2025 Sustainability Report

Climate-related disclosures

SA Power Networks

ENERVEN®

Contents

Connection with Country, created by Kelly Taylor and T'keyah Ware Commissioned for the SA Power Networks Group 2025 Reconciliation Action Plan. The artwork represents a commitment to meaningful relationships, cultural respect and long-term partnership with Aboriginal and Torres Strait Islander peoples.

Acknowledgement of Country

SA Power Networks and Enerven acknowledge the multiple Traditional Owners of the lands that host the South Australian electricity network and their connections to land, sea, and community. We pay our respects to all First Nations peoples past and present, acknowledging their deep connection to Country, Culture and Community.

1 About this report

1.1 2025 Climate-related disclosures

This report represents climate-related disclosures for the SA Power Networks Partnership and its subsidiaries (collectively, the "Group") for the year ended 31 December 2025. The Group's climate-related disclosures have been prepared in accordance with *AASB S2 Climate-related Disclosures* (AASB S2), which is the mandatory Australian Sustainability Reporting Standard (ASRS) that has been issued by the Australian Accounting Standards Board (AASB). This is the first year the Group has applied *AASB S2* and therefore the Group has elected to not disclose comparative information or scope 3 greenhouse gas (GHG) emissions in this report.

This report has been prepared for the same consolidated reporting entity and reporting period as the Group's Consolidated Financial Statements and has incorporated climate-related information of the Group.

This report was authorised for issue by the Board of Management on 25th February 2026.

1.2 Partners' Statement

The partners declare that in the partners' opinion, the entity has taken reasonable steps to ensure that the climate statements and notes thereto of the Partnership and its subsidiaries (collectively, the "Group"):

a) give a true and fair view of the Group's climate-related disclosures as at 31 December 2025 and of its performance for the year ended on that date; and
b) comply with Australian Accounting Standard *AASB S2 Climate-related Disclosures*.

Signed in accordance with a resolution of the Board of Management.

On behalf of the Board of Management

Peter Tulloch
Chairman

Andrew Bills
Chief Executive Officer

Adelaide, 25 February 2026

1.3 Corporate information

Headquartered in Adelaide, South Australia, the Group has two key businesses – SA Power Networks, which manages the regulated electricity distribution network serving South Australia, and Enerven, a specialist service provider in the competitive energy infrastructure and telecommunications sectors.

The South Australian electricity industry was deregulated and privatised in December 1999 through the sale and long-term lease of electricity assets, including distribution services, by the South Australian Government. SA Power Networks is a partnership between Cheung Kong Infrastructure, a Hong Kong-based international infrastructure investor holding a 51% stake, and Spark Infrastructure, which holds the remaining 49%.

1.4 Business model

SA Power Networks' core business is electricity distribution, with its network playing an important role as South Australia transitions to a distributed and decarbonised energy system. In addition to managing distribution of electricity to over 950,000 homes and businesses with diverse energy needs, SA Power Networks now also has a critical role in supporting customers to connect and export renewable energy into the grid from hundreds of thousands of consumer energy resources (CER) such as solar panels, batteries and electric vehicles.

As South Australia's principal electricity distributor, the majority of the Group's assets, facilities, workforce and activities are located within the state. SA Power Networks manages the distribution network that supplies electricity from high voltage transmission system to customers. The Group's infrastructure and assets include distribution substations, transformers, circuit breakers and switchgear, overhead powerlines and power (Stobie) poles, and underground cables.

Enerven specialises in the design, construction and maintenance of electrical, renewable, and telecommunications infrastructure across Australia. Enerven provides services from utility to residential scale, delivering large-scale renewable energy projects including solar farms and battery energy storage systems and installing public lighting, telecommunications infrastructure and customer metering.

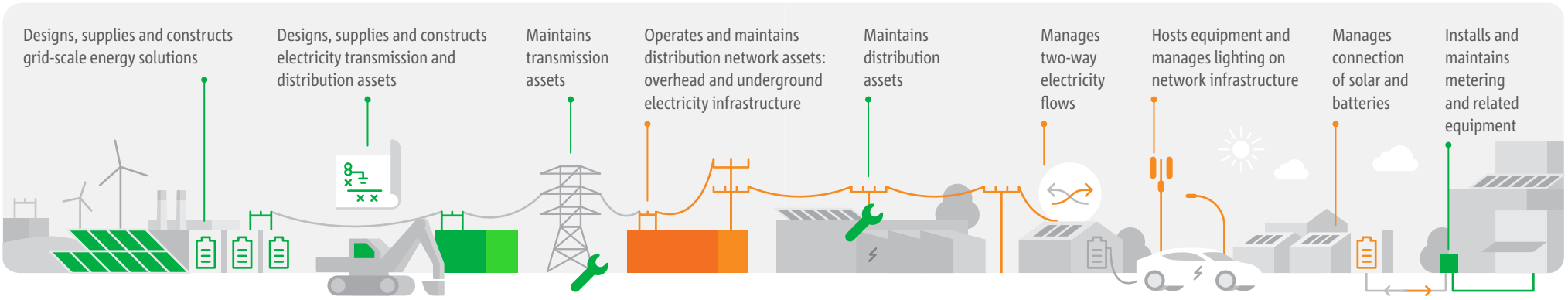
Current and anticipated effects of climate-related risks and opportunities on the Group's business model are concentrated on the SA Power Networks operations and network infrastructure in South Australia and are addressed in section 2.2 Climate risks and opportunities impacting the business.

Distribution network

South Australian electricity supply chain and the Group's value chain

Enerven
Design, supply, construction and maintenance

SA Power Networks
Distribution system operator



Generation
Large-scale electricity generation and storage from South Australian wind, solar and gas, supplemented by electricity imported from the National Electricity Market

Transmission
Transport high voltage power over long distances

Distribution
Deliver electricity to and from customers

Retailer
Sends electricity bills to customers including cost of electricity services

Customer
Uses electricity to power homes and businesses, and generates electricity from consumer energy resources

1.5 Materiality

AASB S2 requires information to be disclosed if it is material. The Group applies judgement when determining what to disclose. *AASB S2* states that "information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports make on the basis of those reports." *AASB S2* defines primary users of this report as existing and potential investors, lenders and other creditors.

To aid with making materiality judgements, the Group considered internal and external factors, such as whether the matter:

- could plausibly have a material impact on the Group in the short, medium, and/or long-term;
- could reasonably be expected to influence an investment decision;
- has been consistently raised by primary users, is considered of high interest to them or is something they would expect to see being disclosed;
- could have a significant impact on the Group's reputation;
- could impact the Group's transition to a low emissions future; or
- is relevant and needed to provide context.

1.6 Important information

References in this report reflect the current arrangements as they operate today. These arrangements may change in the future, and their continued operation cannot be guaranteed. Specifically, references to insurance coverage, the 'pass-through' of costs outlined in the regulatory determination, and the operation of the service target performance incentive scheme (STPIS) are based on current terms. Insurance availability is reviewed annually, while pass-through provisions and STPIS arrangements are subject to periodic review and determination by the Australian Energy Regulator (AER).

There is significant uncertainty regarding the future continuity of these arrangements. For instance, insurance coverage may become restricted, unavailable or uneconomical for certain events, and any changes to pass-through provisions or STPIS terms will depend on future regulatory requirements.

All references to currency are in Australian dollars (AUD).

1.7 Caveats and assumptions

The Group utilised existing data from across its business operations to prepare its disclosed quantitative metrics and financial effects. Where direct measurement is not practicable, robust estimation techniques were applied using a combination of internal data and external references (including industry benchmarks and other proxies).

