Sustainability Policy

1.   Purpose

Sustainability is fundamental to Vector's vision of creating a new energy future.

Our sustainability approach recognises the interests of all Vector's stakeholders including our customers, people, shareholders, and communities. We are using our position as a leading New Zealand business and energy sector participant to have a positive impact, with a particular focus on increasing the availability and access of affordable clean energy for our consumers, improving resilience, and helping New Zealand transition to a zero-carbon society.

2.   Policy

Decarbonisation

Vector strongly supports, and is an enabler of national decarbonisation, with an ambition of keeping warming below 1.5ºC, in alignment with New Zealand's commitments to the Paris Agreement. To support this vision Vector:

- Has set a $1.5C^0$ science aligned target for direct emissions (Scope 1, Scope 2 – excl. electricity line losses) reduction of 53.5% by 2030, from a 2020 baseline.

- Has set a net-zero emissions (Scope 1, Scope 2 – excl. electricity line losses) target by 2030.

- Has designed a costed transition plan in the form of a marginal carbon abatement cost curve to achieving the science aligned targets.

- Measures and reports our direct CO_2e emissions (Scope 1, Scope 2) and our indirect CO_2e emissions (Scope 3).

- Works directly with suppliers and service providers through our [Supplier Code of Conduct](#) to reduce indirect (Scope 3) emissions.

- Develops technologies, business models, and platforms to enable our customers and partners to reduce their emissions. This is known as our carbon handprint.

- Advocates for government policy changes to drive orderly decarbonisation in the energy sector.

- Works with climate risk researchers with the goal of preparing climate change adaptation strategies for the energy sector.

- Actively contributes to achieving the Sustainable Development Goals through programmes and partnerships involving business, communities, and government.

Environment

Vector has a goal to apply the best available knowledge and practices to systematically identify and manage the environmental effects of our business activities and operations where possible. To support this goal Vector is committed to:

- Ensuring environmental aspects and impacts are considered as part of business decisions.

- Continually monitoring, reviewing, and improving the effectiveness of our Health, Safety and Environmental Management System.

- Maintaining our ISO14001 Environmental Management certification for the supply of network electricity and gas delivery services and gas LPG filling and distribution centres, technical support including asset management (national assets), installation, maintenance, testing and certification.

- Developing initiatives to reduce non-greenhouse gas atmospheric emissions such as particulate matter. Examples include the substitution of on street diesel generators with mobile transformers for planned maintenance projects where feasible.

- Integrating environmental criteria through our procurement process.

- Reducing waste by requesting take-back and end-of-life recycling solutions via our [Supplier Code of Conduct](#).

- Selecting a 6-greenstar building as our headquarters to reduce office water and energy consumption.

Social

Vector is aware that the energy sector's decarbonisation transition, if poorly managed, will exacerbate existing energy inequalities. Our strategy is to drive orderly decarbonisation focused on actions that achieve energy decarbonisation and security, while minimising consumer impacts. Vector also commits to staff and community safety. To support these goals Vector is committed to:

- Minimising health and safety risks. More details can be found in our [Health and Safety policy](#).
- Committing to an employee wellbeing programme designed to support the physical and mental health of our employees.

- Paying a living wage and was the first corporate in New Zealand to be living wage certified.

- Supporting accessibility and was the first business in New Zealand to be accredited the Accessibility Tick and co-designed the framework to be used by other organisations.

- Fostering diversity and inclusivity in the workplace. More details can be found in [our Diversity and Inclusion policy](#).

- Minimising network outages through comprehensive asset planning and management including vegetation management, climate change analysis, and proactive maintenance.

- Developing whanaungatanga/relationships with local iwi through partnership driven projects.

- Engaging with our supply chain to identify, address, manage and mitigate the risks of modern slavery.

- Aligning with the International Labour Organisation's eight fundamental conventions.

- Advocating for focus on demand side management, energy efficiency, and distributed generation to give customers affordable options.

- Innovating and investing in digital platforms for energy delivery, which can better manage the intermittent nature of a decarbonised energy network, and thus reduce the need for overbuilding physical capacity which keeps overall distribution prices down.

Governance

Delivering sustainability requires coordination across the Vector business, including the board, management, and suppliers and service providers. To support the delivery of sustainability, Vector:

- Recognises and monitors climate risk as a key risk for Vector with executive, board risk and assurance committee, and board oversight.

- Uses clear and transparent sustainability metrics which are reported in our Annual Report and annual Climate-related Disclosure (currently in the form of a TCFD Report).

- Works with supply chain partners through our [Supplier Code of Conduct](#) to drive social, environmental, and ethical business practices.

- Providing leadership through collaboration with businesses, government, and regulators to drive sustainable outcomes.

- Drives staff capability through ongoing learning and development.

- Collaborate across Vector businesses in pursuit of improved sustainability outcomes.

Vector reports on governance each year through our Corporate Governance Report, within our [Annual Report](#).

Dated: March 2024