

Governance Matters: Management Approach



This document describes how the SA Power Networks Group responds to, manages and evaluates material governance matters. Our material governance matters are:

1. Corporate governance
 - Regulatory compliance
 - Advocacy with stakeholders including regulators and governments
 - Integrating sustainability into corporate governance and risk management
 - Corporate culture, values and ethics
2. Responsible supply chain
3. Cyber security and data protection

SA Power Networks Sustainability Reporting Suite

This document should be read in conjunction with our:

- Sustainability Report;
- Sustainability Data and Disclosure Databook; and
- Environmental, Social and Network Matters Management Approach Statements.

Our reporting follows the guidance of the Taskforce for Climate-related Financial Disclosure (TCFD) framework, the Global Reporting Initiative (GRI) Standards and general industry standards. Supporting information that forms part of our sustainability disclosures is available on our website.

Disclaimer

The information contained in this report is relevant and accurate to 31 December 2024. The information contained in this report is for general information only and should not be taken, read or relied upon as anything other than general information. To the extent permitted by law SA Power Networks makes no representation and gives no warranties in relation to the accuracy, completeness or suitability of the information for a particular purpose.

1. Corporate governance

1.1 Overview

This section of our management statement outlines how the SA Power Networks Group approaches corporate governance and risk management matters, including corporate values and ethics, regulatory compliance and advocacy.

The SA Power Networks Group recognises that when environmental, social and governance (ESG) risks and impacts are not well managed, they can cause significant negative impacts to our business and pose threats to the natural environment and society more broadly. We also acknowledge that ESG leadership at the Board and senior leadership levels is critical to integrating ESG management and performance into our culture, processes and business relationships.

The SA Power Networks Group regards responsible business conduct as a fundamental component of our duty and commitment to our customers, our people, our owners and the communities which we serve. We endeavour to organise our governance structure in such a way as to support our efforts for greater sustainability. Additionally, we collaborate with government, industry, customers and other stakeholders to further sustainability outcomes with broader benefits and use our influence to advocate for policy and regulatory outcomes.

1.2 Management approach

1.2.1 Policies, systems, and directives

The SA Power Networks Group has established robust system of corporate governance and risk management principles, policies, rules, practices and processes. Our corporate policies determine the broad conduct of the business of the SA Power Networks Group.

Day to day management of the business and the implementation of the Strategic Plan, Strategic Direction and Policy requirements are formally delegated by the Board to the Executive Leadership Team (ELT) as set out in the various delegations.

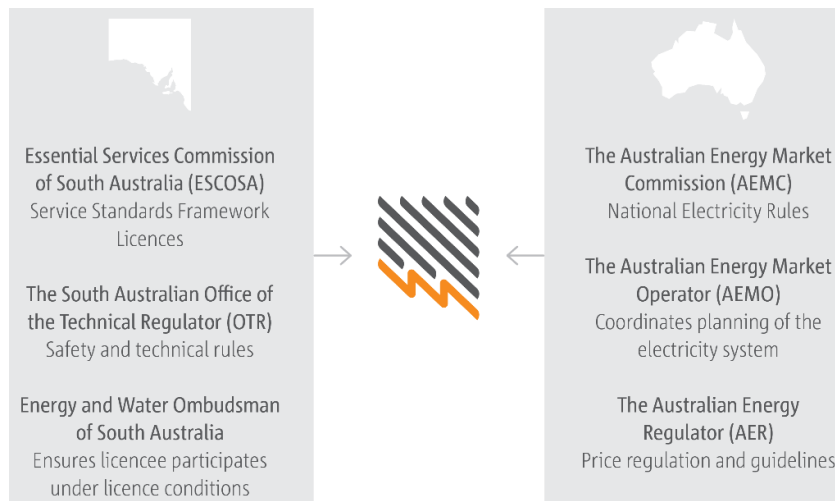
Risks are identified, managed, mitigated, and monitored using our comprehensive enterprise Risk Management Framework. Aligned to the Risk Management Principles of AS/NZS ISO 31000:2009, our Risk Management Directive outlines the principles, processes, reporting, key elements of the Risk Management Framework structure and Risk Appetite Statement, and approach to risk management at the SA Power Networks Group.

1.2.2 Regulatory compliance

Regulatory context

We strive to appropriately manage and maintain compliance with laws and regulations including the establishment of appropriate systems to manage and track performance against compliance obligations.