The accuracy of greenhouse gas (GHG) emissions calculations is contingent upon the quality of data and the representativeness of the proxies used. Similarly, the estimation of anticipated financial effects is influenced by the assumptions and scenarios underpinning risk models.

The Group is committed to continuous improvement of its data quality, data governance and methodologies. It is investing in improving data collection and reporting systems, engaging with suppliers to strengthen data quality, and is participating in industry initiatives to refine emissions calculation approaches. The Group will continue to refine its financial risk models to reflect potential climate-related impacts.

2 Strategy

2.1 Business strategy

South Australia has ambitions for a low-carbon future. With a state target to achieve net 100% renewable electricity generation by 2027, current projections indicate that 85% of South Australia's electricity will be generated by renewable sources by 2025/2026[1].

The technological, political and consumer landscape is accelerating the energy transition in South Australia. South Australia's high per capita penetration of rooftop solar systems puts pressure on distribution network capacity. SA Power Networks is adapting by shifting operations to enable consumer energy resources (CER) and continues to evolve the network as the energy transition unfolds.

SA Power Networks' strategy sets a clear direction for the business, guided by the vision 'Connecting South Australians to a better energy future, today'. To realise this vision, the organisation is focused on three strategic pillars: Customer, Network, and People.

Enerven's vision 'Enabling the transformation of energy services for a better tomorrow' is supported by five strategic pillars: People, Growth, Operational Excellence, Customer, and Performance. These pillars reflect Enerven's commitment to innovation, efficiency, and alignment with the evolving energy landscape.

SA Power Networks and Enerven have consistently demonstrated strong performance in safety, reliability, and cost-efficiency, earning recognition as leaders in energy innovation. The Group is now facing growing challenges, including ageing infrastructure, climate change, and the accelerating energy transition. Increasing bushfire risks and extreme weather events underscore the need for a more resilient network and investments in infrastructure that support long term safety, reliability and sustainability to protect communities.

The energy transition is driving investment in infrastructure, renewable generation, storage, and transmission. Enerven is capitalising on these opportunities, delivering projects to support decarbonisation and grid transformation.

As demand for electrification grows, SA Power Networks is leveraging innovation and technology to manage the transition, actively facilitating the integration of CER, including rooftop solar, battery storage and electric vehicles. Enerven is taking advantage of growth opportunities across renewables, telecommunications, and electricity infrastructure development.

Every five years, SA Power Networks prepares a regulatory proposal that outlines planned and forecast expenditure for the distribution network for the following five-year regulatory period. The Australian Energy Regulator (AER) assesses the proposal and determines the approved revenue for the period.

SA Power Networks' distribution network is predominantly overhead and is therefore exposed to risks associated with weather and climatic conditions including bushfire, winds, and heatwaves. More recently, the rapid uptake of rooftop solar and other CER has increased reverse power flows during mild, sunny weather conditions, creating operational challenges and, in some locations, exceed local network capacity, particularly in the low voltage network. In response, SA Power Networks continues to adapt its strategies and planning practices to address emerging risks and opportunities, while maintaining the long-term performance and resilience of the network.

1 Energy and Mining, Government of South Australia

SA Power Networks' Strategy

Our vision

Connecting South Australians to a better energy future, today.

Our focus

Evolve the core and enable the future

Our value and impact

Customer
Deliver great service to our customers and the community, continuously adapting to their evolving needs

Network
Provide a safe, reliable and resilient network that efficiently supports the decarbonised energy needs of our state

People
Enable an aligned, capable and connected workforce, focused on safely delivering the right outcomes for our customers

Enerven's Strategy

Our Purpose

Connecting you with tomorrow

We are

A trusted national business that plays a key role in enabling the transformation of the energy sector by helping our customers find more economical and sustainable energy solutions.

Our Vision

Enabling the transformation of energy services for a better tomorrow

Focus on

People | **Growth** | **Operational Excellence** | **Customer** | **Performance**

Enabled by

Culture & Workforce | Partnership & Collaboration | Engineering, Technology & Delivery Capabilities

Our Values

Proactive | **Collaborative** | **Dependable**

2.2 Climate risks and opportunities impacting the business

Climate change and the transition towards a lower-carbon economy will impact the Group's business and value chain to varying degrees. Climate change presents risks and opportunities, and is a threat multiplier impacting other strategic and operational business risks including regulatory risk, access to capital, cost of inputs, and health and safety. The Group also seeks to reduce its carbon footprint as it manages climate-related risks and continues to grasp opportunities presented by the transition to a lower-carbon economy.

Climate-related risks and opportunities were assessed on their potential to affect cash flows, access to finance or cost of capital over short, medium and long-term time horizons aligned to the Group's strategic planning cycles.

The identification and assessment of the Group's climate-related risks and opportunities considered both quantitative and qualitative factors. Potential impacts were assessed over short (2030), medium (2040), and long-term (2085) timeframes.

The Group's climate-related risks and opportunities are detailed in this section. These risks and opportunities were identified through climate scenario analysis. Qualitative and quantitative factors were used to assess materiality. Quantitative considerations included financial thresholds while qualitative considerations included likelihood of occurrence, reputational damage, regulatory scrutiny, and operational disruption.

Short term
2030
S

Aligned to the Group's regulatory planning cycle which operates on a five-year cycle and is the way in which it sets its budget and plan for activities. The five-year strategic plan is refreshed annually, and feeds into the Group's broader strategic direction.

2030 will capture South Australia's grid being net 100% renewable electricity generation by 2027.

Medium term
2040
M

Enables the Group to assess impacts from physical hazards, evolving climate policies and technological developments.

The Group's *Strategic Direction 2035* was developed with a 15-year time horizon. It is currently being updated and extended to 2040, incorporating business priorities, energy system scenarios and plans, and improved understanding of potential impacts from climate-related risks and opportunities.

2040 also highlights a key turning point in Australia's energy transition, when AEMO anticipates the National Energy Market will have shifted from centralised coal-fired generation system to a highly diverse portfolio dominated by consumer energy resources (CER) and variable renewable energy supported by dispatchable resources and enhanced grid and service capabilities.[1]

Long term
2085
L

Allows the Group to assess long-term climate policies and infrastructure adaptation, and to understand the full implications of global climate goals. Captures the expected lifespan of network assets, a time frame often greater than 50 years.

ID	Climate-related risk or opportunity	Materiality: Financial	Materiality: Qualitative
Physical risks			
PR1	A bushfire event caused by assets, staff or operations	•	•
PR2	Increased bushfire frequency impacting the SA Power Networks distribution network		•
PR3	Heatwaves and high temperatures affecting network operations		•
PR4	Severe wind and storms causing trees or branches to fall and damage the network		•
PR5	Flooding causing damage/outages and public safety risk		•
Transition risks			
TR1	Risks arising from consumer and technological changes occurring as part of the transition to a lower carbon economy	•	•
Opportunity			
O1	Enabling the uptake of consumer energy resources	•	•

Assumptions and limitations have been used in the modelling of current anticipated financial effects of climate-related risks and opportunities. Refer to section 2.2.2 Assumptions and limitations in anticipated financial effects modelling.

1 AEMO - 2020 ISP

PR1 – A bushfire event caused by assets, staff or operations

Category
Acute physical risk

Time horizon
S M L

Risk forecast
Increasing risk

Concentration of business activities/assets vulnerable to this risk in the value chain
Assets located in bushfire risk areas and more densely populated areas.
Group staff, customers, surrounding communities and supporting infrastructure.

Nature of risk

Infrastructure and operations could become an ignition source, particularly on high bushfire risk days. Bushfire is a significant safety and reliability risk to the community. A significant bushfire started by SA Power Networks or Enerven could have significant financial and reputational impacts.

