



# SECOND PARTY OPINION SA POWER NETWORKS' SUSTAINABLE FINANCING FRAMEWORK



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This SPO remains valid provided the Framework provided in May 2026 remains materially unchanged.



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### **Disclaimer**

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures are provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not be detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

### **Statement of Competence and Independence**

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 - Conformity Assessment – General principles and requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct during the assessment and maintain independence where required by relevant ethical requirements.

## DNV'S INDEPENDENT ASSESSMENT

### Scope and Objectives

SA Power Networks is South Australia's sole electricity distributor, delivering power to homes and businesses across the state. While not a generator or retailer, its \$5 billion network assets include 650,000 poles, 90,000 km of lines and cables, 415 substations, 77,000 transformers, and 230,000 streetlights. SA Power Networks enables customer access to green energy solutions. As the state transitions to a distributed and decarbonised energy system, SA Power Networks plays a vital role in supporting this shift.

As part of SA Power Network's commitment to sustainability, it has updated the existing Sustainable Financing Framework, dated 1<sup>st</sup> May 2026 (the "Framework") which will guide the process by which SA Power Networks borrows, issues and manages sustainable (green) debt across its operation.

DNV Australia Pty Limited ("DNV") has been engaged by SA Power Networks to review the updated Framework and to provide a Second Party Opinion ("SPO") considering the alignment of the Framework with the following standards and principles ("the Standards and Principles"):

- Green Loan Principles 2025 ("GLP")<sup>1</sup> as published by the Loan Markets Association ("LMA"), Asia-Pacific Loan Markets Association ("APLMA") and Loan Syndications & Tradition Association ("LSTA")
- Green Bond Principles 2025 ("GBP")<sup>2</sup> as published by the International Capital Market Association ("ICMA")
- Climate Bonds Standard Version 4.3 August 2025 ("CBS")<sup>3</sup> issued by the Climate Bond Initiative ("CBI"), and *Electrical Grids and Storage* Sector Criteria November 2021 (as updated in March 2022)
- Australian Sustainable Finance Taxonomy v1 June 2025 ("ASFT")<sup>4</sup> issued by the Australian Sustainable Finance Institute ("ASFI") Technical Screening Criteria ("TSC") for Electricity Generation and Supply, Minimum Social Safeguard ("MSS") and Do No Significant Harm ("DNSH") criteria
- EU Taxonomy for Sustainable Activities ("EU Taxonomy")<sup>5</sup> TSC for *Transmission and Distribution of Electricity* as issued by the European Commission

DNV notes that the CBI Sector Criteria *Electrical Grids and Storage*, the ASFT TSC for *Electricity Generation and Supply*, and the EU Taxonomy TSC for *Transmission and Distribution of Electricity* meet and exceed the requirements of, and are therefore considered eligible under, the GLP and GBP.

DNV notes that the DNSH and MSS criteria in the ASFT have been included in the scope of this assessment. DNV has therefore performed an assessment of alignment against the DNSH and MSS criteria in order to provide an opinion on the full alignment of the Framework with the ASFT.

<sup>1</sup> <https://www.lsta.org/content/green-loan-principles/>

<sup>2</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

<sup>3</sup> [https://www.climatebonds.net/files/documents/CBI\\_Standard\\_V4.3\\_FINAL\\_2025-08-20-102147\\_gbn.pdf](https://www.climatebonds.net/files/documents/CBI_Standard_V4.3_FINAL_2025-08-20-102147_gbn.pdf)

<sup>4</sup> <https://static1.squarespace.com/static/6182172c8c1fdb1d7425fd0d/t/685c72f27c8606647a6fec2c/1757643786515/Australian-Sustainable-Finance-Taxonomy.pdf>

<sup>5</sup> <https://ec.europa.eu/sustainable-finance-taxonomy/>

This document is an abbreviated Opinion, provided to SA Power Networks at its request.

The detailed findings of DNV's assessment against the Standards and Principles can be found in the Complete Report, which includes:

- Schedule 1: Assessment of Eligibility Criteria described in SA Power Networks' Sustainable Financing Framework
- Schedule 2: Contributions to United Nations Social Development Goals ("UN SDGs")
- Schedule 3: Eligibility Assessment Protocol
- Schedule 4: DNSH Criteria – Electricity Generation and Supply
- Schedule 5: ASFT MSS Criteria – Electricity Generation and Supply

The Complete Report may be made available via request to SA Power Networks.

No assurance is provided regarding the financial performance of future instruments issued by SA Power Networks, the value of any investments, or the long-term environmental benefits of transactions managed under this Framework. Our objective has been to provide an assessment that the Framework meets the criteria established on the basis set out below.

In providing the views and opinions in this SPO, no conflicts of interest that are considered material have arisen.

DNV does not hold an Australian Financial Services License to provide general financial product advice, and this opinion is provided subject to the conditions of the Australian Securities and Investments Commission ("ASIC") SPO class no-action position set out in its letter of 14 June 2024. In accordance with ASIC's SPO class no-action position, DNV may make further details available via electronic link.