SA Power Networks is a monopoly business and is subject to regulation, which acts in the place of competition, and endeavours to promote efficient operations and deliver balanced outcomes. We are governed by National Electricity Laws and Rules and regulated by the Australian Energy Regulator (AER) and the Essential Services Commission of South Australia (ESCOSA).



Regulatory ‘Reset’ Proposal regime

As a regulated utility we are required to undergo a regulatory/price reset process every five years and submit a service, expenditure and revenue proposal (called a Regulatory ‘Reset’ Proposal) to the AER. The Reset Proposal details our proposed business operations and service delivery, including:

- Changes in our regulatory and physical environment
- Forecast expenditure
- Asset base and depreciation
- Revenue and tariffs
- Customer price impacts

The AER’s revenue determinations set out SA Power Networks’ allowed revenues and incentive schemes that apply for the five-year period. Then, in each year of the five-year period, SA Power Networks must submit an annual pricing proposal to the AER for approval. At the same time, ESCOSA determine the service standards that we need to meet over that period. We charge our tariffs to the retailers, who then recover these costs from their customers.

We are also required to abide by the local regulatory environment and the National Electricity Law and the National Electricity Rules in managing the distribution network. We must also submit a Tariff Structure Statement (TSS) which outlines how we will recover the revenue approved by the AER in our tariffs.

Our Reset Strategy aims to develop a proposal that meets the needs of our customers and provides a fair return for our business. For us, a successful proposal is one that has strong customer and stakeholder support gained through deep engagement, focuses on what matters, provides a fair return for our business and is backed up by high quality analysis.

Advocacy with stakeholders including regulators and governments

We know we are one part of a broader energy ecosystem, and whilst we are working hard to play our part to provide safe electricity while keep the cost down, we must use our leadership position to influence broader change. We utilise comprehensive stakeholder engagement, strong partnerships, and clear, evidence-based advocacy to campaign for changes to the energy system that we consider will benefit the majority of customers.

We have fostered a positive working relationship with our State Government and Federal Government agencies and Regulators, and have advocated on policy, technical and tariff changes that we believe will benefit customers and our ability to decarbonise the South Australian economy. These include energy efficiency standards for homes, access to solar for renters, and electric vehicle (EV) subsidies.

For more information about our stakeholders, engagement, and advocacy activities, refer to our Social Matters: Management Approach Statement.

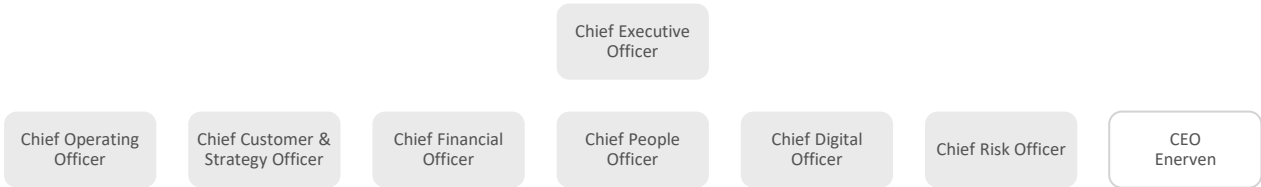
1.2.3 Integrating sustainability into corporate governance and risk management

Governance of sustainability strategy, risks and performance

The SA Power Networks Group is a business owned and operated by a Partnership, who have delegated their powers to a Board to operate the business. All decisions that are made in the business are made on behalf of the Partners. SA Power Networks' corporate governance model is about ensuring the right outcomes are achieved in the right way for the Partnership. Through a Partnership Agreement, the Partners have delegated their powers to the Board to operate the business of SA Power Networks on their behalf.

Our Executive Leadership Team (ELT) and Board of Directors are responsible for guiding the business and leading our 2,900 staff, including key functions such as strategy setting, policy definition and compliance, due diligence, and monitoring business performance. The Corporate Governance Policy and Corporate Governance Model outline how our Board pursues the highest standards of corporate governance across the business.