Factors such as ageing infrastructure and the impacts of climate change including increasingly severe weather patterns have seen an increase in the potential for bushfire risk. As the severity of climate-related impacts are likely to increase in the coming years, there is potential for this risk to continue to grow.

Risk management

- Equipment and construction techniques are designed to lower the risk of fire starts associated with the distribution network (including but not limited to concrete and steel Stobie poles which are not susceptible to pole-top fires, and the use of targeted insulated and covered conductor systems to reduce the risk of conductor-initiated fires).
- Inspection and maintenance plans to help identify defects on the network and remediate in a timely manner in accordance with the severity of the defect.
- Seasonal preparation is completed each year, including identification and remediation of fire start defects, vegetation management, operational training, ensuring emergency spares are in stock and preparing messaging for customers and stakeholders.
- A formal vegetation clearance and management program aligned with legislative requirements which includes cutting standards and regular audits.
- Fire Danger Protection Settings (FDPS) designed to mitigate fire start risk in advance of forecasted elevated Fire Danger Level (FDL) conditions. FDPS are being deployed across targeted sections of the network.
- SA Power Networks is authorised to disconnect supply of electricity to any region, areas, land or place if, in the opinion of SA Power Networks, it is necessary to do so to avert danger to person or property. Disconnection is informed by real-time weather monitoring which includes consideration of fire behaviour, wind speed, gusts and other elements.
- SA Power Networks purchases a combined liability insurance program which incorporates bushfire liability in accordance with distribution license requirements.

Refer to section 2.2.1 General mitigation measures for physical climate-related risks.

PR1 – A bushfire event caused by assets, staff or operations (cont.)

Current financial effects
SA Power Networks invests in activities to mitigate the risk of a fire from the network. During 2025, $37.5 million was spent directly on bushfire mitigation activities including vegetation management, aerial and ground inspections and capital improvements.

Anticipated financial effects
Forecasting bushfire financial impacts is constrained by the unpredictability of bushfire frequency and severity. SA Power Networks monitors and collects historical financial data on the effects of bushfire to the network over time. However, quantification of the anticipated financial effects of bushfires is constrained by the high degree of uncertainty in forecasting bushfire frequency and severity due to climate variability (as this is based on a combination of factors such as windspeed, ignition source, humidity, fuel moisture, and fuel load). The Commonwealth Scientific and Industrial Research Organisation (CSIRO) is developing more precise bushfire models that may allow quantification in the future. This will continue to be monitored in subsequent periods.

Financial impacts arising from SA Power Networks' liability to third parties are mitigated by the combined liability policy. The Group seeks to obtain insurance sufficient to cover one maximum probable loss event and one policy reinstatement. Neither the cost of the insurance policy nor the associated excess is considered material to the business. The Group understands the availability and cost of insurance may change in the future.

Anticipated effects that can be quantified include the bushfire mitigation related capital expenditure (CAPEX) approved by the Australian Energy Regulator (AER), and future estimated operational expenditure (OPEX) for bushfire management (refer to mitigation efforts above).

Since 2022, SA Power Networks has invested between $27 million and $38 million annually to reduce the risk of bushfire and will continue to do so as part of its annual bushfire risk cycle as outlined above.

The anticipated financial effects of activities related to bushfire mitigation include the AER approved capital expenditure of $19.8 million for the 2026–30 regulatory period, in addition to estimated operational costs over the same period of $149.1 million. These activities and associated costs will be required on an ongoing basis and are expected to be material into the medium and long term.

Refer to section 2.2.1 for examples of initiatives to 'harden' the network and to address several physical risks, including bushfires caused by SA Power Networks.

Significant risk of material adjustment to the carrying amount of assets and liabilities in 2026
None

Main items potentially impacted in the Financial Statements
- Operating expenses
- Insurance provisions
- Plant, property and equipment

PR2 – Increased bushfire frequency impacting the SA Power Networks distribution network

Category
Acute physical risk

Time horizon
S M L

Risk forecast
Increasing risk

Concentration of business activities/assets vulnerable to this risk in the value chain
Assets located in bushfire risk areas and more densely populated areas.
Group staff, customers, surrounding communities and supporting infrastructure.

Nature of risk
South Australian summers are typically hot and dry, and when combined with windy conditions, higher bushfire risk can result. The risk of bushfire is driven by weather conditions, vegetation fuel loads, and climate change trends.

Damage to SA Power Networks infrastructure due to bushfires could result in financial impacts and operational disruptions. Climate change may increase the risk, extend the fire danger season and increase the severity of potential events.

Risk management
SA Power Networks has limited control over bushfires which may impact the distribution network.
- Vulnerability to bushfire damage is reduced by using Stobie (concrete and steel) poles compared to traditional wooden poles.
- The financial impacts of this risk are mitigated by the industrial special risks policy which covers assets declared under the policy (such as substations, offices and depots). This policy provides cover for property damage resulting from perils such as fire, natural disasters, theft or accidental damage. It also provides certain cover for business interruption (loss of income) as a result of the property damage. This policy excludes cover for poles and wires, which are self-insured.

Refer to section 2.2.1 General mitigation measures for physical climate-related risks.

Current financial effects
Impact is not financially material in 2025

Anticipated financial effects
Impact is not expected to be financially material over the short, medium, or long term, given the impact of this risk is limited to asset damage, network outage and insurance premiums.

Based on the effects of historical climatically induced bushfire days, the effects of a future event are unlikely to result in a financially material level of damage, or a significant outage.

SA Power Networks monitors and collects historical financial data on the effects of bushfire to the network over time. Quantification of the anticipated financial effects of bushfires was not performed due to the high uncertainty associated with current bushfire forecasting data.

Significant risk of material adjustment to the carrying amount of assets and liabilities in 2026
None

Main items potentially impacted in the Financial Statements
- Operating expenses
- Insurance provisions
- Plant, property and equipment

PR3 – Heatwaves and high temperatures affecting network operations

Category
Chronic physical risk

Time horizon
S M L

Risk forecast
Increasing risk

Concentration of business activities/assets vulnerable to this risk in the value chain
Distribution assets and Group field (outdoor) workers.

Nature of risk
Rising global temperatures and prolonged heatwaves increase electricity demand, straining the grid during peak periods. Prolonged heat can reduce grid performance, cause equipment failures, and lead to higher costs for repairs, maintenance, and infrastructure upgrades. Heatwaves also pose safety risks for workers. If network performance is poor, this could impact SA Power Networks' reputation.

Risk management
- Annual forecasting is undertaken to identify potential overload risks. Alternative supply options are established and assets upgraded where required.
- Planning criteria consider under what circumstances SA Power Networks should upgrade network capacity, or provide alternative supply options where possible, to reduce the likelihood of outages.
- SA Power Networks' Annual Capacity Plan is a program of work investing in the network to increase capacity and to mitigate identified overload risks.
- Emergency spares and mobile plant, including generators, are maintained to reduce the duration of any unplanned outages in the event of equipment failure.
- Ability to remotely monitor substation loads via SCADA with alarms on assets and lines.
- SA Power Networks monitors severe weather and manages risks through planning, postponing non-essential work, conducts detailed risk assessments, and provides clear directives for practices like hazard identification and conditions monitoring.
- Workers are supported with weather and condition updates, training, personal protective equipment, communication devices, emergency equipment, and access to periodic skin cancer checks.

Refer to section 2.2.1 General mitigation measures for physical climate-related risks.

Current financial effects
Impact is not material in 2025

Anticipated financial effects
Impact is not expected to be financially material over the short, medium, or long term.

Higher temperatures and heatwaves are expected to increase in likelihood and exposure in the short term and stabilise in the medium term, with minimal financial impact to SA Power Networks. Costs will primarily relate to capital expenditure to increase the capacity of network assets, and may involve additional operating expenses, such as emergency fuse replacements if demand growth is not forecast accurately.

