

Independent Limited Assurance Report to the Management and Directors of SA Power Networks

Our Conclusion:

Ernst & Young ('EY', 'we') were engaged by SA Power Networks (SAPN) to undertake a limited assurance engagement as defined by Australian Auditing Standards, hereafter referred to as a 'review', over the Subject Matter defined below as at 27 March 2024. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria defined below.

What our review covered

We reviewed the following Subject Matter relating to SAPN's Sustainable Financing Framework:

- ▶ Policies and procedures related to the use of proceeds, process for project evaluation, management of proceeds and reporting requirements associated with Green Bonds
- ▶ Eligibility criteria and valuation requirements relating to nominated assets and activities to be funded by Green Bonds.
- ▶ SAPN's nominated assets and activities which meet the Eligibility criteria outlined under the Climate Bond Initiative Sector Criteria for Electrical Grids and Storage

Other than as described in the preceding paragraphs, which set out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Subject Matter, and accordingly, we do not express an opinion or conclusion on this information.

Criteria applied by SAPN

In preparing the Subject Matter, SAPN applied the following Criteria:

- ▶ Climate Bond Standard v4.1 (CBS)
- ▶ Climate Bond Standard Sector Criteria for Electrical Grids and Storage
- ▶ International Capital Market Association's Green Bond Principles (GBP)

Key responsibilities

SAPN's responsibility

SAPN's management is responsible for the collection, preparation and presentation of the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and

maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility and independence

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our review. We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach to conducting the review

We conducted this review in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE3000') and the terms of reference for this engagement as agreed with SAPN on 22 February 2024. That standard requires that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other review procedures.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- ▶ Checking policies and procedures established by SAPN related to the Subject Matter to assess whether they were aligned to the requirements detailed in the Criteria
- ▶ Checking the nominated assets meet the eligible asset criteria outlined under the Climate Bond Standard Sector Criteria for Electrical Grids and Storage
- ▶ Checking the expected net proceeds of the debt instrument exceeds the value of the nominated assets (i.e. SAPN's Regulatory Asset Base)
- ▶ Conducting interviews with personnel to understand the policies and procedures relating to the Subject Matter
- ▶ Understanding the systems in place to support the reporting processes outlined in the Sustainable Financing Framework
- ▶ Obtaining management representation on key assertions.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our review conclusion.

Inherent limitations

Procedures performed in a review engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a review engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to assessing aggregation or calculation of data within IT systems.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management, the Directors of SAPN, and the Climate Bonds Initiative or for any purpose other than that for which it was prepared.

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.



Ernst & Young
Adelaide, Australia
12 April 2024

Annex A

Nominated assets

The nominated assets for SAPN's Sustainable Financing Framework are listed below.

Nominated Assets	Sector Criteria	Relevant Sector Eligibility requirements	SAPN's assessment of eligibility requirements
Construction, upgrade and operation of SAPN's distribution system infrastructure (e.g. stobie poles, powerlines, underground cables, street transformers, circuit breakers and switchgear)	Electrical Grids and Storage	Mitigation component: More than 67% of newly connected generation capacity in the system in which the infrastructure is located is below the generation threshold value of 100g CO ₂ -e/kWh measured on a Product Carbon Footprint (PCF) basis over a rolling five-year period.	SAPN demonstrated more than 67% of newly connected generation capacity to the National Electricity Market (NEM) falls below the generation threshold value of 100g CO ₂ -e/kWh measured on a PCF basis over a rolling five-year period. SAPN followed the approach detailed in Methodological Note 2 of the Climate Bond Initiative's Sector Criteria for Electrical Grids and Storage. SAPN completed an Adaptation and Resilience checklist and the assets meet the requirements set out within.
Construction, operation, manufacturing and leasing of supporting infrastructure used exclusively for the eligible distribution system assets and activities		Adaptation & Resilience component: "Has the issuer fulfilled the requirements of the Adaptation and Resilience checklist?"	

