



# ENVIRONMENTAL SOCIAL GOVERNANCE

# REPORT

2024

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# About VELCO

Mission: To serve as a trusted partner

Vision: To create a sustainable Vermont through our people, assets, relationships, and operating model

Our commitment: All insights, experiences, and backgrounds are needed to create a sustainable Vermont for a brighter energy future. Our Belonging work strengthens VELCO. We welcome all to come learn, work, and grow with us.



VELCO is Vermont's statewide electric transmission provider, with a proven track record of helping to create a sustainable Vermont through our people, assets, relationships, and operating model. The company was formed in 1956 when local Vermont utilities joined together to create the nation's first "transmission only" company in order to access clean hydro power from New York. VELCO is a for-profit company owned by the state's 17 distribution utilities and a public benefits corporation with a unique financial structure that returns value to our owners and their customers.

VELCO's Environmental, Social, and Governance (ESG) Report highlights our sustainability work. We approach our ESG work with the same spirit of innovation, urgency, and rigor that fuels our system reliability and resilience work.

# Welcome from Tim Follensbee

## Manager, Environmental Sustainability

Greetings! Thank you for taking the time to explore VELCO's 2024 Environmental, Social, and Governance (ESG) Report. As our second bi-annual ESG report, it reflects the progress we've made over the past two years – a period marked by rapid changes in the electric utility industry. We are pleased to share these updates and new initiatives the Company has advanced since our last report.

At VELCO, we recognize that the fast-paced, ever-evolving nature of our world mirrors the challenges and opportunities we encounter in our work. This reality underscores the importance of our ESG efforts. By prioritizing and advancing these initiatives, we align with our mission, vision, values, and our commitment to creating a sustainable Vermont.

Our greatest asset is our people – thus, this report begins with the Social section highlighting updates on our Belonging culture work, revised company policies, investments in our communities, and other actions that strengthen our social responsibility. Next, the Environmental section outlines our focus on reducing greenhouse gas emissions, practicing land stewardship, and minimizing the environmental impact of our operations. Lastly, in the Governance section, we share an overview of how our governance practices support sustainability and enable us to drive positive change.

Each section also includes a preview of topics we plan to share updates on in future reports. This ensures transparency and a commitment to continuous improvement. We conclude with gratitude for the teams who contributed to this report and to the broader work it represents.

We hope that you find this report insightful and reflective of VELCO's vision. We value your feedback. Please reach out if you have questions, suggestions, or new ideas as we work together to build a more sustainable future.



**At VELCO, we recognize that the fast-paced, ever-evolving nature of our world mirrors the challenges and opportunities we encounter in our work. This reality underscores the importance of our ESG efforts.**



# Social

At VELCO, our most important asset is our people.

With that in mind, we begin our Environment, Social, Governance (ESG) report with the “S” to celebrate the advancements we have made since our 2022 ESG Report and highlight what is ahead.



Safety: VELCO's success is rooted in keeping our employees and our communities safe as we deliver reliable transmission service in Vermont. We were thrilled that in 2024 we earned VOSHA's Safety & Health Achievement Recognition Program (SHARP) recognition. SHARP recognizes small businesses who use Project WorkSafe's on-site consultation program services and operate exemplary safety and health programs. This involved a team effort to complete an assessment of our safety program, maintain an OSHA-recordable injury and illness rate below the national average for our industry, and perform comprehensive audits at our Pinnacle Ridge and Wenlock facilities.



## Creating a sense of Belonging

Creating a sense of Belonging – a state of being where people feel respected and comfortable being themselves, free to share their thoughts and opinions and where they feel genuinely cared about and accepted – is a foundational element for living our Mission, Vision, and Values. Because we need everyone’s full engagement to realize our highest business objectives, VELCO intentionally cultivates a work environment where all belong and are welcome. To gauge our progress on creating an inclusive workplace, VELCO undertook several initiatives in the past two years to benchmark, advance, and strengthen our employees’ sense of Belonging.

To better understand the experiences of all employees – from newer to long-tenured – we participated in the Great Place to Work® culture survey in 2024 and became GPTW certified. This award is based entirely on the answers our employees gave to the Great Place to Work survey about their experience working at VELCO. 127 of us took the survey, and 87% of participants said VELCO is a great place to work – 30% higher than the average U.S. company.