In the long term, prolonged high temperatures may continue to drive additional capacity related expenditure, however, based on historical events and anticipated future trends, the long-term financial impacts are still not expected to be material.

Significant risk of material adjustment to the carrying amount of assets and liabilities in 2026
None

Main items potentially impacted in the Financial Statements
- Operating expenses
- Property, plant and equipment

PR4 – Severe wind and extreme weather causing trees or branches to fall and damage the network

Category	Time horizon	Risk forecast	Concentration of business activities/assets vulnerable to this risk in the value chain
Chronic physical risk	S M L	Increasing risk	Above-ground distribution assets, including powerlines, Stobie poles and transformers.

Nature of risk

Severe wind and extreme weather, combined with weakened tree structures from heat and drought, can cause trees or branches to fall on powerlines or infrastructure, disrupting power supply and reducing reliability. Rural areas without alternate supply points are particularly vulnerable.

Risks include wires or poles down, increased repair costs, and capital expenditure for upgrades.

Disruptions may result in reputational damage, customer dissatisfaction, STPIS penalties, GSL payments, and higher operational costs.

Risk management

- Vegetation management including cutting and clearance activities around assets to help reduce the risk of trees or branches falling on infrastructure, thereby mitigating damage during extreme weather events. Vegetation-related interruptions are monitored, and proactive measures to mitigate the risk of further interruptions are carried out.
- Fault monitoring and emergency response processes are designed to identify equipment damage and initiate response processes in a timely manner.
- Feeder automation, network segmentation, fault indicators, alternate supply points, and asset redundancy reduce customer disruptions and expedite fault identification.
- The Major Event Day framework, and the ability to claim force majeure when events are beyond the Group's reasonable control, limit financial impacts like STPIS penalties and GSL payments.

Refer to section 2.2.1 General mitigation measures for physical climate-related risks.

Current financial effects

Impact is not financially material in 2025

Anticipated financial effects

Impact is not expected to be financially material over the short, medium, or long term.

Increasing wind speeds across South Australia are increasing the risk of tree and branch failure. SA Power Networks anticipates rising emergency callouts and operating costs associated with network restoration. This may impact financial performance through STPIS penalties and GSL payments.

Significant risk of material adjustment to the carrying amount of assets and liabilities in 2026

None

Main items potentially impacted in the Financial Statements

- Operating expenses
- Property, plant and equipment

PR5 – Flooding causing damage/outages and public safety risk

Category
Acute physical risk

Time horizon
S M L

Risk forecast
Stable

Concentration of business activities/assets vulnerable to this risk in the value chain
Distribution assets in flood-prone areas, such as those in proximity to the River Murray in South Australia. Group staff, customers, surrounding communities and supporting infrastructure.

Nature of risk
Riverine flooding events have the potential to impact SA Power Networks' electricity infrastructure located along the River Murray. If floodwater encounters electrical infrastructure, this can cause network disruptions or outages and pose a public safety risk. In addition, flood waters can reduce electrical clearances to powerlines posing a potential risk to the community.

The 2022/23 River Murray flood event was the third largest recorded in South Australia. It resulted in 3,368 disconnections and impacted 4,000 Stobie poles, 1,600 transformers and 400km of powerlines, with one substation at risk of inundation.

A cost pass-through application was approved by the AER, in respect of the additional direct control service costs that were incurred by SA Power Networks as a result of this flood event.

Risk management
During the most recent flooding event, controls were put in place to mitigate the impact to the business and to mitigate the risk of safety impacts to staff and the community:

- Community and stakeholder engagement to inform and support the community during the Flood Event, this included irrigators and businesses.
- Designing and building short sections of powerlines to help maintain supply and re-routing power via alternative routes.
- Installing bunding around at-risk zone substation to help prevent water ingress.
- Disconnecting customers to reduce the risk of electric shock due to flood inundation of electricity infrastructure.
- Use of LiDAR processing capabilities to develop a model of the network to help manage assets at risk and manage the flood response in real time.
- Ongoing inspections of electrical infrastructure, including by boat, helicopter and fixed wing aircraft.
- Close collaboration with local communities, government and emergency response agencies to coordinate emergency response efforts to minimise impact on the community.

Many of these activities serve as mitigative controls for potential future flooding events. Refer to section 2.2.1 General mitigation measures for physical climate-related risks.

Current financial effects
Impact is not financially material in 2025

Anticipated financial effects
While financial implications of a flooding event include additional operating and capital expenditure for preventative and responsive repairs, maintenance, and asset relocation and replacement, the impact is not expected to be material over the short, medium, or long term.

The cost pass-through mechanism will continue to be available for major events in the future, which provides an avenue for SA Power Networks to claim costs related to major events.

Significant risk of material adjustment to the carrying amount of assets and liabilities in 2026
None

Main items potentially impacted in the Financial Statements

- Capital and operating expenditure
- Property, plant and equipment
- Insurance provisions

TR1 – Risks arising from consumer and technological changes occurring as part of the transition to a lower carbon economy

TR1 & O1 are inherently linked[2].

Category
Transition risk

Time horizon
S M

Risk forecast
Stable

Concentration of business activities/assets vulnerable to this risk in the value chain
Operations related to distribution of electricity to customers, across all areas of South Australia.

Nature of risk
The rapid uptake of consumer energy resources (CER) presents risks and opportunities for SA Power Networks.

CER adoption may adversely impact network performance and result in local network congestion, potentially requiring costly asset upgrades and ultimately increase operating costs. Through proactive management and strategic coordination, CER presents a significant opportunity through increased network utilisation and avoiding asset augmentation costs.

This challenge is particularly evident in regions experiencing high solar energy adoption, where reverse energy flows from solar-powered neighbourhoods present challenges in maintaining the correct voltage and avoiding grid overload on mild, sunny days.

Reputational damage may occur due to outages and disruptions, or failure to meet stakeholder expectations.

Risk management
- SA Power Networks is transitioning its role from a traditional distribution network service provider (DNSP) to a distribution system operator (DSO) to enable more effective management of two-way energy flows on the network. This involves developing tools, systems, and capabilities to coordinate customer-owned generation, storage, and flexible demand in real time.
- The *CER Integration Strategy* formed a key part of the 2025–2030 regulatory proposal, aligning with AER guidance to enable South Australia's energy transition.
- SA Power Networks' digital network initiative will enable enhanced planning, real-time visibility, and control of the low-voltage network, while integrating third-party data sources.
- The 'stretch and fill' strategy helps to optimise network capacity by using dynamic voltage management to increase export capacity ('stretch') and encouraging load shifting through innovative tariffs and flexible CER like rooftop solar, storage, hot water, and electric vehicle charging ('fill'). This improves operational efficiency, reduces costs, and enhances customer satisfaction by enabling better utilisation of existing capacity.

As CER uptake increases and demands on the network change, SA Power Networks' management of the network will also evolve. New approaches to plan for future demand, new assets, asset lifespan and systems for monitoring electricity flows will emerge.

Current financial effects
This transition risk is correlated with **O1**.

Capital expenditure avoided by **O1** in 2025 is estimated at $70 million.

Anticipated financial effects
Higher operating expenses may result from the increased capital expenditure to modernise the grid, enabling it to handle bi-directional energy flows, implement advanced grid management systems, and effectively integrate new technologies.

This transition risk is correlated with **O1**. The avoided capital expenditure benefit described in **O1** is equivalent to the capital expenditure effects over the short, medium and long term, ie, $93 million, $46 million, and $33 million respectively.