Annex B - CBS Pre-issuance version 4.1 checklist

SAPN's 2023 Sustainable Financing Framework and nominated assets was assured against the following requirements as specified in the Climate Bond Standard v4.1

Criteria	Section	Evidence provided	Assurance Procedures
Utilisation of Proceeds	2.1.1. The Issuer must document the Nominated projects and assets which are eligible to be associated with the debt instrument. The Issuer must compile a list of Nominated projects and assets which must be kept up to date during the term of the Bond.	SAPN included the nominated assets within the Sustainable Financing Framework. The nominated assets are listed in Annex A.	Checked SAPN has documented the nominated assets within the Framework.
	2.1.2. The expected Net Proceeds of the debt instrument must be no greater than the Issuer's total Investment Exposure to the proposed Nominated projects and assets or the relevant proportion of the total Market Value of the proposed Nominated projects and assets owned or funded by the Issuer.	The exact value of the proposed debt instrument(s) is still to be determined. We understand SAPN will not issue debt instruments with net proceeds exceeding the value of the nominated eligible assets.	Performed management inquiries to determine whether the net proceeds of the debt instrument will be less than the SAPN's value of the proposed nominated assets.
	2.1.3. Nominated projects and assets must not be nominated to other Certified debt Instruments, unless the Issuer demonstrates that distinct portions of the Nominated projects and assets are being funded by different Certified debt Instruments or, the existing Certified debt Instrument is being refinanced via another Certified debt Instrument.	There are no other proposed or existing certified climate debt instruments.	Checked whether SAPN has any other Certified debt instruments, and if so whether the nominated assets are already financed by an existing Certified debt instrument.
Process for Evaluation and Selection of Projects & Assets	2.2.1. The Issuer must establish, document, and maintain a decision-making process which it uses to determine the eligibility of the Nominated projects and assets.	<p>The Framework describes how the process for project evaluation and selection aligns with SAPN's overarching objectives, strategy and policy relating to environmental sustainability, specifically, enabling climate mitigation.</p> <p>The Treasury department in conjunction with relevant operation and strategy personnel will select assets for the Eligible Asset Register. Asset selection is based on an eligibility assessment to confirm alignment with the Eligibility Criteria.</p>	Obtained evidence showing SAPN has completed an eligibility assessment for pre-issuance and has documented a process to evaluate asset eligibility against the Electrical Grids and Storage Sector Criteria on an annual basis. Performed inquiries to understand how this will be maintained for post-issuance assessments.

Criteria	Section	Evidence provided	Assurance Procedures
	2.2.2. The decision-making process must include, without limitation:		
	i. A statement on the climate-related objectives of the debt instrument.	The Framework states SAPN will utilise proceeds to finance or refinance, in whole or in part, new or existing distribution assets which “support South Australia’s transition to a distributed and decarbonised energy system, and adaptation and resilience projects, such as network bushfire readiness, to maintain and enhance grid resilience and reliability”.	Checked the Framework included a statement on the climate-related objectives of the Bond.
	ii. How the climate-related objectives of the debt instrument are positioned within the context of the Issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability.	The Framework outlines SAPN’s approach to sustainability and long-term ambitions to 2035. Its vision is to “lead the transformation of energy services for a sustainable future”.	Checked the Framework included details on the climate-related objectives of the debt instrument and how these relate to SAPN’s overarching strategy and processes.
	iii. The Issuer’s rationale for issuing the Bond.	The Framework highlights how the issuing of green financial instruments will be used to facilitate decarbonisation and climate adaptation/resilience.	Checked the Framework and performed inquiries to corroborate the information included within the Framework agrees to other evidence obtained.
	iv. A process to determine whether the Nominated projects and assets meet the eligibility requirements of the Climate Bonds Standard.	The Framework’s Use of Proceeds section covers how SAPN select the criteria for eligible assets, and the process undertaken to determine whether the assets are eligible per the criteria.	Obtained SAPN’s eligibility assessment documentation and reviewed whether this aligns to the CBS and Sector Criteria for Electrical Grids and Storage.
	v. Related Sector Criteria, including any exclusion criteria and any other process, applied to identify and manage potentially material environmental or governance risks associated with the Nominated projects and assets.	SAPN has assessed the nominated assets against the requirements of the Electrical Grid and Storage Sector Criteria for the purpose of pre-issuance. Per the Framework, an Eligible Asset Register will be prepared by SAPN’s Treasury department at least annually. SAPN will ensure the total value of any debt instrument does not exceed the value of the nominated assets contained in its Eligible Asset Register and endeavour to fully	Obtained SAPN’s eligibility assessment documentation and reviewed whether this aligns to the CBS and Sector Criteria for Electrical Grids and Storage. Obtained evidence and performed testing to support the eligibility assessment, including evidence supporting the Adaptation and Resilience checklist to determine whether it is in line with the Criteria.