Understanding and nurturing our culture is essential to our success. We chose Great Place To Work® Certification™ as it is the most definitive “employer-of-choice” recognition that companies aspire to achieve. It is the only recognition based entirely on what employees report about their workplace experience – specifically, how consistently they experience a high-trust workplace. Great Place to Work Certification is recognized worldwide by employees and employers alike and is the global benchmark for identifying and recognizing outstanding employee experience.

Participating in the survey gives us an accurate way to measure employees’ perceptions of various aspects of our culture, policies and total compensation, and our Belonging work. Our leadership and Transform Team are carefully examining the survey results to identify areas for improvement.

## Growing our team

Over the last year VELCO implemented several initiatives to improve our hiring process – including using Incognito Mode in our Applicant Tracking System and creating a comprehensive Hiring Guide for managers – all aimed at minimizing bias in our hiring process. The Incognito Mode scrubs all cover letters and resumes of any names, gender, age, and locational information that could activate bias in an initial review of qualifications. Once candidates are chosen to advance through the interview process, the masking is removed, and our hiring managers and talent acquisition specialists can see the materials as submitted.

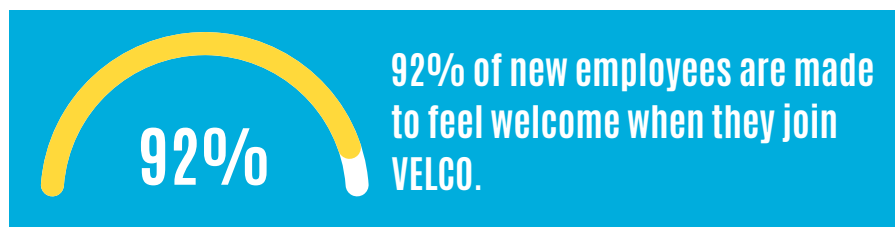


breezy

NEW FEATURE  
**Incognito  
Apply**

We are further curating training for hiring managers and committees on how to conduct culturally sensitive interviews and mitigating bias in the interview process. We continue to actively seek to ensure that our job postings reach a broad pool of diverse talent, including military veterans, BIPOC individuals, and differently abled applicants.

The Great Place to Work Survey told us that 92% of new employees are made to feel welcome when they join VELCO. To ensure that our newest employees feel a sense of Belonging at VELCO, in 2024 we kicked off a series of regular check-ins with new employees as well as luncheons with the Executive Team, all designed to enhance our onboarding. We also added steps to our onboarding process to ensure that new employees understand how to take advantage of available religious holiday accommodations. In addition, recognizing the challenges employees face in finding a sustainable work/life balance, we are phasing in two extra days of vacation per year for our newest employees.



# Employee-led initiatives

**Employee Engagement Team**  
 Please join and upcoming team meeting:  
 November 14, 1 p.m., Killington Room  
 December 12, 1 p.m., Killington Room

**Upcoming Company Events**  
**OCTOBER 25: PUMPKIN CARVING**  
**NOVEMBER 14: COMFORT FOOD CHALLENGE**  
**DECEMBER 12: HOLIDAY GATHERING AND UGLY SWEATER CONTEST**

**New members welcome!**

Bethany Bride	Dawn Lilly
Sarah-Lynn Carrara	Katelyn Loven
Al Green	Deb Perkins
Melissa Hale	Sarah Smalley
Donna Kemnitzer	Sharon Tucker
Carolyn LaCoille	Josh Wood

**PUMPKIN CARVING PARTY**  
 October 25, Pinnacle Cafe  
**THANK YOU EMPLOYEE ENGAGEMENT TEAM!**



PLEASE JOIN

**THURSDAY  
 SEPT 12  
 11 AM**

**REMOTE  
 WORKING  
 AFFINITY  
 GROUP**

Agenda:  
 Team introduction  
 Purpose of the group  
 Establish goals

PLEASE REACH OUT TO KHALID OSMAN OR PETIE TERIELE TO LEARN MORE!