## **Responsibilities of the Management of SA Power Networks and DNV**

The management of SA Power Networks has provided the information and data used by DNV during the delivery of this SPO. Our statement represents an independent opinion and is intended to inform SA Power Networks' management and other interested stakeholders in the Framework as to whether the Framework is in alignment with the Standards and Principles. In our work we have relied on the information and the facts presented to us by SA Power Networks. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by SA Power Networks' management and used as a basis for this assessment were not correct or complete.

## **Basis of DNV's Opinion**

We have adapted our assessment methodology to create the SA Power Networks-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four core components:

### **1. Use of Proceeds**

The Use of Proceeds criteria are guided by the requirement that an Issuer of a bond/a Borrower of a loan ("Issuer/Borrower") must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.

## 2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an Issuer of a bond/a Borrower of a loan should outline the process it follows when determining eligibility of an investment using Green Bond/Green Loan proceeds and outline any impact objectives it will consider.

## 3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond/loan should be tracked within the organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

## 4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by SA Power Networks in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Protocol, adapted to the purpose of the Framework, as described above and in Schedule 3 of this Assessment (which is available in the Complete Report and can be shared upon request to SA Power Networks);
- Assessment of documentary evidence provided by SA Power Networks on the Framework and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of published materials by SA Power Networks that is hosted on their website<sup>6</sup>;
- Discussions with SA Power Networks' management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
- Review of SA Power Networks' Sustainable Financing Framework, and SA Power Networks' information aligning to the ASFT DNSH and MSS Criteria ("SA Power Networks ASFT Information") provided April 2026.

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<sup>6</sup> <https://www.sapowernetworks.com.au/>

## Findings and DNV's Opinion

DNV's findings on the alignment of the Framework are listed below:

### 1. Use of Proceeds

SA Power Networks commits to utilise proceeds from Use of Proceeds instruments 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. SA Power Networks has incorporated eligibility screening criteria for Eligible Green Assets that fall under the definition of the eligible Green Project categories that DNV considers to be aligned with the Standards and Principles. The categories are listed below;

GLP/GBP Eligible Green Project Categories	CBS Sector Criteria	ASFT Sector	EU Taxonomy Sector
Renewable Energy	Electrical Grids and Storage (Transmission and Distribution)	Electricity Generation and Supply	Storage of Electricity
Energy Efficiency			
Clean Transportation			
Climate Change Adaptation			
Environmentally Sustainable Management of Living Natural Resources and Land Use			
Circular Economy Adapted Products, Production Technologies and Processes			

DNV undertook an analysis of the associated project types to determine their eligibility for being considered "Green" in line with the Standards and Principles. DNV concludes that the Eligibility Criteria outlined in the Framework is consistent with the related criteria outlined in the Standards and Principles.

### 2. Process for Project Evaluation and Selection

The Framework appropriately describes SA Power Networks' process for project evaluation and selection. The SA Power Networks Treasury department is responsible for all financing decisions across sustainable finance and traditional formats, and will manage the process for sustainable finance project evaluation and selection. The SA Power Networks Treasury department will consider the CBS, United Nations Social Development Goals ("UN SDGs"), and Excluded Assets in determining the eligibility of Eligible Green Assets to which net proceeds are earmarked. Asset selection is based on an eligibility assessment to confirm alignment with the Eligibility Criteria.

DNV concludes that SA Power Networks' Framework appropriately describes the process of project evaluation and selection.

### 3. Management of Proceeds

The Framework states that SA Power Networks commits to tracking and managing the net proceeds from every transaction using internal processes. These processes will record all sustainable debt raised in a separate portfolio within its treasury management system. The portfolio will capture initial proceeds raised and the on lending of funds to identified projects.

SA Power Networks' Treasury team will prepare an Eligible Asset Register at least annually, which will include the information appropriate to the Management of Proceeds requirements of the Standards and Principles, as described in the Framework.

SA Power Networks will ensure that the total value of any Green instrument does not exceed the value quantified under the Eligible Asset Register. SA Power Networks will endeavour to fully allocate all proceeds within 24 months of issuance.

DNV has reviewed the Framework and SA Power Networks ASFT Information, and can confirm that the Framework provides a suitable structure for the proceeds of Sustainable Finance Instruments issued or entered into under the Framework to be appropriately managed in line with the Standards and Principles.

#### 4. Reporting

SA Power Networks intends to issue a Use of Proceeds Report annually for all outstanding Green Bonds and/or Loans. SA Power Networks' reporting is also confirmed to include:

- The Framework
- SPO/Pre-Issuance and Post Issuance Verification
- Climate Bond Certification

SA Power Networks commits to making the information available on its website as part of the SA Power Networks' sustainability Reporting Suite.

SA Power Networks will report on the Eligible Assets' qualitative and/or quantitative environmental impacts, depending on the availability of information. In addition, where availability of information permits, SA Power Networks will report on any social co-benefits of the Eligible Assets.

DNV considers SA Power Networks' Framework to appropriately describe the procedures of reporting as being aligned with Standards and Principles.

Based on the limited assurance procedures conducted and, on the information provided by SA Power Networks, nothing has come to our attention that causes us to believe that the Framework and SA Power Networks ASFT Information are not, in all material respects, in alignment with the Standards and Principles.

#### for DNV Australia Pty Limited

Sydney, Australia, 8<sup>th</sup> May 2026



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## **About DNV**

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.