SA Power Networks Group ESG Reporting Suite

Environmental Matters: Management Approach

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

1. Nature, biodiversity and environmental conservation
    - Environmental harm risk management
    - Nature and biodiversity conservation
2. Responsible consumption and resource use

SA Power Networks Sustainability Reporting Suite

This document should be read in conjunction with our:

- Sustainability Report;
- Sustainability Data and Disclosure Databook; and
- Social, Network and Governance 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.

SA Power Networks

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1. Nature, biodiversity and environmental conservation

1.1 Overview

This section outlines how the SA Power Networks Group approaches environmental conservation and aspect (risk) management across our core operations and activities, with a specific focus on our potential impact on nature and biodiversity.

Environmental management is an important consideration of the SA Power Networks Group. We recognise that our activities may have an impact on the environment, whether in the field or office, and we strive to minimise this where possible. Beyond our legal obligations, we are committed to the monitoring and protection of the environment in which we operate, with a focus on minimising pollution to land and water, biosecurity risk, and cultural heritage impact.

We acknowledge that all large businesses have an inherent impact on natural habitats and ecosystems, and recognise the interconnectedness of climate change, accelerated loss of biodiversity, responsible consumption and resource use, and prudent environmental management. We strive to minimise any potential damage through a range of biodiversity and natural resources related planning and operational procedures and systems, and we are working to improve our supply chain and resource use activities.

Information about our approach to climate change, including our key climate-related risks and opportunities and efforts to reduce our carbon footprint can be found in our *Network Matters: Management Approach Statement*.

1.2 Management approach

1.2.1 Systems and procedures

Compliance with environmental legislation and regulation is viewed as a minimum requirement and we are progressively integrating environmental sustainability principles into our systems and processes. Our Sustainability Policy outlines our key commitments and actions to mitigate and manage environmental risks, including those related to natural resources and biodiversity.

We have in place a comprehensive Environmental Management System (EMS) aligned to the ISO14001 Standard[1] for managing environmental impacts and risks. The scope of the EMS applies to all SA Power Networks Group activities related to the design, construction, operation and maintenance of electricity distribution assets, properties and external construction and maintenance projects undertaken by or on behalf of the business.

Specific environmental risks appear on our Corporate Risk Register and are managed via our Risk Management Framework, EMS, standards, strategies, programs, asset management plans and procedures. Our Environmental Management System (EMS) includes an environmental aspect (risk) and impact register, with a detailed range of procedures, work instructions and training modules for all material risks, which are regularly reviewed for currency. In addition to mandatory Environmental Awareness training, tailored training is provided for significant risks and key business units. A significant portion of these procedures are biodiversity-related, including:

- Flora and Fauna Management
- Birds and Bird Nest Removal from Infrastructure
- Native Vegetation Management Procedure
- Protection of Significant Roadside Vegetation

[1] Enerven's EMS is certified to ISO14001.

- Working around Regulated and Significant Trees
- Access Tracks and Native Vegetation Management
- Birds of Electricity Infrastructure Guide
- Snake Removal Contacts
- Biosecurity - Pest Plant Animal Disease Management
- Weed Spread Prevention
- Phytophthora Spread Prevention

These resources provide pertinent information about risks and management measures to be taken for preserving or minimising the impact on native vegetation, significant and regulated trees, and native fauna from work activities. In addition, information is provided in applicable procedures and work instructions about preventative measures required to reduce potential harm to the environment, community and economy from the entry of pest plants (weeds), pest (feral) animals, and plant and animal diseases.

1.2.2 Operations

Environmental aspect identification and risk management

Our Environment Branch monitors industry-specific, national and global environmental management and sustainability legislation, trends and topics to provide up-to-date practical advice and assistance to the business. The Environment Branch works closely with our Projects Teams, Network Planning, Equipment, Standards and Assets engineers, Customer Relations Team and staff working in the field.

Guidance from our Environment Branch and the EMS enables staff and contractors involved in the planning, designing, constructing, decommissioning, and maintenance of substation, distribution line, customer asset and telecommunications assets, to have a clear understanding of the requirements to be followed to reduce any potential environmental impacts. These are documented in an Environmental Management Plan or Project Risk Assessment, depending on the scope and scale of the work. Specifically:

- identification of possible environmental risks associated with works;
- appropriate enquiries, assessment, approvals and management measures are undertaken with the Environment Branch, landowners, the community and regulatory bodies.