# Updated policies

We completed several Policy Updates in the past two years to better serve our employees, including the following:

## Religious holiday accommodation

VELCO celebrates 11 official holidays each year. While 9 of the holidays are secular in nature, two – Christmas Eve Day and Christmas Day – are Christian holidays. We recognize that these days are not of significance to some of our employees, while other important religious or cultural days are. To be welcoming to all faiths, VELCO offers the opportunity for employees to exchange the two Christmas holidays for other religious or cultural holidays.

## Belonging goals

This year, VELCO requires all people-leaders to complete a two-part Belonging goal as part of their annual performance evaluation.

## Adoption benefit

VELCO recognizes that families are formed in many ways, including through adoption. To support families who are growing their families in this manner, VELCO provides financial assistance for adoptions. All regular full-time and part-time employees with at least one year of service are eligible, and this benefit is offered in addition to the paid parental leave that VELCO offers all new parents.

## Work location

We reworked our hybrid-remote/onsite policy to bring clarity on available options and are rolling out a new website and affinity group aimed to support those who work partially or fully remotely.



# Updated policies

## Meal consideration

At VELCO, our goal is to ensure that every individual seated around the table, especially during mealtimes, feels a true sense of Belonging, knowing that their unique needs have been thoughtfully considered. This new guide helps everyone feel a sense of Belonging and participation by providing tips for ordering work-related meals that accommodate diverse dietary needs.



## Team building fund

VELCO now provides an annual budget to support team building activities. Funds are intended to be spent to help teams: integrate new members, celebrate current interpersonal relationships, strengthen group cohesiveness (sense of belonging), build relationships with other teams, increase (or reinforce) employee engagement, and... have fun!