SA Power Networks Group Executive Leadership Team



The Board oversees our strategic direction and performance and provides support to our ELT. The Board also leads the cultural tone of our business by demonstrating the appropriate 'tone at the top'. The following committees have also been established to assist with the responsibilities of the Board:

- **Audit Committee** – assists with financial reporting, maintaining an efficient system of internal control and promoting an ethical culture.
- **Risk Management and Compliance Committee** – responsible for reviewing the risk profile of the business and oversight of risk management process, while ensuring appropriate procedures are in place to comply with legal obligations.
- **Remuneration Committee** – reviews and makes recommendations on remuneration arrangements for managers and staff.
- **Sustainability Committee** – responsible for assisting the Board to fulfil its corporate governance and oversight responsibilities relating to Environmental, Social, and Governance (ESG) obligations.



Given the SA Power Networks Group’s role and future aspirations, ESG issues are a significant focal area for the Board and ELT – particularly the decarbonisation of our State, the role of EVs and our network, our customers, the developing thinking on issues such as social wellbeing, and engagement and wellbeing of our workers.

Our sustainability governance model comprises three broad levels of sustainability governance oversight – Board, Executive and Operational - which report on progress in achieving the Sustainability Strategy, key issues, performance against targets, adherence to ESG reporting standards and frameworks, and any emerging risks:

Sustainability Governance



The Sustainability Committee Charter outlines the role, duties and composition of the Sustainability Committee. The Committee's primary roles includes assisting the Board in fulfilling its oversight responsibilities with respect to:

- Oversight of the SA Power Networks Group management of ESG risks, opportunities and impacts arising out of our activities and operations (including climate change risk management);
- Oversight of the strategy in relation to sustainability, including the future development of strategy, policy, objectives and targets as the external sustainability business environment continues to evolve;
- Ensuring that appropriate resources are in place to ensure effective delivery of key sustainability-based commitments, and to manage sustainability related risks and opportunities;
- Endorsement of the ESG Reporting Framework;
- Oversight of ESG reporting, disclosures, and any assurance of performance against ESG targets;
- Oversight of Governance as it relates to sustainability policy and performance; and
- Providing an avenue for communication between management, any external reviewers in relation to ESG matters, and the Board;

The Sustainability Committee meets at least four times a year with additional meetings convened as necessary at the request of any member. External guests are invited to inform the Sustainability Committee on new and evolving areas of interest. These meetings also consider how our activities are benchmarked both nationally and globally via performance measures, assurance and industry experts.

Identifying and addressing ESG risks and opportunities

To continually improve our ability to identify and address sustainability and ESG risks and opportunities, we have a program of initiatives that seek to integrate ESG related knowledge, policies, processes, and accountabilities into our corporate governance structure and operations.

The Corporate Risk Register is maintained on an ongoing basis with a formal review undertaken on a biannual basis. The outcomes of this review are reported to the Risk Management and Compliance Committee. As part of the process which is undertaken to review currency, Operational Risk Registers are reviewed to identify material ESG risks which may need to be captured and reported at a Corporate level.

Every year we review and validate our materiality assessment to determine what ESG issues, risks, and opportunities have the greatest impact on our business, customers, and communities, and which we can influence. ESG and sustainability risks are covered in key risk documents, including the Risk Appetite

Statement, Risk Management Framework, and corporate Risk Registers. Key ESG and business principles are embedded into our Governance and Risk Management Framework including:

- **Strategic alignment:** the SA Power Networks Group is committed to paying attention to the longer term, to stakeholder and customer needs, and to the social and environmental consequence of its operations and activities and will seek to achieve outcomes that will be good for the business, the community, and the planet.
- **Encompassing a wide range of topics** (from safety to energy transformation, to supply chain, and to social challenges), sustainability will affect the breadth of our operations. We are progressing towards a more holistic relationship between strategy, risk and sustainability.
- **Materiality:** We undertake regular materiality assessments to determine what ESG issues, risks and opportunities will have the greatest impact on the business, customers, and community, and which the SA Power Networks Group can influence.
- **Role in SA:** As South Australia's primary electricity distributor, SA Power Networks plays a critical role in the energy sector. The SA Government is aiming for more than a 50 per cent reduction in emissions by 2030 from 2005 levels and net-zero emissions by 2050. SA Power Networks will actively champion the role it can play in supporting the broader sustainability of the South Australian community.
- **Financial implications:** Sustainability factors are increasingly influencing financial returns and present an opportunity to drive long-term value. Over the last decade, ESG risks have gained increasing attention, particularly among investors, regulators, and customers.
- **Emerging risks:** We have a range of systems and practices to ensure we scan and monitor the external (industrial, economic, political, regulatory, etc) environment to appropriately capture and address emerging risks and opportunities. We engage and partner with experts and industry stakeholders to better understand, model and develop approaches to address emerging issues.