Unlike many other risks, environmental risks can be inherent in projects of any size or complexity. Whilst there is a focus on larger/major projects, systems are in place to enable project and field workers to consider and address environmental risks for all activities. Project and asset inspections aid compliance with Site/Project Environmental Management Plans and EPA licence conditions. Some material risks and how we manage them are summarised below:

Managing Oil Filled Assets

Oil is an essential component in the electricity system as it is used as a coolant in equipment such as high voltage transformers. SA Power Networks owns and operates tens of thousands of oil-filled assets, including large transformers in over 410 substations across South Australia. Our assets are inspected against safety, asset condition and environmental criteria.

Substation environmental inspections are designed to help prioritise the scheduling of oil containment works such as bunding around transformers or the installation of an oil-water separation system. The Environment Branch works with the Asset Management Department to assist in risk rating and prioritising the oil containment program starting with the highest risk sites. All ‘high-risk’ substations have some form of oil containment and now, ‘low risk’ substations are receiving oil containment with the aim of all substations being completed by 2030.

Some of our substations are more than several decades old and were often built on sites that were isolated at the time. Residential and commercial development has seen rapid growth around many of these substations, often right up to the boundary fence. In these situations, the risk profile may have changed, particularly if the substation now borders a wetland or sensitive land use property.

The Environment Branch rates this risk, according to criteria set by our oil containment management plan and current legislative requirements. We consider factors such as proximity to natural or artificial watercourses, neighbouring properties with horticultural crops or other sensitive land uses, and the depth of the ground water. If a site is identified as medium to high risk, the site is included in the oil containment program and for the installation of oil containment on site.

The audit process also checks for any polychlorinated biphenyl (PCB) contamination from old transformers and circuit breakers. PCB was a widely used additive in transformer oil during the mid-20th century for its insulating and fire-retardant properties, before it was found to be carcinogenic and subsequently banned worldwide. SA Power Networks is committed to a program of reducing or removing PCB contamination in its assets, and to meet the National PCB Management Plan.

Environmental Incident Response

Sometimes incidents (eg oil spills, transformer failures) occur that have the potential to cause environmental harm. The vast majority of leaks, spills or incidents that occur are minor, but if the spill or incident is determined to meet the materiality threshold described in the *Environment Protection Act (1993)*, we will notify the Environment Protection Authority (EPA). The table below summarises the spills and notifiable incidents of the last four years.

Year	Number of minor spills	Number of EPA notifiable incidents
2022	75	5
2023	97	7
2024	124	12

The SA Power Networks Group has a robust process in place to respond to and manage environmental incidents. Our 24/7 Network Operations Centre (NOC) is alerted when an incident occurs that has caused, or has the potential to cause, harm or damage to the environment. The NOC will dispatch our emergency response contractor to contain any spills with a focus on protecting water catchment areas. Also, our field staff and project managers are trained to respond to and manage environmental incidents should they occur.

Biosecurity

Biosecurity is a series of measures to protect against the entry and spread of pests and diseases. The spread of weeds and diseases can impact agriculture, human health and the environment. Biosecurity is a shared responsibility, meaning that both landowners and SA Power Networks Group personnel and contractors have a role to play.

To inspect and maintain our network our staff and contractors must access our infrastructure, sometimes requiring access through farm and other properties. So that we minimise the risk of our activities introducing or spreading pest plants or disease, our personnel will undertake a range of biosecurity measures such as vehicle, plant and equipment washdowns.

Aboriginal and European cultural heritage

The SA Power Networks Group recognises the value of cultural and natural heritage. Aboriginal heritage may include archaeological sites, campsites, middens, artefact manufacturing sites, burial sites, stone tool, grindstone and ochre quarries, ceremonial, hunting hides, fish traps mythological sites, paintings, engravings, scar trees and native trees. European heritage includes vegetation heritage areas on farm properties, individual trees, buildings, bridges, walls and even old tram poles.