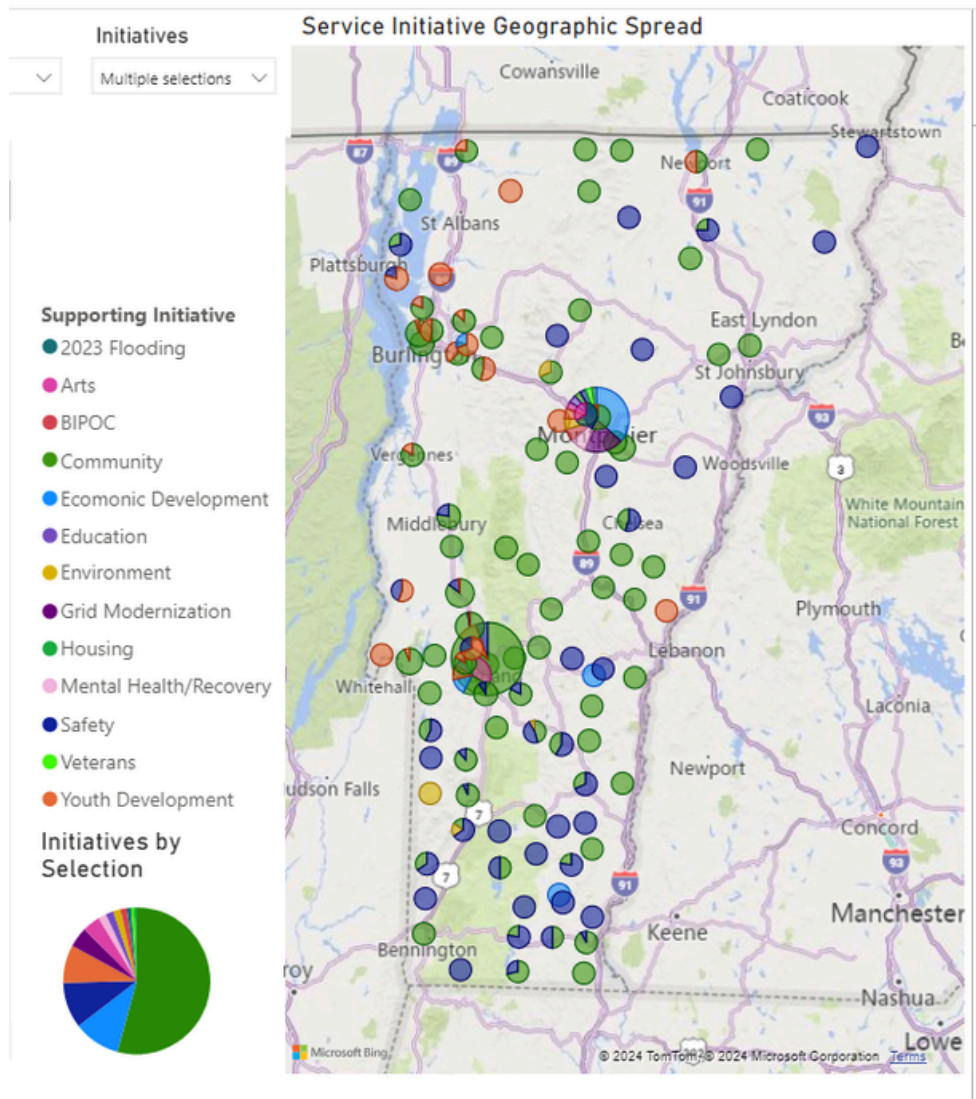


# Investing in our Communities

## Dynamic mapping of VELCO's Sponsorships and Community Giving

VELCO continues our long history of employee-led community giving programs. The Charitable Giving team supports community partners in safety, community, education, arts, grid modernization, economic development, and environmental stewardship. VELCO's Sponsorships Program also strategically invests in organizations that serve at-risk populations, community events, environmental advocates, arts and culture, youth education, economic development, and Belonging.

In 2024, the Transform Team's External Working Group began mapping our historic giving using our Power BI data visualization technology to better inform about our investments and support proactive investments in the future for areas of need. We look forward to advancing the development of this map in 2025.



# Looking ahead

## Social

01



### Refresh pay-equity study

In our last report we shared the results of our Compensation Study to ensure consistency in pay-related decisions at the company. Human Resources looks forward to undertaking a similar study next year with a gender-equity lens.

02



### Transform Team

After two years of delivering distinguished KPI results, our Transform Team has a proven record of strengthening our culture of Belonging. We look forward to continuing to support and share their results as this work continues.