Risk management is an important element of all of the SA Power Networks Group's business practices and procedures and is the responsibility of all employees. Risk management considerations, including those that are ESG related, are incorporated into the planning, design, construction and operational phases of all business activities. The management of risks includes regular profiling, reporting, auditing, training, and the purchase of insurance to cover against potential losses associated with some risks.

The assessment and management of risks that fall under the banner of 'climate-related' is an ongoing part of business processes, as documented in the SA Power Networks Risk Management Framework. To aid visibility and clarity for internal governance and external reporting purposes, a stand-alone Climate-related Risks and Opportunities Register (CRROR) has been developed. The SA Power Networks CRROR was prepared using input from key stakeholders, the guidance of the Taskforce for Climate-related Financial Disclosure (TCFD) and the Corporate Risk Register. A summary of the CRROR can be found in the *Network Matters: Management Approach Statement*.

1.2.4 Corporate culture, values and ethics

We believe that our long-term sustainability as a business, delivering value to our owners and customers, is underpinned by responsible corporate behaviour. We want to be known as a trusted and respected essential service, which can only happen if we operate with the highest standards of integrity and professionalism and conduct our business in compliance with legal and regulatory requirements.

To protect our reputation, and achieve our strategic goals, we aim to operate in a manner compliant with legal and regulatory requirements, including human rights, discrimination, harassment, whistleblowing, anti-corruption and bribery, and conflicts of interest. Despite our best efforts, from time to time non-compliances do occur which we swiftly address both with immediate remedial action and the implementation of longer term strategies to prevent future non-compliance.

Our culture is a foundational enabler for our business, and we strive to make sure our people are equipped with the capabilities that support successful delivery of our key focus areas and that they demonstrate

behaviours that are aligned to our values. Our *Code of Conduct* sets out the principles, associated Policies and Directives that employees need to understand while working for the organisation, and provides employees with examples of the standards of behaviour expected of them, and the possible consequences of breaching the stated obligations. We ask all employees to confirm they have read and acknowledged the *Code* as demonstration of their commitment to our standards on commencing with the SA Power Networks Group. We act promptly to investigate any breaches of our *Code of Conduct* and apply penalties for substantiated breaches up to and including dismissal.

Stopleveline Pty Ltd operates an independent whistle-blower hotline (Speak-up Anonymous) under contract for employees to anonymously report misconduct or unethical or dishonest behaviour, via email, reporting website or phone line. All individuals who disclose information about illegal or improper conduct occurring within the SA Power Networks Group are protected in accordance with legal obligations.

1.3 Evaluation and improvement

The SA Power Networks Group has a comprehensive system for monitoring, evaluating and reporting adherence to legislative and regulatory requirements and progress on achieving business and strategic goals.

The role of the SA Power Networks Group's Governance and Risk department is to protect and enhance the reputation and revenue of the business for long-term sustainability. It is responsible for ensuring compliance with statutory and governance obligations and partnership agreements, in-house legal services, risk and audit, insurance, real estate and easements. Our Regulation team drives regulatory outcomes that provide long-term value to customers, stakeholders and owners.

Regulatory reporting

Our Regulatory Proposal must be prudent and efficient, and supported by economic modelling, business cases and independent reports, and ideally supported by a broad and diverse community of stakeholders.

SA Power Networks has developed a Monitoring, Evaluation and Compliance Strategy (MECS) that outlines how we will use best endeavours to comply with the reliability and customer service standards outlined in the Essential Services Commission of South Australia's Electricity Distribution Code (EDC). We annually publish a Public Performance Report which details our performance against the service standards contained in the Electricity Distribution Code and against the 10 regions defined in the Commission's Electricity Industry Guideline No.1. We regularly provide detailed information to the AER for monitoring purposes, and costs must be allocated in accordance with our approved Cost Allocation Method 1350KB PDF. The National Electricity Rules also requires Distribution Service Providers to develop, publish and maintain, a Distribution Loss Factor Methodology 296KB PDF.