Significant risk of material adjustment to the carrying amount of assets and liabilities in 2026
None

Main items potentially impacted in the Financial Statements
- Capital expenditure
- Operating expenses
- Revenue

2 TR1 & O1 are two aspects of the same issue; the risks and opportunities arising from the rapid growth of CER driven by the energy transition.

O1 – Enabling the uptake of consumer energy resources

TR1 & O1 are inherently linked[3].

Category	Time horizon	Forecast	Concentration of business activities/assets vulnerable to this risk in the value chain
Transition opportunity	S M L	Stable	Operations related to distribution of electricity to customers, across South Australia.

Nature of opportunity

The rapid uptake of consumer energy resources (CER) presents both risks and opportunities for SA Power Networks.

Through proactive management and strategic coordination, CER presents an opportunity for increased network utilisation and avoids asset augmentation costs.

Adaption initiatives

- SA Power Networks is transitioning its role from a traditional distribution network service provider (DNSP) to a distribution system operator (DSO) to enable more effective management of two-way energy flows on the network. This involves developing tools, systems, and capabilities to coordinate customer-owned generation, storage, and flexible demand in real time.
- The *CER Integration Strategy* formed a key part of the 2025–2030 regulatory proposal, aligning with AER guidance to enable South Australia's energy transition.
- The digital network initiative will enable enhanced planning, real-time visibility, and control of the low-voltage network, while integrating third-party data sources.
- The 'stretch and fill' strategy optimises network capacity by using dynamic voltage management to increase export capacity ('stretch') and encouraging load shifting through innovative tariffs and flexible CER like rooftop solar, storage, hot water, and electric vehicle charging ('fill'). This improves operational efficiency, reduces costs, and enhances customer satisfaction by enabling better utilisation of existing capacity.

Current financial effects

CER-related spend is not financially material in 2025.

This opportunity is correlated with **TR1** and resulted in avoided capital expenditure of $70 million in 2025.

Anticipated financial effects

Over the next 5 years, $91.3 million in capital and $12.5 million in operating expenditure has been approved by the AER for CER integration, compliance, demand flexibility, and network visibility under the 2025-30 regulatory proposal. While limiting investment in research and development and CER integration could provide short-term savings, it would negatively impact long-term grid stability and reliability, leading to higher maintenance costs and STPIS impacts.

CER related spend is anticipated to be $21 million in the short term, $47 million in the medium term and $45 million in the long term. This opportunity is correlated with TR1 and is therefore anticipated to result in avoided capital expenditure of $93 million in the short term, $46 million in the medium term and $33 million in the long term.

Significant risk of material adjustment to the carrying amount of assets and liabilities in 2026

None

Main items potentially impacted in the Financial Statements

- Capital expenditure
- Operating expenses
- Revenue

3 TTR1 & O1 are two aspects of the same issue; the risks and opportunities arising from the rapid growth of CER driven by the energy transition.

2.2.1 General mitigation measures for physical climate-related risks

The AER has approved SA Power Networks' nomination to include natural disaster events as a qualifying event for cost pass-through applications. Accordingly, where a one-off extreme natural disaster event (such as a cyclone, fire or flood) causes operating and/or cost impacts in a single year that exceed 1% of maximum allowed revenue, the AER may permit SA Power Networks to seek recovery of those costs via the cost pass-through provisions of the National Electricity Rules.

SA Power Networks also purchases a comprehensive insurance program which includes the following policies:

- combined liability policy, which incorporates cover for liability to third parties for personal injury, death and property damage arising from bushfires due to negligence;
- industrial special risks policy which covers assets declared under the policy (such as substations, offices and depots). This policy provides cover for property damage resulting from perils such as fire, natural disasters, theft or accidental damage. It also provides certain cover for business interruption (loss of income) as a result of the property damage. This policy excludes cover for poles and wires, which are self-insured; and
- environmental (pollution) liability policy which covers environmental damage or pollution caused by us, such as costs of cleaning up pollution, addressing third party claims, and complying with environmental regulations.

Insurance coverage varies on a case-by-case basis, depending on the specific circumstances and subject to the terms, conditions, exclusions, and wording of the applicable policy. It is important to note that none of the policies explicitly provide cover for 'climate-related perils or events'; coverage will depend on the specific triggers, liabilities, and responsibilities arising in each situation. Insurance can assist in mitigating the financial impact of unforeseen events and should be considered as part of a broader risk management strategy.

SA Power Networks' monitors and analyses power outages on an ongoing basis, and uses this analysis to develop a range of reliability programs, including projects aimed at mitigating outages, reducing the number of customers who experience the outage, and reducing outage durations. In addition to managing the capacity of the network and the condition of physical network assets, there are a range of improvements ('augmentation') to manage the network's reliability ('hardening' the network), including the installation of:

- lightning resilient insulators;
- animal guards where wildlife comes into contact with equipment;
- line covering on bare wires under problem vegetation (trees, bushes, etc);
- feeder automation;
- switches to limit the number of customers who experience an outage; and
- line fault indicators to better identify the location of faults.

The primary purpose of augmentation is to reduce customer outages and improve reliability with secondary benefits including enhanced resilience to physical climate risks.

2.2.2 Assumptions and limitations in anticipated financial effects modelling

The following assumptions and limitations have been made in the modelling of current and anticipated financial effects of climate-related risks and opportunities.

With respect to the historic and current effects of climate-related physical risks, there are some limitations to the availability, extent and segregation of financial impact data:

- SA Power Networks investigates the causes of network outages and records these over time, however it is not always possible to assign one direct cause. For example, damage to the network due to trees falling may result from extreme wind and storms (**PR5**), or could result from lightning, heatwaves or non-climate-related events. Where possible, the most accurate cause of an outage is assigned by analysing the weather conditions and circumstances leading up to the outage.
- The operational response cost data for outages are assigned to causes, which are not always separately identifiable. Limitations to this data include:
  - **PR2** – costs assigned to general fire damage (not just climate-related bushfire) were considered as these have not been further disaggregated.
  - **PR3** – costs assigned to electrical overload were considered, as the effects of high temperatures are not separately identifiable and are most in line with this impact.

In modelling the anticipated effects of the climate-related risks and opportunities, the following assumptions have been made:

- **PR3** – the indicator heat wave maximum length has been used to measure the anticipated increase in the climate peril under SSP2–4.5 across the short, medium and long term. The indicator measures the longest series of at least three consecutive days with daily minimum temperature above 22 degrees celsius and daily maximum temperature above 30 degrees Celsius. This is not directly aligned with SA Power Network's definition of 'network impact' (ie, three consecutive days above 40 degrees), however it has been assessed as the most suitable indicator from available data.
- **PR4** – the indicator, maximum wind gust speed, has been used to measure the anticipated increase in the climate peril under SSP2-4.5 across the short, medium and long term. The indicator measures the annual maximum of daily wind gust speed. A range of other climate hazards may cause trees to fall (ie, dry temperatures and severe storms). However this indicator has been assessed as a suitable indicator from available data.
- The median of the climate indicators has been used to calculate the increase in the indicator over time.
- To calculate the increase in the indicator from now (2025) into the short, medium and long term, a 2025 baseline value of the indicator has been calculated based on the assumption that growth in the indicator is linear from the historical value (1995) to the 2030 value.
- When using climate indicator values to calculate the increase in climate perils over the short, medium and long term, each horizon gives an estimate of what could be the hazard value for the median year of the timeframe (ie, the time horizon 2030 is illustrative of the climate for the 2021–2040 timeframe, 2040 is illustrative of 2031–2050, and 2085 is illustrative of 2071–2100).
- Modelling has been performed in nominal terms, before the impact of inflation and any discounting.
- Historical 5-year averages for cost and revenue loss data have been used as a baseline to model anticipated financial effects, except for **PR3** which uses 2025 revenue loss data due to historical data limitations.