03



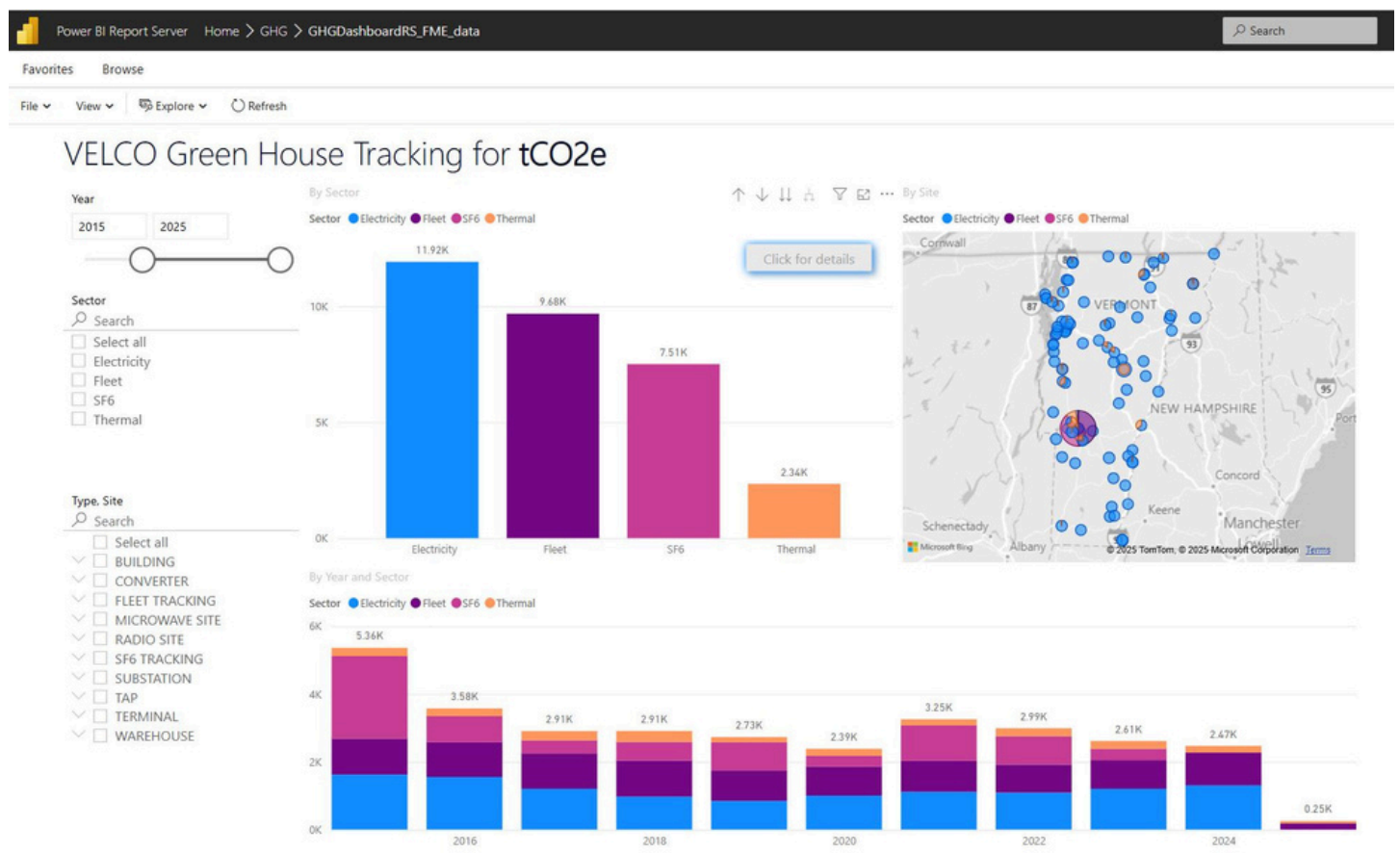
### Safety application

We are developing a new platform that helps us assess risks more effectively. This software connects different systems across our departments, making it easier for teams to share information and work together. By improving how we plan and make decisions in real time, we can respond to situations faster and with greater accuracy. This technology boosts communication and reduces the chance of human error—which is a major cause of safety incidents—and makes our workplace safer for everyone.

# Environmental

## Creating a sustainable Vermont.

By collaborating with department leads and subject matter experts, we developed a sustainable greenhouse gas (GHG) tracking system. This project involved analyzing and linking many disparate data sources, and we were able to update the data and establish a new capability to map everything to our greenhouse gas tracker dashboard. Through the new platform, VELCO can assign accurate geospatial information to our physical assets, enabling a map display for emission sources.



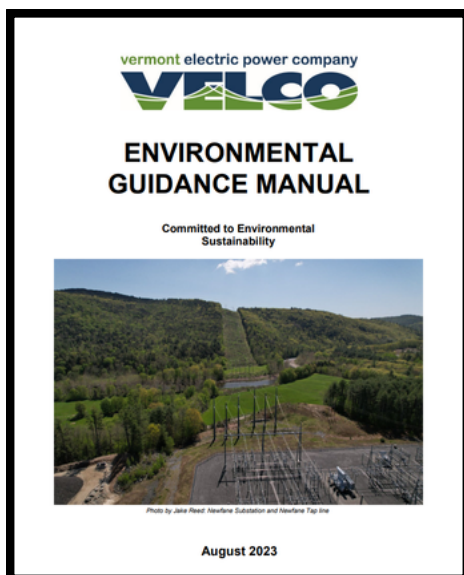


## Caring for our land

In 2023, the VELCO Environmental Team along with input from several other VELCO teams completed a comprehensive update of the VELCO Environmental Guidance Manual (VEGM). The VEGM outlines guidance and best management practices for VELCO work as it relates to regulated resources and state and federal environmental regulations. This was a significant undertaking for the Environmental Team with many regulation changes, industry advancements, and new working requirements since the previous version of the VEGM had been developed. Moving forward, the Environmental Team is attempting to complete annual updates of the VEGM, to ensure that the document remains up to date and consistent with VELCO and industry practices.

## Pollinators

Like many states, Vermont is experiencing decreases in our pollinator populations. This can be attributed to habitat loss, certain agricultural practices, development, disease, and certain pesticide usages. To help promote and expand pollinator habitats, VELCO planted pollinator gardens at our Barre substation, Pinnacle Ridge headquarters, and the New Haven Operations Facility. These gardens support pollinator habitat and diversity benefiting the entire ecosystem.