Strategic Assurance and Reporting

Our Strategic Plan is refreshed annually, and governance is exercised by the Board through the approval of corporate policies. These determine the broad conduct of the business of the SA Power Networks Group, and cover the key areas of corporate governance, risk, compliance, finance, people, assets, information technology, safety, customers and community, and environment. Several aspects of these topics have been consolidated under a new Sustainability Policy. Each month, management reports to the ELT on its progress in achieving the budget and Strategic Plan, including a range of corporate performance, operational and ESG measures.

Our Risk and Audit team manage processes and procedures which are used to ensure the identification, reporting and facilitate management of the significant business risks of the organisation, including regular reporting to the Risk Management and Compliance Committee. We perform regular reviews to provide assurance to management and the Board Audit Committee that risks are being adequately managed and that control systems are appropriate to mitigate the risks.

We aim to transparently discuss and disclose both the negative and positive aspects of our sustainability performance, and to utilise nationally and globally recognised reporting methodology and protocols. Our

reporting currently follows the guidance of the Taskforce for Climate-related Financial Disclosure (TCFD) framework, the Global Reporting Initiative (GRI) Standards and general industry standards. Our carbon footprint is derived from our annual reporting under the *National Greenhouse and Energy Reporting Act (2007)*, and our emissions reduction targets are aligned to the guidance of the Science-based Targets initiative. Supporting information that forms part of our sustainability disclosures is available on our website.

A range of corporate governance related metrics and KPIs are regularly reported through to the ELT and provided in our *Sustainability Data and Disclosure Databook*.

2. Responsible supply chain

2.1 Overview

This section outlines how the SA Power Networks Group approaches modern slavery and human trafficking, and other ESG issues in our operations and supply chain.

A Responsible Supply Chain requires a fundamental shift in procurement decision making, from a cost-driven approach to one which integrates sustainability as a supplier success factor. This shift requires investment in strategic programs and initiatives that address human rights and environmental issues across the value chain.

Sustainability initiatives can have unintended consequences if not balanced and managed carefully, therefore we need to maintain an appropriate balance and awareness of potential adverse outcomes while pursuing each of our initiatives. We collaborate both within the organisation and across our value chain to maintain awareness of good practice and to inform and progress practical supply chain sustainability initiatives.

As a large, geographically widespread business, we procure goods and services from a diverse range of suppliers. With more than one thousand suppliers engaged annually, we are aware of our 'purchasing power' and are addressing salient human rights, social and environmental issues across our value chain. We acknowledge that our supply chain extends beyond Australian borders and are cognisant of emerging concerns regarding modern slavery.

2.2 Management approach

2.2.1 Directives, systems, and guidance

We operate wholly within Australia, a country with a long history of democratic government, judicial independence and high standards of governance, and with legislative regimes relating to human rights including labour standards, privacy and non-discrimination. Our commitment to both respect and promote human rights influences our business activities and stakeholder relationships, which is appropriately reflected in our corporate policies, directives, guidelines, codes and procedures. We have measures in place in our day to day operations which are aimed at reducing the risk of modern slavery.

Our *Sustainable Procurement Statement* outlines our commitment to a responsible supply chain and expectations of our suppliers to enable this. ESG requirements and considerations are embedded in our Procurement Directive, procurement, supplier and contractor management systems (including SAP and SitePass), and relevant guidelines. Our *Modern Slavery Statement*, which is available in the Online Register, details the actions we are undertaking to address the risk of human rights impacts in our supply chain.

We take a broad approach which seeks to educate and inform ourselves and our suppliers, work collaboratively with other procurement and supply chain professionals to learn and share good practice,

perform due diligence, and establish legal requirements in our contract arrangements.

2.2.2 Operations

The SA Power Networks Group employs Strategic Sourcing Framework (SSF) to guide our decision making in the source to contract process that provides both practical guidance and a core structure for those undertaking sourcing activities for goods and/or services provided to SA Power Networks and Enerven. Within this guideline we provide detail over higher risk categories and our sustainable procurement tender response questionnaire. For suppliers with revenue over \$100m they are asked to provide their Modern Slavery Statement at the time of onboarding.