Some activities (particularly those that involve intrusive works) undertaken in the field by our crews and our contractors run the risk of causing damage to Aboriginal or European heritage. Prudent planning minimises the risk of harm, including undertaking appropriate risk assessment, site selection, site

investigation and design. Depending on the site and level of risk, we will undertake desktop research, engage archaeologists and anthropologists, and work with local First Nations Traditional Owner groups for site inspection and monitoring of works. We have a dedicated Cultural Heritage Advisor role in the Environment Branch and have in place procedures and work instructions in the event that an artefact or site of significance is discovered.

Wildlife network interactions

Wildlife such as birds, possums, and Grey Headed Flying Foxes (bats) will utilise our infrastructure to nest, roost or access food sources. Unfortunately, this can harm or kill the animal, damage electrical assets and interrupt supply. To mitigate against the risk of harm to wildlife and power outages, we implement a range of measures such as:

- working with landowners, Fauna Rescue, Bat Rescue SA, Koala Life, Birds SA, the Department of Environment and Water (DEW) and consultant ecologists to ensure that the welfare of wildlife is being appropriately managed during work activities and solutions are sought for high risk issues;
- installing animal guards on higher-risk lines to stop animals climbing on them;
- regularly inspecting substations and other infrastructure to identify and relocate/remove nests;
- installing nest rings on Stobie poles to offer birds an alternative location to build their nests;
- covering certain assets and removing Rod Air Gaps and other equipment from powerlines to minimise the risk of electrocution of bats or birds;
- engaging ecologists to undertake fauna assessments and develop management plans for projects at sensitive sites; and
- maintaining a robust Environmental Management System including procedures for managing wildlife.

Native vegetation and regulated trees

We strive to preserve or minimise the impact on native vegetation, significant and regulated trees, and native fauna from our work activities, are supportive of building climate resilience in the urban environment via vegetation planting. We have a legislated responsibility to ensure a compliant, safe, and reliable network which requires a comprehensive Vegetation Management Program. We also need to keep our costs as low as possible to reduce the impact on energy consumers in South Australia. We engage with our Vegetation Management Advisory Group, State Government, Councils and arborists to encourage appropriate tree planting and explore solutions to the challenges associated with managing vegetation and electricity infrastructure.

Planning

In addition to our EMS, our project, field and contractor crews are provided with planning tools and information to ensure that environmental issues are addressed prior to work commencing. Threatened species and habitats are considered part of the environmental approval process on all major projects, and in most instances we are able to shift or adjust the powerline route or project scope to avoid impact.

1.3 Evaluation and improvement

The SA Power Networks Group's Environment Branch is responsible for coordinating the implementation of the Environmental Management Plan, monitoring and reporting environmental performance of the business, providing legislative compliance requirements and other advice, providing environmental training and conducting asset audits/risk assessments to determine environmental risk in conjunction with applicable business units and departments.

Matters of significance are reported via the Executive Leadership Team to the Board's Sustainability Committee and Risk Management and Compliance Committees. We monitor our environmental performance, with a range of metrics and KPIs in relation to organisational and operational performance are detailed in our *Sustainability Data and Disclosure Book*.

We also engage on environmental issues – formally for specific projects or initiatives and informally in an ongoing way – with landowners, customers, businesses, and Traditional Owner groups. We respond openly and constructively to the reasonable expectations of the community on environmental matters and work constructively with regulators such as the EPA and the DEW.

In recognition of the increasing focus on natural capital and biodiversity preservation, we have commenced work to develop an *Action Plan for Nature and Biodiversity* that will align with the guidance of the Taskforce on Nature-related Financial Disclosures (TNFD). In 2024 we began the foundational work required for the development of the *Action Plan for Nature and Biodiversity* and a *TNFD Roadmap* to enable the SA Power Networks Group to move toward future adherence to the TNFD guidance and contribution to net positive biodiversity outcomes. An assessment of our business footprint, impacts, dependencies, risks and opportunities with respect to nature was undertaken, and proposed workstreams identified for further exploration. Performance against our biodiversity related risks and commitments is reported via our annual Sustainability Report.

2. Responsible consumption and resource use

2.1 Overview

This section outlines how the SA Power Networks Group approaches waste management, recycling, resource recovery and our contribution to the circular economy, including responsible consumption.