2.3 Climate transition and decarbonisation approach

The Group does not yet have a climate transition plan. Its strategic approach and business model are a reflection of its ability to manage and capitalise on the energy transition's risks and opportunities.

SA Power Networks is leveraging its position as the distribution network operator to integrate and manage the benefits, opportunities, and challenges of CER, and has embedded controls that address the physical impacts of climate change on the network and associated business operations. Enerven supports clients to design and construct renewable energy infrastructure.

The Group has established science-aligned greenhouse gas emissions reduction targets, which are detailed in section 4.3 Climate-related targets. The Group's broad approach to climate change adaptation and mitigation comprises three pillars, as outlined in the table below which summarises core climate transition and decarbonisation activities, assumptions and dependencies.

Pillar	Key activities	Assumptions and dependencies
Role as a network operator *Leverage its unique role to help South Australia transition to a distributed and decarbonised network*	• Unlock grid capacity while continuing to support customers in the uptake of CER through transformation to a distribution system operator • Collaborate with customers, industry and government to introduce innovative system, technological and regulatory approaches	• A regulatory framework is achieved that supports customers to connect CER and encourages DSO transformation • National and South Australian net zero targets for 2050 will remain in place • Customer demand for renewable energy technologies continues
Reduce greenhouse gas (GHG) emissions *Reduce GHG emissions across; operations, activities and value chain*	• **Scope 1:** Improve management of sulphur hexafluoride (SF_6, an insulating gas used in electrical switchgear); trial of SF_6 alternative gases/non-SF_6 asset technology; transition company-owned fleet vehicles to electric vehicles; explore alternatives for mobile generation • **Scope 2:** Utilise energy efficient design principles, equipment and technology; continued replacement of traditional public lighting infrastructure with energy efficient LED technology. As the South Australian grid is decarbonised, GHG emissions associated with distribution line losses and electricity consumption will be eliminated. • **Scope 3:** Engage with material (by emissions) suppliers to improve data quality and reduce emissions	• Technological advancement in the electrical equipment and infrastructure continues • Specialist electric heavy vehicle options are available, such as elevated work platform trucks • Electric vehicle charging infrastructure is available to support an all-electric fleet • South Australia's 2027 target of a net renewables electricity grid is achieved
Build resilience of the grid, the workforce and communities *Improve the reliability and resilience of its network, its business, and support its customers to respond and adapt to climate-related impacts*	• Continue to work with the state government, AEMO and the transmission network to improve technical capabilities to help support the state's energy system during severe faults, extreme weather events or other abnormal conditions that could destabilise the system • Continue to implement comprehensive asset management, network reliability and resilience programs, including integrating climate adaptation into decision-making • Continue to implement comprehensive bushfire risk management programs and enhance emergency preparedness and response • Embed capabilities to procure non-network solutions where efficient, eg, standalone power systems • Work with clients to connect and integrate renewable energy technologies (including solar farms, battery energy storage systems, virtual power plants, embedded networks and microgrids) that enable the energy transition and help stabilise the electricity grid • Continue to develop and implement programs that enhance community resilience, eg, community battery trials • Continue to develop and implement workforce and customer safety programs	• A regulatory framework is achieved that supports network resilience investment • Technological advancement in the electrical equipment and infrastructure space continues

2.4 Integration of climate-related risks and opportunities into business strategy

SA Power Networks' vision is ***Connecting South Australians to a better energy future, today***. Its goal is to do this in a way that delivers value to the community from its electricity network infrastructure. The Group's *Strategic Direction 2035* sets out its ambitions over a 15-year time horizon, detailing the opportunities and challenges of the energy transition and reflecting its unique opportunity to support State decarbonisation and prosperity.

2.4.1 Capital allocation and climate-related risks and opportunities

As part of SA Power Networks regulatory plan for 2025–30, a forecast of total capital expenditure (CAPEX) was established. This forecast was categorised by network and/or non-network, with sub-categories, including replacement expenditure, augmentation expenditure, CER integration, connections, property, fleet, ICT, and other non-network CAPEX. Climate-related risks and opportunities are addressed to varying degrees by these sub-categories. The total spend in the current reporting period cannot always be apportioned to addressing specific climate-related risks and opportunities due to their interrelated nature, impacts, and mitigation efforts. CER integration however, can be fully apportioned as it addresses the opportunity (**O1**) to address CER uptake. Refer to section 4.2.2 Capital deployment, for the breakdown of CAPEX apportioned to climate-related risks and opportunities for 2025.

CER integration expenditure covers several customer and industry facing programs to support forecasted CER growth. It is a strategic and balanced suite of four initiatives: enabling export service, seeking to improve load utilisation via flexibility, improve industry compliance, and utilise more readily available smart meter data to improve operations and safety. Expenditure forecast for 2025–30 is 125.8% higher than 2020–25 which reflects continued growth in customer demand for export service and changes in the scope of CER integration activities as progression to the next stage of the long-term CER integration strategy continues.

2.4.2 Resourcing requirements

The Group has integrated climate-related risks and opportunities considerations into its governance structure, network strategy, asset management and regulatory planning processes.

A dedicated *Governance and Skills Matrix* was developed to:

- facilitate appropriate elevation and integration of sustainability and environmental, social and governance (ESG) issues into the Group's internal governance structure. It includes relevant climate-related risks and opportunities governance obligations and outlines how these responsibilities are allocated; and
- includes a skills matrix mapping core climate-related risks and opportunities against key accountable roles in the Group, including a competency rating reflecting the experience and relevant skill competencies required.

The Group's climate-related risk, opportunity, resilience and decarbonisation initiatives are supported through embedded financial, human, operational, and technical resources; and facilitates the delivery of its strategic response to climate change.

A review of the *Governance and Skills Matrix* is undertaken annually, enabling ongoing assessment and addition of skills, competencies, roles or functions where necessary.

2.5 Assessing resilience through climate scenario analysis

Climate change and decarbonisation impacts are being realised alongside shifting and uncertain social, technical, economic and global conditions. Climate scenario analysis helps explore different plausible futures, enabling the Group to:

- examine how changes could impact business operations, financial performance and cash flows, and supply chains;
- evaluate the magnitude and likelihood of physical and transition climate-related risks and opportunities; and
- develop strategic responses that are robust to different future outcomes, and work to mitigate risk and build resilience.

The Group conducted qualitative climate scenario analysis in 2024 to stress test its business strategy, risk exposure, and the scale of opportunities under different climate scenarios. Outcomes included defined climate scenarios and time horizons aligned to business context and a longlist of climate-related risks and opportunities for further quantitative analysis.

In 2025, quantitative climate scenario analysis was conducted to understand the anticipated financial effects of climate-related risks and opportunities on the business' financial position, financial performance and cash flows over the short, medium and long term. It considered the Group's South Australian assets and operations with the relevant findings presented in this report.

The Group assessed climate-related risks and opportunities across three time horizons 2030, 2040 and 2085; and across 3 scenarios, an **accelerated** scenario, focusing on transition risks and opportunities, a **step change** scenario, focusing on both transition and physical risks and opportunities, and a **delayed** mitigation scenario, focusing on physical risks. Enerven was considered in the Group's scenario analysis however their associated risks and opportunities were immaterial to the Group, and therefore are not represented in the outlined scenarios.

For scenarios to provide a robust basis for stress-testing strategic decisions, it is critical they align with plausible physical and transition operational contexts.

In 2024 and 2025, net electricity generation from renewables exceeded 70%[4], a direct result of the significant investment from households in rooftop solar and industry in large-scale renewable energy and storage projects. As the distribution network operator, SA Power Networks is exposed to transition risks and challenges associated with managing bi-directional electricity flows from CER. This transition is occurring within a climate that is already experiencing increased physical risks.