New suppliers undergo a pre-qualification process to identify potential commercial, reputational, environmental and modern slavery risks. The Modern Slavery Risk Assessment Questionnaire continues to be rolled out to existing suppliers, with all suppliers bound by anti-slavery provisions within their contracts. We use a centralised system to add details of all new suppliers and we have established system controls to segregate duties and all suppliers’ information is audited, allowing the elimination and mitigation of any actual or perceived risks in supplier engagement and a consistent onboarding practice of all suppliers.

Our expectation is that our suppliers and their supply chain comply with Australian federal, state and local laws and regulations including but not limited to labour laws, environmental regulations and workplace health and safety standards. We have amended procurement contracts to include an anti-slavery and human trafficking clause. Where a supplier’s operations occur outside Australia, our expectation is that our suppliers comply with all applicable anti-slavery, human trafficking and migration laws and include in their contracts with sub-contractors and suppliers anti-slavery, human trafficking and migration provisions which are at least equivalent to those set out in our formal contracts. This expectation is communicated in our supply contracts.

In recent years we have implemented the Informed 365 (corporate social responsibility web platform) system to risk assess our supply base and issue a Modern Slavery Self-Assessment Questionnaire to our Tier 1 (direct) suppliers.

We have developed a dedicated supplier website that includes our *Sustainable Procurement Statement*, information about the organisation’s expectations with respect to ethical and sustainable procurement and links to partner and industry websites.

Responsible supply chain framework



Training and collaboration

We continue to collaborate with like-minded industry organisations to continuously develop our understanding of sustainability matters and good practice to improve our contribution to a sustainable future through procurement. We take a continuous-improvement and collaborative approach in our actions to address modern slavery, ethics, and environmental risks in our supply chain and operations. This has involved upskilling our people on addressing modern slavery, safety and environmental risks and

sustainable procurement principles through external training, adding appropriate clauses to our supplier contracts, and through the development of a supplier questionnaire and risk management framework in collaboration with the [Energy Procurement Supply Association \(EPSA\)](#).

Our risk-based approach also involves desktop and site auditing of key suppliers, engaging with internal and external subject matter experts during the sourcing process, and collaborating with industry colleagues to share information and intelligence.

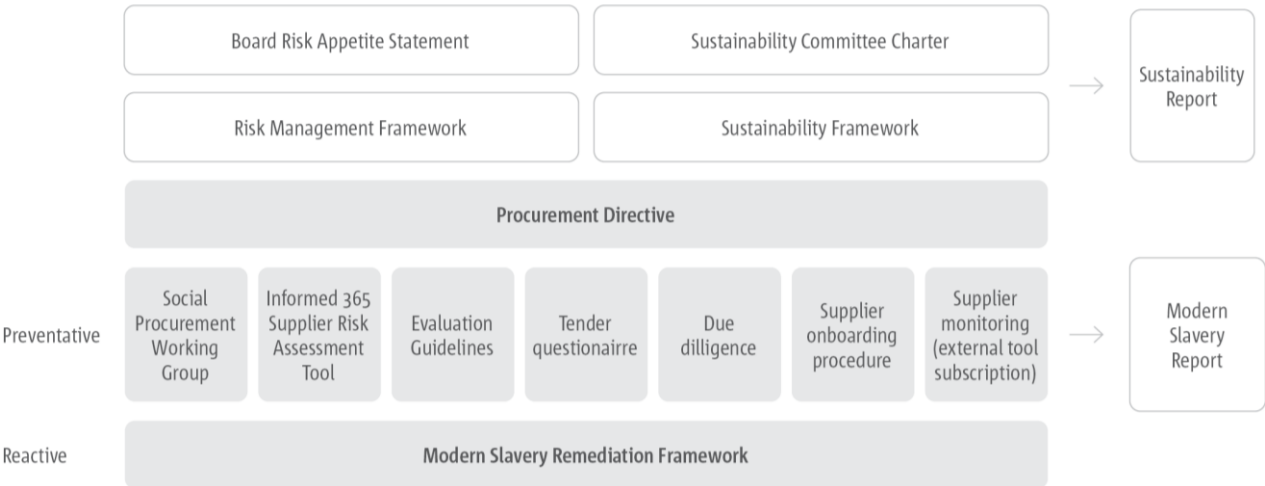
We are a member of the Good Environmental Choice Australia, Supply Nation, and the Sustainable Procurement Pledge initiatives.

2.2.3 Evaluation and improvement

We have established a Modern Slavery Governance Framework, and review and report on our progress against procurement and supply chain risks and priorities to the ELT, Board and in our annual ESG reporting.

