we work

- Under our Reflect RAP, we embedded reconciliation actions across our business and are working to understand where we can progress reconciliation through community partnerships, cultural learning, employment pathways and First Nations procurement.
- We built ZEN's foundational cultural competency through formal face-to-face training and external speaker events, and we began forming relationships with Traditional Owner groups and First Nations clean energy networks.
- We adopted and embedded the First Nations Clean Energy Network's engagement principles and developed a First Nations Procurement Policy setting out mechanisms to promote the engagement of First Nations businesses through our supply chain.
- Our renewable energy projects are a priority area for reconciliation opportunities. This includes negotiating community benefits packages with Native Title holders'.
- We are progressing to an Innovate RAP in recognition that reconciliation with First Nations peoples is an ongoing process.

Community engagement - Western Sydney Pumped Hydro 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:
- ZEN will allocate a substantial amount of funding annually (for the life of the project) to support initiatives that are important to the community. When 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 community.

Community engagement - Templers Battery Project

- Sentiment from local stakeholders is positive towards the BESS Templers Battery project, with support from the local Light Regional Council, state MP Penny Pratt and the Traditional Owners, represented by the Ngadjuri Nation Aboriginal Corporation (NNAC) Board.
- ZEN will provide \$500,000 over the life of the Templers and Solar River projects to Ngadjuri Nation Aboriginal Corporation (NNAC) to be allocated by the Board as it sees fit.

Community engagement - working to build support across the communities where we work.

- We've partnered with Essential Research, a highly regarded research firm, to conduct quarterly qualitative and quantitative public opinion research to track key issues impacting the country's energy transition.
- Our ZEN team continued to support Forktree, SAHMRI, and Deadly Science by participating in events, volunteering, and running programs with customers.

Governance – measuring and reporting our progress.

Risk / climate risk - transitioning to a greater level of measuring and reporting

- We continue to use our enterprise risk framework to align our risk mitigation with our Board-approved Risk Appetite Statement.
- Our Project Steering Committee developed tailored risk processes as we began construction on physical renewable energy assets.
- 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. In this report we have presented our full emissions account and an initial overview of our climate-related risks and opportunities, with the aim of iteratively improving and expanding our reporting to be fully compliant by the time we are required to by law.
- 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 investment.
- Our climate-related risks also relate to each of these business areas and require consideration and mitigation.

Cybersecurity – protect our customers, partners and our people

- 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 framework, and scheduling regular ISO compliance events.
- Conducting simulation testing, including phishing and ransomware.
- Implementing improved cybersecurity governance including obtaining cyber insurance and improving cybersecurity Board reporting.
- Conducting analysis to refine the Business Continuity Plan.
- Designing and implementing a vendor assessment process.

Governance – measuring and reporting our progress.

ISO Accreditation and Compliance

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