Compared to the baseline, the average annual temperature across South Australia has increased by 1.6°C and the number of days with dangerous weather conditions for bushfires have increased[5].

These factors informed scenario selection and analysis. The Group adopted publicly available pathways and scenarios from industry-relevant and globally-recognised authorities – the Australian Energy Market Operator (AEMO) and Intergovernmental Panel on Climate Change (IPCC) – due to alignment with physical and transition operational context and strategic priorities.

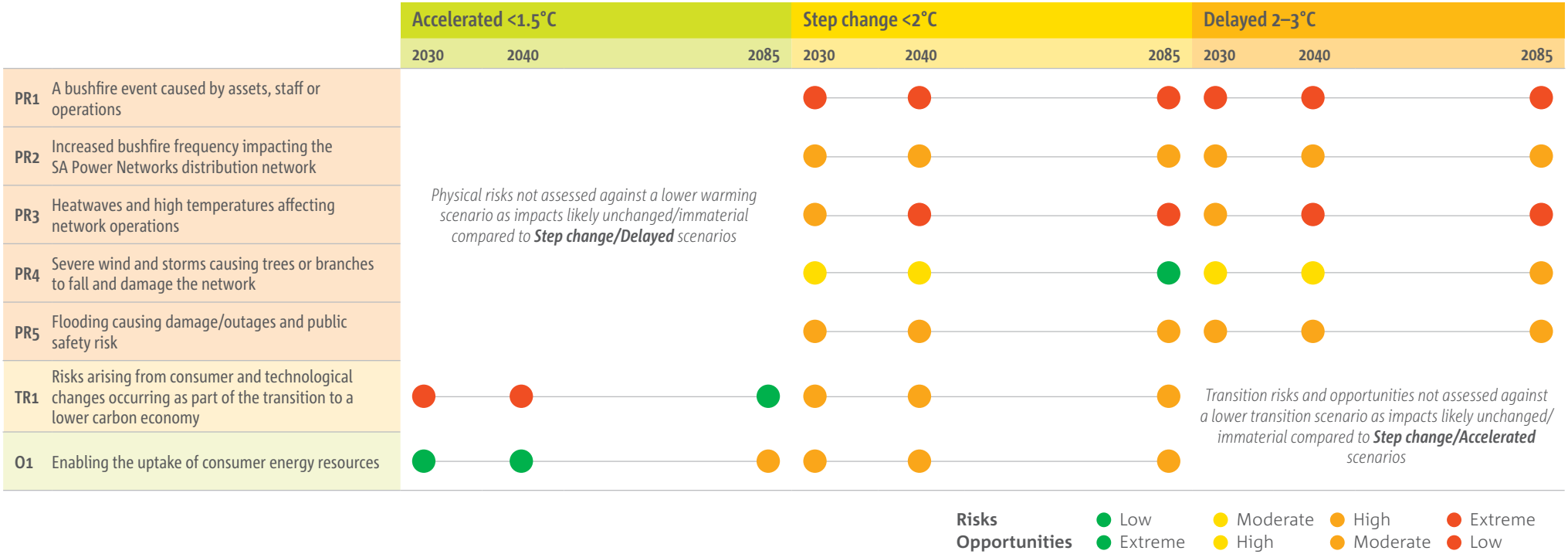
In the physical assessment, sites correlating with the Australian Bureau of Meteorology's automated weather stations were selected to leverage high quality, location-specific climate data.

	Accelerated <1.5°C	Step change <2°C	Delayed 2–3°C
Physical scenario Source: Intergovernmental Panel on Climate Change (IPCC) and Coupled Model Intercomparison Project phase 6 (CMIP6)	*Not assessed.* *Physical scenario unlikely to present different risks/opportunities than current state.*	**SSP1-2.6** A lower emissions scenario likely to keep global temperature rise below 2°C by 2100.	**SSP2-4.5** A moderate-emissions pathway reflecting delayed or limited mitigation, likely to result in global temperature rise above 2.5°C by 2100[6].
Transition scenario Source: Australian Electricity Market Operator (AEMO) Integrated System Plan (ISP) 2024	**Green Energy Exports**[7] A scenario with very rapid and widespread transformation of the economy – driven by global demand for green energy and high investment in CER.	**Step Change** A scenario with strong industry and customer energy investments, and actions to lower emissions across Australia's economy above current levels.	*Not assessed.* *Transition scenario unlikely to present different risks/opportunities than current state.*

4 Leading the green economy | Energy & Mining
5 ClimateChangeInAustralia.gov.au/SouthAustralia
6 Table SPM.1, IPCC 2021: Summary for Policymakers
7 AEMO scenarios from the 2023–24 release were used. In 2025, this scenario was renamed to 'Accelerated Transition'

Risk and opportunity ratings under climate scenarios

The table below summarises the risk rating levels for each risk and opportunity under the assessed climate scenarios and shows how the rating changes between each time horizon; short term (2030) through to long term (2085).



2.5.1 Potential impacts on strategy and business model under future scenarios

The following tables summarise the impacts of climate change on SA Power Networks' strategy and business model, including its response to the effects identified.

Accelerated <1.5°C

An ambitious and accelerated transition scenario, with committed decarbonisation activities domestically and globally aimed at limiting global warming to 1.5°C
Green energy exports are high, driven by demand for renewable-based hydrogen, ammonia, and other low-carbon energy solutions. Policies include widespread implementation of carbon pricing, large-scale renewable energy adoption, and investment in carbon capture and storage. Significant customer and investment changes, with strong preferences for low-carbon technologies and services.

Short-term: 2030	Medium-term: 2040	Long-term: 2085
Risk Exposure **Physical:** Not assessed **Transition:** High **Opportunity:** Moderate	**Risk Exposure** **Physical:** Not assessed **Transition risk:** High **Opportunity:** Moderate	**Risk Exposure** **Physical:** Not assessed **Transition risk:** Low **Opportunity:** Extreme
Rapid uptake of CER and customer electrification increase minimum and maximum demand, challenging the network's finite capacity. This causes local grid congestion and challenges with managing power system security, potentially leading to service outages and operational disruptions. Impacts to SA Power Networks include higher operating expenses for repairs and maintenance and capital expenditure for investment to implement advanced grid management systems. In addition, rapid implementation of stringent climate-related regulatory policies results in higher capital expenditure for digital grid management, and ongoing adaptation and compliance. SA Power Networks continues to play an important role in national and global efforts to integrate CER and develop distribution system operator capabilities. Initiatives pioneered in South Australia including 'solar sponge' tariffs, home battery 'virtual power plants' and 'flexible export' connections for solar are adopted across Australia and beyond. SA Power Networks continues developing innovative programs that incentivise customer demand flexibility, seeking to shift when energy is generated, stored, or consumed through a combination of new tariffs, digital communications and new energy management technology. Increasing network utilisation assists in targeting investment in network infrastructure upgrades to the most congested areas.	SA Power Networks faces similar operational, cost and reputational impacts as experienced in the short term. Electricity demand continues to increase as residential and commercial customers electrify homes, businesses and transport option, increasing and shifting peak demand and putting additional pressure on the network. New products and services will support customers in their transition to low-carbon technology. SA Power Networks' management of an 'open access' network platform to facilitate new connections will release significant value for customers. SA Power Networks continues to consider long-term energy market projections, network flows and asset condition in its network planning to optimise for the most efficient configuration and capacity. This includes the potential decommissioning of uneconomical lines and other assets.	SA Power Networks expects to have addressed most transition risks posed by this scenario by this time. However, if adoption lags modelled assumptions, there is a risk of overinvestment. This scenario presents opportunities for SA Power Networks to leverage new technologies and more uniform energy demand in the long term, to innovate and expand its role in managing consumer energy resources and improve asset utilisation.