Criteria	Section	Evidence provided	Assurance Procedures
		allocate all proceeds within 24 months of issuance.	
	vi. Any green standards or certifications referenced in the selection of Nominated projects and assets.	SAPN references the ICMA Green Bond Principles.	Checked nothing has come to our attention that causes us to believe the Sustainable Financing Framework has not been prepared, in all material respects, in accordance with the ICMA Green Bond Principles.
Management of Proceeds	2.3.1. The Issuer must document and disclose to the Approved Verifier the systems, policies, and processes they will use to manage the Net Proceeds. These must include arrangements for the following activities:		
	a) Tracking of proceeds: The Net Proceeds of the debt instrument can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.	The SAPN Treasury team commits to tracking and managing the net proceeds from every transaction. This will include an internal process to record all sustainable debt raised in a separate portfolio within its treasury management system. This portfolio will capture the initial proceeds raised and the on-lending of funds to identified projects.	Checked the Framework and performed management inquiries to determine whether processes and controls are adequately in place to track proceeds.
	b) Managing unallocated proceeds: The balance of unallocated Net Proceeds can be managed as per the requirements in Clause A.3.3.3.	The Framework includes SAPN's summary of Management of Proceeds. SAPN will allocate all proceeds within 24 months of the issuance of green debt instruments. In the event that any proceeds from any debt issuance are unallocated or pending allocation, then these proceeds will be held in cash, or cash equivalent instruments.	Checked the Framework and performed management inquiries to determine whether process and controls are adequate in place to manage unallocated proceeds.
	c) Earmarking funds to Nominated projects and assets: An earmarking process can be used to manage and account for funding to the Nominated projects and assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.	The Framework provides that SAPN's Treasury department will ensure the net proceeds are earmarked to Eligible Green Assets, with consideration to the CBS, UN SDGs, Eligibility Window and Excluded Assets (as described in the Framework). The earmarked assets, and estimated value will be documented in the Eligible Asset Register managed by the SAPN's Treasury department. The Treasury department in	Checked the Framework and performed management inquiries to determine whether process and controls are adequate in place to earmark funds to nominated assets. Perform inquiries to understand the estimated share of refinancing and financing and the policies that govern this process.

Criteria	Section	Evidence provided	Assurance Procedures
		conjunction with relevant operation and strategy personnel will select assets for the Eligible Asset Register.	
	2.3.2. Where the prospectus requires the proceeds to be ring-fenced, they must be credited to designated bank accounts that can only fund the specified Nominated projects and assets. The Issuer must track and monitor all payments from the designated bank accounts.	Not applicable.	Not applicable.
Reporting: Green Finance Framework and Disclosure Documentation	2.4.1. The Issuer must prepare a Green Finance Framework and make it publicly available prior to, or at the time of, issuance. The Green Finance Framework must be provided to the Climate Bonds Standard Secretariat as one of the certification documents	SAPN has prepared a Sustainable Financing Framework. The Framework states SAPN will publicly disclose the Framework on its website, including the Pre-issuance verification report.	Checked the sustainability reporting suite section of the website, where the Framework will be published, is publicly available.
	2.4.2. The Green Finance Framework must include		
	i. A statement of compliance with the Climate Bonds Standard and/or other applicable standards such as the Green Bond Principles or the United Nations Sustainability Development Goals.	SAPN's Framework notes it engaged an Approved Verifier to examine whether the Sustainable Financing Framework is presented in accordance with the Climate Bonds Standard's pre-issuance requirements, the Sector Criteria for Electrical Grids and Storage, and the IMCA Green Bond Principles, in all material respects.	<p>Checked the Framework includes:</p> <ul style="list-style-type: none"> ▶ statement that the Bonds issued under the Framework are aligned with the Climate Bonds Standard and other applicable standards; ▶ a summary of the expected use of proceeds; ▶ a description of the decision-making process for the selection of nominated assets; ▶ a description of the processes for managing the proceeds; and ▶ a description for reporting and external reviews.
	ii. A summary of the expected use of proceeds.	SAPN's Framework includes a description of expected use of proceeds.	
	iii. A description of the decision-making process for project selection.	SAPN's Framework includes a description of the decision-making process for project selection.	
	iv. A description of the Issuer's processes for managing the proceeds.	SAPN's Framework includes a description of processes for managing proceeds of debt instruments issued under the Framework.	
v. A description of the Issuer's processes for reporting and external review or verification.	SAPN's Framework includes a description of the processes for reporting and external review.		