Our Social Procurement Working Group seeks to improve our performance in specific areas, including engagement of regional businesses, First Nations businesses and local business, in addition to maintaining our focus on identifying and managing modern slavery risks in our supply chain.

Modern Slavery Governance Framework



We are committed to measuring the effectiveness of our Modern Slavery Governance Framework. As part of this process, we conduct a review of our relevant policies and procedures annually to ensure they allow us to measure and assess the effectiveness of our modern slavery risks. We produce a [Modern Slavery Statement](#) every year and submit a legal compliance report to the Board Audit Committee twice a year for review, which contains a specific section on modern slavery that ensures we are compliant with the relevant legislation.

To ensure we comply with relevant recognised certifications, we maintain global [Chartered Institute of Procurement and Supply \(CIPS\)](#) Standard Certification and Ethical Procurement Supply Certification.

To further evaluate the effectiveness of our management approach, we engage with industry bodies and incorporate best practice processes and procedures across our business. We also consult external stakeholders to stay informed about current trends and material issues and regularly benchmark against our peers.

3. Cyber security and data protection

3.1 Overview

This section of our management statement outlines how the SA Power Networks Group approaches cyber security, IT resilience and data protection and privacy issues.

The security and reliability of the energy sector is under increasing attention due to sophisticated cyber attacks against critical infrastructure that have occurred in recent years across multiple jurisdictions. As an essential service operating critical infrastructure and managing large amounts of personal information, the SA Power Networks Group has in place a comprehensive cyber security regime to manage cyber security risk and undertakes a range of programs to protect critical assets, systems and data from cyber attacks.

The SA Power Networks Group is committed to the protection of personal information and recognises that privacy is the right of individuals to protect their personal life from invasion (through inappropriate releases of their personal information) and for individuals to control the flow of their personal information.

We have legal obligations regarding the protection of privacy of personal information provided to us by customers, employees, contractors and suppliers in accordance with the requirements of the *Privacy Act 1988*, the *Electricity Act 1996*, the *Security of Critical Infrastructure Act 2018*, the National Electricity Law, the ESCOSA Distribution Licence and all other legal, regulatory and contractual requirements.

3.2 Management approach

3.2.1 Policy and systems

Management of cyber security risks and data protection across the corporate IT environment and the operational technology environment aligns with the SA Power Networks Risk Management Framework.

Our *Cyber Security Policy* outlines the key principles, activities and responsibilities to ensure comprehensive and appropriate management of cyber security and data privacy issues. Our *Cyber Security Governance Framework* outlines how the SA Power Networks Group will provide governance, strategic planning and sponsorship of cyber security activities through a commitment to developing, implementing and continually improving the *Cyber Security Program (CSP)* across the organisation. The *Framework* is developed in support of the *Cyber Security Policy* and *Cyber Security Directive*, and is further supported by a range of documentation, including standards, procedures, guidelines and work instructions.

Our *Cyber Security Standard* and *Directive* establish and communicate the specific requirements for how cyber security must be managed within SA Power Networks to maintain the confidentiality, integrity and availability of information and technology systems, commensurate with risk, and in compliance with legal, regulatory and contractual obligations. Threats and vulnerabilities are managed across SA Power Networks in accordance with the Threat and Vulnerability Management Plan.

Our internal *Privacy Policy* outlines the principles on how the SA Power Networks Group collects, manages, uses, discloses and otherwise handles personal information. Our internal *Privacy Policy* and our various *Privacy Guides* also provide direction to the SA Power Networks Group's workers regarding the protection of the privacy of personal information (including that supplied to us by customers, employees, contractors and suppliers). Our *Data Breach Mandatory Notification Guide* provides direction to our workers regarding the assessment and notification requirements of any breaches of our privacy obligations.

The Australian Energy Sector Cyber Security Framework (AESCSF)

The AESCSF provides a cyber security capability maturity model for energy sector organisations to assess, evaluate, prioritise and improve their cyber security capability through informed decision making. The AESCSF was developed through collaboration with industry and government stakeholders, including the SA Power Networks Group, and leverages recognised industry standards such as the US Department of Energy's *Cyber Security Maturity Model (ES-C2M2)* and the *NIST Cyber Security Framework (CSF)*.