The SA Power Networks Group undertakes a large range of activities that can generate waste materials that require disposal at a landfill facility, processing at the Alternative Fuels Facility or management at a recycling facility. There are numerous waste streams throughout the SA Power Networks Group's operations, including office waste, hazardous waste, oils, scrap metals, plastics, packaging and street lighting consumables, as well as solid wastes from depots, workshops, stores and corporate headquarters. A substantial percentage of these waste streams are recovered, re-used or recycled.

Our overall landfill diversion rate averages 90%, and we are looking ahead to improve on this performance by further reducing waste to landfill, reducing packaging and using greener products and materials across the business. We are also exploring opportunities to contribute to a more circular economy in South Australia. A circular economy is an alternative to a traditional linear economy (make – use – dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of operational life.

2.2 Management approach

2.2.1 Systems and procedures

Our waste management services contract and system, and Waste Disposal and Recycling and Waste Soil Management procedures, require compliance with regulatory requirements and encourage practices which eliminate and reduce the quantity of waste.

2.2.2 Operations

Responsible consumption, planning and design considerations

Prudent planning and design can reduce the volume of waste generated by daily operations and projects. Environmental and sustainability information, including guidance on minimising waste and increasing ecologically preferable (eg recycled content) materials, has been incorporated into our Procurement Directive, sourcing guides and Conditions of Tender, with work currently focused on improving the

environmental risk assessment process and incorporating environmental criteria into key contracts.

Our project managers, site operational personnel and procurement category managers are provided information to:

- consider waste minimisation and management in the development of new projects and business activities – for example ensuring that suitable source separation and recycling infrastructure is located on site/actively promoted;
- explore ways to eliminate waste at the source, for example ensuring that only what is required for the project or activity is ordered and fully utilised, and requesting no or minimal packaging;
- consider purchasing materials and products that are more readily reused, recycled and more environmentally responsible; and
- encourage suppliers develop opportunities to complete the product life-cycle by recovering and recycling materials;

As moving to a circular economy is not only about recycling, we are exploring ways we can 'design out' waste streams and increase the use of products made to be repaired, refurbished and kept circulating at their highest value for as long as possible. Examples at SA Power Networks include the refurbishment of leaking, damaged or faulty transformers at our Transformer Workshop, the collection, re-use and on-selling of transformer oil at our oil reclamation plant, and the on-selling and recycling of IT equipment.

Sustainability in property building and maintenance

The SA Power Networks Group operates over 40 properties across the State. The property portfolio provides the industrial, depot, training and office facilities that the business requires to safely and reliably maintain the distribution network. One of the objectives of the Property Strategy is optimising property utilisation, integrating environmentally sustainable building design principles to reduce our carbon footprint, and adopting socially responsible supply chain practices. Key examples include:

Energy efficiency, electric vehicle (EV) charging and solar generation	• East to West building orientation and larger eave overhang • Office, Depot and Warehouse LED lighting replacements (internal and external) + Photo Electric Cells, timers, motion sensors and remote arming • Inverter Heat Pumps and Solar pre-heat Hot Water Systems • BMS controlled Air-conditioning • Energy Efficient Appliance Selection (Fridges, TVs etc) • EV Charging Infrastructure Rolled out to all Depots • PV solar panels installed on all applicable rooftops.
Water sensitive design	• Rain Gardens in car parks; • Planted retention basins for stormwater biological pre-treatment; • Stormwater harvesting for toilet flushing, vehicle washing & irrigation (>100,000L); • Low water, drought tolerant plant species selection
Waste management and circular economy	• Provision of recycling and recovery systems and management of waste and recycling service provision • Alternative hardstand pavement trials (incorporates locally recycled hard plastics, less concrete, faster and more efficient installation

2.3 Evaluation and improvement

We work with our waste management and recycling contracting companies and circular economy experts to continuously improve our systems and trial new approaches. We engage a consultancy to periodically audit contract performance and we prepare an annual waste mass balance report.

A range of metrics and KPIs monitored by the Environment Branch in relation to organisational waste and recycling performance are detailed in our *Sustainability Data and Disclosure Databook*.