*Pollinator gardens at the New Haven Operations Facility*



## Facilities

Truex Cullins delivered a master plan for our Pinnacle Ridge Campus in July 2023. This plan outlines the facilities' future development opportunities. Given the unique layout at Pinnacle, the plan has many options for future development with the primary goal of maximizing existing structures and systems to support our workforce. This master plan will help guide VELCO's decision-making throughout future development.

In 2022, VELCO retained CX Associates to review and analyze VELCO's Pinnacle Ridge Campus for potential efficiency improvements and GHG reduction opportunities. As part of their assessment, CX Associates developed a Decarbonization Roadmap that VELCO could use to reduce GHG emissions from the operation of VELCO's Pinnacle Ridge Campus. Since this assessment, VELCO has been working on evaluating and implementing many of the proposed upgrades. After a comprehensive analysis of the suggested upgrades, we determined that some of the suggested upgrades were not logistically feasible or cost-effective. Therefore, VELCO is taking a measured approach to implementing the upgrades that make the most sense and are the most cost-effective. In October 2024, VELCO installed electric rooftop HVAC units (essentially large heat pump units) for Buildings 100, 200, and 300. Throughout and immediately following the winter of 2024-2025, we should be able to compare heating costs and fuel consumption to previous years to measure the success of these new units.

Early in the design and scoping of the New Haven Operations Facility, VELCO chose to ensure the building is as energy efficient as possible with heat recovery units, geothermal heating and cooling, and the installation of a 32 kW solar array. In addition, VELCO designed and constructed the building to pursue Leadership in Energy and Environmental Design (LEED) certification. As the building is nearing completion, we are completing the LEED certification application. VELCO hopes to earn LEED certification for the New Haven Operations Facility in 2025.



## Electric infrastructure

Historically the electrical industry used oil breakers, many of which would eventually leak oil to the environment. Oil breakers were slowly phased out and primarily replaced with breakers that use the insulating gas sulfur hexafluoride (SF6). SF6 is the most potent greenhouse gas known and is approximately 23,500 times more potent than carbon dioxide. Given the significant risk for environmental impacts associated with the SF6 leakage, many utilities, including VELCO, are evaluating other technologies. Recently manufacturers have developed vacuum breakers (which do not contain SF6) up to the 145 kV voltage class. Given that these vacuum breakers are now commercially available, in late 2024 the VELCO Standards Committee changed the standard for circuit breakers on our 115 kV system from SF6 breakers to vacuum breakers.

In our last report, we shared our plans to install two Battery Energy Storage Systems (BESS) in Montgomery and Richford, Vermont. The benefits of these batteries are two fold. First, during emergencies, the batteries provide a lower carbon back-up power source for the two VELCO radio towers; we will no longer rely on propane or diesel-powered generators. Second, Vermont Electric Cooperative (VEC) can discharge the battery to reduce peak energy use during non-emergency times, which helps Vermonters save money as peak power tends to be more expensive; transmission charges are also based on peak loads, and avoids the carbon-intensive electricity that is more common during peak generation.

We are happy to report that construction is now complete. Each site has a 250 kW-1.2 MWh lithium-ion battery system that is housed in a 20' metal container, manufactured by KORE Power. Each energy storage system is connected to a rack-mounted switchgear assembly installed by VELCO, which is fed by a VEC transformer that completes our connection to VEC's system. These projects were commissioned in the fall of 2024. In a future report, we look forward to sharing a summary of any learnings and measurable benefits from these projects.



## Fleet transformation

Our fleet management program will transition the VELCO passenger fleet and our light pickup fleet to all-electric vehicles (EVs) or plug-in hybrid electric vehicles (PHEVs) by 2028. As technology advances, we will transition our larger pickups and heavy equipment to electric. In 2024, VELCO purchased multiple passenger PHEVs and five fully electric field vehicles, one Ford F-150 Lightning and four Chevrolet Silverado EVs. To support the electrification of our fleet, we continue to explore how to deploy vehicle charging infrastructure strategically and cost-effectively as part of our capital projects.