This Framework categorises cyber security capabilities into the following 11 domains.



Over recent years we have made a significant investment in maturing our cyber security approach, aligning to the AESCSF and other recognised industry frameworks. This program consists of multiple streams of work, focusing on both technical and management cyber security outcomes.

3.3 Operations

Addressing cyber security risks

The Cyber Security and IT Resilience team provides governance, oversight and consultation for all aspects of cyber security across the enterprise to prevent, detect and respond to cyber security threats. The team endeavours to keep the business agile and innovative while prudently managing our cyber security risk, aligned with legal, regulatory and contractual requirements. We have established and maintain a cyber security program of works with core objectives:

Protect our people, systems and information	Endeavour to maintain the safety of our people, our customers and the general public, and protect the information they entrust to us, in alignment with legal, and regulatory requirements, and commensurate with risk.
Manage our risk	Employ a standardised, risk-based approach to cyber security management across SA Power Networks to ensure informed decision making and the mitigation of risk to an acceptable level.
Limit the impact from incidents	Identify, respond to, resolve, and recover from cyber incidents in a manner that effectively minimises the resulting impact.
Educate our people	Foster a strong enterprise wide awareness of cyber security threats and risks, and ensure our people have the appropriate skills and capabilities relative to their job requirements.
Collaborate and share	Champion cross-organisational and industry collaboration and information sharing with respect to cyber security.
Continuously improve	Strive for continuous improvement of our cyber security program and capabilities.

Driving our cyber security response capability is the SA Power Networks Group cyber security threat profile. This outlines how we will most likely be attacked, what assets will be targeted – both information technology (IT) and operational technology (OT) and the techniques that will be used. Supporting this are automated threat simulations, where we test our systems against known advanced attacks and identify where we need to better detect and prevent malicious activity.

Our proactive and threat led security operational capability is built around a hybrid model, with 24/7 monitoring and actioning of security alerts across the IT and OT networks. This includes an automated incident response processes to decrease the time to respond. The team regularly participates in desktop simulation exercises to test playbooks, IT disaster recovery processes and to maintain levels of preparedness.

Our IT resilience team focuses on readiness to respond to operational disruptions. This is aligned to a recent review of the criticality of applications and sensitivity of information across the SA Power Networks Group. To reduce the risk of a security breach of our network from cyber and physical threats we are continually developing capabilities and building resilience.

Cyber security and data protection awareness and training

A key principle of the program is that cyber security and data protection is everyone's responsibility, and all employees have a responsibility to play their part in protecting business and customer information and ensure its confidentiality, integrity and availability is maintained. As such, responsibility for cyber security management across SA Power Networks is clearly defined to encourage every individual to apply cyber security policies, principles, procedures, and practices in their daily work activities.

An organisation wide cyber security awareness program is in place. This program aligns to the SA Power Networks cyber security threat profile to increase awareness of the specific threats that we face, as well as what our people can do to help protect the organisation. All new employees must complete awareness training upon joining, with employees being required to complete refresher training. The awareness program includes monthly email phishing drills that mimic real attacks, with those who fail the exercise completing additional training. Additionally, online training includes specialised training for privileged users. The program also includes online articles, organisation-wide briefings, 'Lunch and Learn' sessions, face to face small training sessions and physical elements such as posters across our sites.

We also offer vocational educational programs in cyber security. Training programs are delivered by registered training organisations and nationally accredited qualifications are credited.

3.4 Evaluation and improvement

The SA Power Networks Group has an established regime of ongoing measurement and monitoring of implemented security controls, and identification of non-compliance and/or areas of improvement to ensure compliance with legal, regulatory and contractual requirements. We are committed to continuous improvement of the cyber security program by:

- Monitoring the performance and effectiveness of the Cyber Security Program against the planned objectives;
- Identifying non-compliance with the cyber security program and AESCSF, and tracking and implementing remediation actions to address these;
- Ensuring activities in the Cyber Security Calendar are completed in a timely manner;
- Providing an annual AESCSF attestation to AEMO; and
- Undertaking regular independent reviews of various aspects of the cyber security program.

We review and report on our progress against cyber security risks and activities to the ELT, Board and in our annual ESG reporting. As cyber security is a strategic risk on the Risk Register, performance monitoring is a standing agenda item of our Board Risk Management and Compliance Committee.