Criteria	Section	Evidence provided	Assurance Procedures
	2.4.3 The Green Finance Framework should also include, without limitation:		
	i. Information on the methodology and assumptions to be used for confirming that the characteristics or performance of the Nominated projects and assets conform to the relevant Sector Criteria, where required, and any other additional impact metrics that the Issuer will define	SAPN's Framework describes the nominated assets will meet the Electrical Grids and Storage Criteria. SAPN demonstrated more than 67% of newly connected generation capacity to the NEM over 5-year rolling period is below the generation threshold of 100g CO ₂ -e/kWh.	<p>Checked the Framework includes:</p> <ul style="list-style-type: none"> ▶ information on the methodology and assumptions used, in either determining the eligibility of Nominated Assets, or when determining their performance for disclosure in impact reporting; ▶ a summary of the approach to the management of unallocated Net Proceeds; ▶ the intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the bond remains outstanding; ▶ the list of Nominated Projects & Assets associated with the Bond and the investment areas in which they fall; and ▶ an estimate of the proportion of Net Proceeds used for refinancing, if applicable.
	ii. A summary of the approach to manage unallocated Net Proceeds in accordance with Clause A.3.3.3.	SAPN's Framework explains in the event that any proceeds from any debt issuance are unallocated or pending allocation, then these proceeds will be held in cash, or cash equivalent instruments.	
	iii. The intended approach to provide Update Reports to reaffirm conformance with the Climate Bonds Standard while the debt instrument remains outstanding.	SAPN will aim to provide annual reporting in a timely manner and will reaffirm conformance with the Climate Bond Standard.	
	iv. The list of proposed Nominated projects and assets associated with the debt instrument and the investment areas into which the Nominated projects and assets fall. Where there are limits on the detail that can be made publicly available about specific Nominated projects and assets, information disclosed must include the investment areas into which the Nominated projects and assets fall and an explanation of why detail on Nominated projects and assets is limited.	SAPN's Framework includes a list of proposed nominated assets, which are summarised above in Annex A.	
	v. Where a proportion of the Net Proceeds are used for refinancing, an estimate of the respective shares of the Net Proceeds used for financing and refinancing, and the relevant Nominated projects and assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated projects and assets	SAPN will prepare a Use of Proceeds report annually for all outstanding Green Bonds or Green Loans, including details on where proceeds have been allocated. SAPN's Framework outlines Use of Proceeds instruments may be used for financing and refinancing.	
			Checked the Framework and performed management inquiries to determine whether processes and controls are adequately in place to track and report the use of proceeds. Performed inquiries to understand the estimated share of refinancing and financing and the processes for tracking this process.