In August 2024, we developed VELCO’s EV implementation and charging plan, which shares our work to date and our anticipated future work to continue electrifying the VELCO fleet. This plan details the buildout of EV charging infrastructure at VELCO sites, including the installment of upgraded Level 2 chargers at Pinnacle Ridge in 2024 and the installation of a Level 3 fast charger at Pinnacle Ridge in 2025. VELCO is looking at data to see where the most useful locations are to install additional level 2 and level 3 fast chargers, leveraging our statewide facilities to cost-effectively support the transition to EVs.

Light Duty Vehicle Transition Plan								
VELCO LT Duty Trucks and Smaller	2021	2022	2023	2024	2025	2026	2027	2028
EV/PHEV Purchases	0	2	2	6	2	2	2	2
Total EV/PHEVs in Fleet	1	2	4	10	12	14	16	18
Total ICE LT Duty in Fleet	14	12	13	12	6	4	2	0
Adoption of EVs for larger fleet vehicles TBD based on technology advancements and availability								



# Looking ahead

## Environment

01

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### Pinnacle Ridge campus analysis

We anticipate providing additional information on our efforts to reduce greenhouse gas emissions with additional information on the efficiency gains after the installation of the electric rooftop HVAC units at our Pinnacle Ridge Campus,

02

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### Fleet transformation

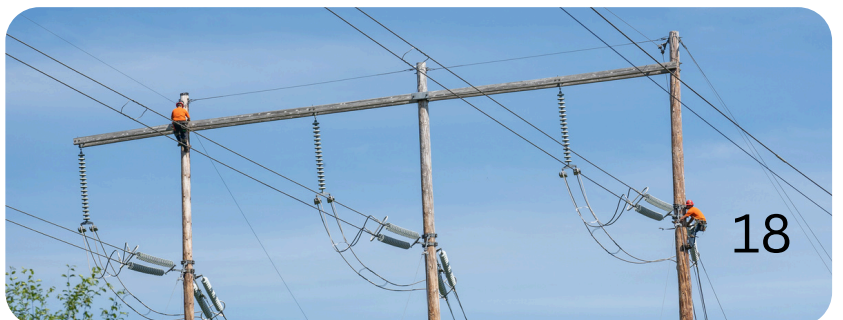
As VELCO continues to electrify our fleet and become less reliant on fossil fuels, we will continue to deploy a thoughtful charging plan.

03

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### Drone program

VELCO is currently utilizing drone technologies for our comprehensive structure inspections, fault investigations, wildlife conflicts, and many others tasks. We see the potential for many advancements with the current and forthcoming drone technologies and will be looking to include more information about this program and the efficiencies it delivers.



# Governance

## Good Governance supports sustainability.

Good Governance supports sustainability by establishing rules and standards that promote collaboration, coordination, and accountability. This helps ensure that VELCO makes decisions that consider long-term impacts, while also promoting innovation and adaptation.

In 2024, we established a new Enterprise Risk Management (ERM) program to ensure deeper engagement and Board of Directors oversight. A team of VELCO leaders was assembled to identify, assess, and develop mitigation strategies for nine key enterprise level risks. This team meets quarterly and uses a risk-by-risk scorecard that captures the key risk features (impact, likelihood, understanding, and trend) to track and measure the effectiveness of risk mitigation. The ERM team also discusses and addresses emerging risks to VELCO. These learnings are shared periodically at joint eTeam-Director meetings. In 2024, we also established the Board of Directors' Audit and Trust Committee as the Board committee of jurisdiction for enterprise risk and have amended its charter and workplan to ensure deeper Board engagement on enterprise risks.





# Looking ahead

## Governance

01

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### FERC Compliance Plan

We are developing a formal Federal Energy Regulatory Commission (FERC) Compliance Plan. This plan will establish roles, responsibilities, and a self-audit cadence to ensure that we are meeting or exceeding our routine and non-routine FERC filing obligations. This will be a significant maturation of this aspect of VELCO's work. FERC is a transmission company's biggest and most impactful regulator, and compliance is a key way to building trust. In addition, FERC considers having a formal compliance plan as a mitigating factor in enforcement cases.



**FERC**

# Gratitude

Transform Team  
VASE Team  
VdT Sustainability Team  
Facilities  
Fleet Services  
Safety Advisory Committee  
Human Resources  
Environmental Team

**We are grateful for our teammates who continue dedicate their time to creating a sustainable Vermont.**

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## Contact

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