Criteria	Section	Evidence provided	Assurance Procedures
	2.4.4. Issuers are encouraged to disclose as much information as possible with respect to Nominated projects and assets. However, in many cases it is not possible for the Issuer to disclose detailed information about specific projects and assets prior to the issuance of the Bond. This limitation may be due to confidentiality arrangements with owners of projects and assets, the dynamic nature of the project portfolio, competitive considerations, or other legal provisions which limit the disclosure of detailed information	The nominated assets within the Framework are well known assets within the South Australian context. SAPN is South Australia's primary electricity distributor. The information on the nominated assets contained in SAPN's Framework is appropriate. Additional information on the nominated assets is publicly available.	Checked appropriate information is provided in the Framework on SAPN's nominated assets, and whether the additional information is publicly available elsewhere.
	2.4.5. The Issuer must include in its Disclosure Documentation:		
	i. The investment areas into which the Nominated projects and assets fall.	This is not applicable as SAPN is not yet issuing a debt instrument.	Not applicable.
	ii. The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause A.3.3.3.		
	iii. The Approved Verifier engaged by the Issuer for the mandatory Verification Engagements.		
	iv. The intended approach to provide Update Reports to reaffirm conformance with the Climate Bonds Standard while the debt instrument remains outstanding, including the location of the published documents.		
	v. The Climate Bonds Initiative Disclaimer provided in the Certification Agreement.		

Annex C - Adaptation and Resilience Checklist Summary

A summary of SAPN's 2024 Adaptation and Resilience checklist in relation to the nominated assets.

Section	Submitted
1. Clear boundaries and critical interdependencies between the infrastructure and the system it operates within are identified	
<p>1.1 Boundaries of the infrastructure are defined using:</p> <ol style="list-style-type: none"> (1) a listing of all infrastructure and assets; (2) and activities associated with the use of the bond proceeds, a map of their location; and (3) identification of the expected operational life of the activity, asset or project. 	<p>SAPN's distribution network assets (as at 31 December 2022) are publicly disclosed in its Monitoring, Evaluation and Compliance Strategy.</p> <p>A map of SAPN's service areas is publicly disclosed in its Distribution Annual Planning Report 2023/24 to 2027/28.</p> <p>The expected economic and operational life of SAPN's distribution network assets is disclosed in the following public materials:</p> <ul style="list-style-type: none"> ▶ Distribution Annual Planning Report 2023/24 to 2027/28; ▶ Regulatory Information Notices (RINs); and ▶ Asset Management Plans (currently under review).
<p>1.2. Critical interdependencies between the infrastructure and the system within which it operates are identified. Identification of these interdependencies should consider the potential for adverse impacts arising from, but not limited to:</p> <ol style="list-style-type: none"> (1) the effects of supply disruption or interruption on dependent electricity users or populations; (2) exacerbation of wildfires; (3) relationships of the asset/project to nearby flood zones; (4) reduction in pollinating insects and birds; (5) reduction in biodiversity or High Conservation Value habitat (6) damage or reduction in value of neighbouring property due to boundary structures at risk of falling during storm events; (7) fire and other practices that affect air quality; (8) appropriation of land or economic assets from nearby vulnerable groups. 	<p>The interdependencies between SAPN's infrastructure and the system within which it operates have been identified, including consideration for potential adverse impact arising from the items listed in Section 1.2. For instance:</p> <ul style="list-style-type: none"> ▶ SAPN provides detail on its website to guide customers on what to do when the power goes out. There is specific information for life support customers, who rely on electricity to run critical medical equipment. ▶ SAPN's Environmental Matters Management Approach, Bushfire Risk Management Manual and Network Emergency Response Management highlight the interdependencies between more frequent and severe bushfires and the breakdown of distribution network assets, and SAPN's response to these issues. ▶ SAPN describes the impact of floods on its distribution network assets and how it is working to minimise potential electricity disconnections on its website. Geospatial flood mapping has also been undertaken to assist with managing the inundation of assets during flood events. ▶ SAPN engaged a third-party consultant to develop an Action Plan for Nature and Biodiversity, and TNFD Roadmap to work toward future adherence with nature-related reporting frameworks and supporting net positive biodiversity outcomes. ▶ SAPN has an established damage claims approach for loss or damage to property and possession caused by an issue with power supply, or if the damage is due to SAPN's business activities. Damage claims information is available on its website. ▶ SAPN engages local community groups and stakeholders to minimise the impact of work on Aboriginal, historical, natural and industrial sites or places. Details of these processes are outlined on SAPN's website. All projects in areas of known or high risk of cultural heritage require engagement with Traditional Owner Groups and/or surveys and monitoring, as outlined in SAPN's Social Matters Management Approach.
2. An assessment has been undertaken to identify the key physical climate hazards to which the infrastructure will be exposed and vulnerable to over its operating life	
<p>2.1 Key physical climate risks and indicators of these risks are identified in line with the following guidelines. Risks are identified</p>	<p>SAPN's publicly available 2023 Sustainability Data and Disclosure Databook describes its risk management processes for identifying and assessing climate-related risks, including its</p>



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Section	Submitted
<p>based on (a) a range of climate hazards, and (b) information about risks in the current local context, including reference to any previously identified relevant hazard zones, e.g., flood zones.</p> <p>In order to be confident that assets and activities are robust and flexible in the face of climate change uncertainties, it is essential that the climate risks being assessed and addressed cover those that are of greatest relevance to T&D grids and electrical energy storage. The physical characteristics of climate change that must be considered in the risk assessment include:</p> <ul style="list-style-type: none"> ▶ Temperature rise ▶ Increased heavy rainfall ▶ Sea-level rises ▶ Increased lightning ▶ Increased winds / gales ▶ Increased snow, sleet, ice, freezing fog ▶ Increased coastal / river erosion ▶ Wildfires ▶ Landslides / ground movement. <p>Issuers might consider the climate risks posed through specific interdependencies.</p>	<p>key physical climate hazards. The most material physical climate risks include severe storms, heatwaves, bushfires and rainfall/flooding.</p> <p>Due to the nature and location of SAPN distribution network assets, the following climate change physical risks are deemed immaterial or not relevant: landslides/ground movement; sea-level rises; increased snow, sleet, ice, freezing fog; and increased coastal/river erosion.</p>
<p>Optional guidance for carrying out risk assessments:</p> <ul style="list-style-type: none"> ▶ Users should apply climate scenarios based on representative concentration pathway (RCP) 4.5 and 8.5 or similar / equivalent to ensure consideration for worst case scenario. ▶ A broad range of models can be used to generate climate scenarios ▶ Time horizons for assessing climate risk in agriculture can be based on annual seasonal forecasts and every ten years for the lifetime of the assets and projects. Where accurate assessments of climate variability for specific locations are not possible, use worst-case scenarios. ▶ Risks can be characterized by the associated annual probability of failure or annual costs of loss or damage ▶ For risk assessment, the TCFD The Use of Scenario Analysis in Disclosure of Climate Related Risks and Opportunities is recommended. 	<p>SAPN's climate risk reporting contained in its 2023 Sustainability Data and Disclosure Databook has been presented in alignment with the TCFD framework. The Databook outlines that as SAPN's approach matures, it plans to conduct further physical climate-related risk assessment using scenario analysis. A formal climate scenario analysis is planned to be undertaken in 2024.</p>
<p>3. The measures that have or will be taken to address those risks, mitigate them to a level such that the infrastructure is suitable to climate change conditions over its operational life.</p>	
<p>3.1 Measures that have or will be taken to address key physical climate risks, mitigate them to a level such that the infrastructure is suitable to climate change conditions over its operational life.</p>	<p>SAPN's 2023 Sustainability Data and Disclosure Databook outlines management's role in overseeing, assessing and managing climate-related risks, and SAPN's processing for managing climate-related risks. The governance of SAPN's climate-related risks aims to ensure the effectiveness of its risk management practices relating to physical risks.</p> <p>SAPN's Environmental Matters Management Approach report outlines SAPN's risk preparation, mitigation, and adaptation activities for specific climate-related physical risks. SAPN also has a Resilience Program 2020-2025 to combat the risks posed by extreme weather events.</p>
<p>3.2 Risk reduction measures must be tolerant to a range of climate hazards and not lock-in conditions that could result in maladaptation.</p>	<p>As described in 3.1 above, The SAPN's governance, risk management and adaptation decisions address physical risks of climate change.</p>



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Section	Submitted
	<p>SAPN's employs measures to avoid lock-in conditions that could result in maladaptation and unintentional consequences. For example, the Environmental Matters Management Approach report outlines that SAPN is the only utility in Australia to (voluntarily) be externally audited for vegetation compliance against the Electricity (Principles of Vegetation Clearance) Regulations 2021 and has strived to preserve or minimise the impact on native vegetation, significant and regulated trees, and native fauna from its work activities. SAPN hosts several vegetation management focused committees, including the Arborist Reference Group, the Local Government Association Working Group, and the Appropriate Species Advisory Committee.</p>
<p>4. The infrastructure enhances the climate resilience of the defined system it operates within, as indicated by the boundaries of and critical interdependencies with that system as identified in item 1 in this checklist.</p>	
<p>4.1 Issuers are to assess the climate resilience benefits of system focused assets and activities and demonstrate they are 'fit for purpose', in the sense that they enhance climate resilience at a systemic level, with the flexibility to take into account the uncertainty around future climate change impacts.</p> <p>The assessment is conducted according to the principle of best available evidence during the investment period taking into account the infrastructure's boundaries and critical interdependencies as defined in Criteria 1. 'Fit for purpose' is defined as measures that mitigate the following effects:</p> <ol style="list-style-type: none"> (1) the effects of supply disruption or interruption on dependent electricity users or populations; (2) exacerbation of wildfires; (3) relationships of the asset/project to nearby flood zones; (4) reduction in pollinating insects and birds; (5) reduction in biodiversity or High Conservation Value habitat; (6) damage or reduction in value of neighbouring property due to boundary structures at risk of falling during storm events; (7) fire and other practices that affect air quality; (8) appropriation of land or economic assets from nearby vulnerable groups. 	<p>SAPN has a comprehensive suite of plans, programs, and management systems to maintain reliability and improve the resilience of the network, our people and communities.</p> <p>SAPN's climate-related risk mitigation measures (outlined in section 3.1 above) primarily focus on building resilience across the whole distribution network, particularly on SAPN's identified key climate risks (severe storms, heatwaves, bushfires and rainfall/flooding). This is expanded in detail in SAPN's Strategic Asset Management Plan and Environmental Matters Management Report.</p> <p>SAPN has a Resilience Program 2020-2025 to combat the risk posed by extreme weather events by building resilience of SAPN's assets.</p>
<p>5. The issuance is required to demonstrate that there will be ongoing monitoring and evaluation of the relevance of the risks and resilience measures and related adjustments to those measures will be taken as needed.</p>	
<ol style="list-style-type: none"> 5.1 Indicators for risks identified under item 2 in this checklist are provided. 5.2 Indicators for risk mitigation measures identified under item 3 in this checklist are provided. 5.3 Indicators for "fit for purpose" resilience benefit measures identified under item 4 in this checklist are provided. 5.4 Issuers have a viable plan to annually monitor: <ol style="list-style-type: none"> a) climate risks linked to the infrastructure b) climate resilience performance c) appropriateness of climate resilience measure(s) and to adjust as necessary to address evolving climate risks. 5.5 Where electricity supply has been interrupted, the number of customer interruptions and customer minutes lost (i.e. aggregate duration of supply interruptions) should be measured and reported, together with the cause of the interruption. Any actions taken to reduce the risk of further impacts should also be recorded. 	<p>SAPN monitors a range of operational, regulatory and corporate performance metrics, including measures which address identified climate risks. These are reported annually in SAPN's suite of Sustainability Reporting documents, including the Sustainability Data and Disclosure Databook, which is available on its website. The Databook notes SAPN employs an Enterprise Risk Management Framework in alignment with ISO 31000:2009.</p> <p>SAPN annually reports on the average number of minutes customers are out of power due to planned and unplanned outages during the calendar year. As noted above, SAPN is working to minimise potential electricity disconnections due to climate risks and improve the resilience of its distribution network.</p>