Step change <2°C

A moderately ambitious transition scenario, with widespread economic transformation that limits global temperature rise below 2°C by 2100

This scenario achieves the objectives of Australia's government policies in transitioning the energy system and reflects a scale of global and domestic action that limits global temperature rise to below 2°C compared to pre-industrial levels. It relies on a very strong contribution from consumers in the transformation, with rapid and significant continued investments in CER, and strong transport electrification, as well as opportunities for Australia's larger industries to electrify to reduce emissions.

Short-term: 2030

Risk Exposure
Physical: High
Transition: Extreme
Opportunity: Moderate

South Australia continues to lead the world in the rate of rooftop solar adoption, with current momentum strengthened by uptake of battery storage systems, empowering households to capture more of their renewable energy and use it when it's most valuable. Customers further electrify their homes, businesses and vehicles. The rate of adoption allows time for SA Power Networks to adapt operations and effectively manage power system security.

SA Power Networks is already enabling increased CER uptake by developing and implementing distribution system operator capabilities. Funding for these initiatives increased from the 2020-25 to 2025-30 regulatory periods. While operational costs increase in the short-term, initiatives to enable flexibility and optimise network utilisation results in avoided capital expenditure.

Physical risks increase across South Australia. Bushfire frequency poses the largest risk to SA Power Networks across all time horizons. Prolonged heatwaves and high temperatures increase at the fastest rate in the short term, posing heat stress risks to equipment and people.

SA Power Networks is well-positioned to manage these physical risks through current controls and mitigation measures, implemented as a result of risk management processes and the organisations risk appetite.

Medium-term: 2040

Risk Exposure
Physical: High to Extreme
Transition: High
Opportunity: Moderate

The rate of prolonged heatwaves and high temperatures slows into the medium and long term, however the potential impacts on ageing infrastructure and network assets means this will continue to be a risk.

Failure to meet stakeholder expectations of fast progress towards decarbonisation could lead to reputational damage, with the largest impacts seen in the medium and long term.

Opportunities to optimise network utilisation and strengthen reputation through adoption of new technologies persist.

Long-term: 2085

Risk Exposure
Physical: High to Extreme
Transition: Low
Opportunity: Moderate

The increase in physical impacts related to bushfire frequency, heatwaves and high temperatures slows over the long term, with effects remaining like that described in short and medium time horizons.

Required adaptation – to business and operating model and infrastructure – is expected to be addressed.

Delayed 2–3°C

A higher physical risk scenario reflecting delayed or limited mitigation efforts, more likely than not to result in global temperature rise between 2°C and 3°C, by 2100
Under this scenario the impacts of climate change would be more severe as governments' response to climate change is slow and measures to reduce emissions are delayed. The absence of coordinated policy efforts lead to higher warming outcomes and many physical risks emerge. Used to assess resilience against increased acute and chronic physical risks.

Short-term: 2030

Risk Exposure
Physical: High
Transition: Not assessed
Opportunity: Not assessed

Governments remain divided on climate action policy, leading to a lack of coordinated action on emissions reductions. Some governments roll back on emissions reduction polices resulting in weakened environmental standards. While transition risks remain low, physical impacts of climate events begin to compound.

Bushfire frequency increases rapidly across South Australia and to a larger extent than in **Step change** scenario, posing the largest risk to SA Power Networks across all time horizons. Prolonged heatwaves and high temperatures increase at the fastest rate in the short term. Indicators for other physical risks to the network such as lightning strikes leading to widespread outages and trees or branches falling and damaging the network increase at a moderate rate in the short term.

Increasing physical threats place additional stress on network infrastructure and performance, potentially leading to equipment failures or breakdowns, disruption to the power supply and reduced reliability. This could impact consumer sentiment and cause reputational damage in the short, medium, and long term.

Event management costs may increase operating and capital expenditure.

SA Power Networks is well-positioned to manage these physical risks through current controls and mitigation measures, implemented as a result of risk management processes and the organisations risk appetite.

Medium-term: 2040

Risk Exposure
Physical: High
Transition: Not assessed
Opportunity: Not assessed

In the medium term, bushfire and heatwave risks continue increasing but at a decelerated pace. Other physical risks stabilise during this period. Impacts and management costs remain similar to short term.

Anticipated asset replacement programs carried out during this time horizon consider adaptation measures.

As part of the organisation's regulatory obligations, stakeholder engagement throughout the development of each regulatory proposal helps SA Power Networks to understand customer sentiment, expectations and priorities. This is an avenue for it to address consumer concerns.

Long-term: 2085

Risk Exposure
Physical: Extreme
Transition: Not assessed
Opportunity: Not assessed

The Forest Fire Danger Index is projected to rise once again.

Bushfire mitigation measures are cyclical and conducted annually, considering the anticipated climate and weather conditions for each year. Conditions are monitored to allow for adjustments in the necessary resources and efforts. If additional funding is required for resilience activities, this would be included in the regulatory proposal budgeting and planning process.

Bushfire risk increase, coupled with prolonged heatwaves, poses chronic challenges for SA Power Networks, as heat stress on the network could lead to frequent equipment failures and operational disruptions. Risks associated with falling branches are expected to escalate, potentially increasing repair costs.

Additional capital expenditure is expected to be limited through strategic and planned asset replacement and adaptation when ageing infrastructure is replaced in the medium term.

Compounding physical risks could lead to frequent outages, potentially damaging customer trust.

2.5.2 Limitations and assumptions

This disclosure considers AEMO's Green Energy Exports and Step Change scenarios, and SSP1–2.6 and SSP2–4.5 scenarios, which are not predictions or reflections of the Group's preferences or projections. Rather, they explore the possible implications of different interpretations and assumptions about the nature and pace of Australia's energy transition. Scenario modelling and associated analysis have inherent limitations. Assumptions may or may not be, or prove to be, correct; and may or may not eventuate, and scenarios may be impacted by factors beyond the assumptions made. Additionally, these scenarios do not cover all possible outcomes comprehensively. The scenarios present a range of possible outcomes to help form judgements about the uncertainty surrounding the energy transition in Australia. The Group considers a broad spectrum of other analyses and information when developing its long-term strategy.

There are uncertainties in climate projections across all time horizons due to:

- **Future greenhouse gas emissions:** The Group employs a variety of plausible emissions scenarios and climate models that provide a range of projections.
- **Limitations of climate models:** No climate model can perfectly capture all aspects of the climate. The Group has sought to reduce uncertainties through bias adjustments, statistical treatments when combining projections from different climate models, and evaluating exposure across different time horizons.
- **Surrounding conditions:** The impact on the Group's operations from various hazards, such as bushfire, lightning, and extreme weather, is affected by land use and conditions outside the boundaries of the Group's sites. For the current analysis, current conditions were considered.

For physical risk exposure data, the time horizons analysed (2030, 2040 and 2085) represent a point in time taken as the models average over a 20+ year time period. 2030 is represented by the models' average of 2021–2040, 2040 is represented by the average of 2031–2050, and 2085 is represented by 2071–2100. In this assessment exposure refers to the presence of people or assets in a location potentially affected by climate hazards. Hazard refers to the potential occurrence of a climate-related physical event or trend likely to cause damage and loss.

Key assumptions

The table provides an overview of the key assumptions within the Group's adopted scenarios, further described in section 2.5.

	Transition scenarios	Physical scenarios
	AEMO *2023 Inputs, Assumptions and Scenarios Report*	**IPCC and CMIP6IPCC**
Climate-related policies in the jurisdictions in which the entity operates	The Green Energy Exports and Step Change scenarios account for the most recent country-level commitments announced up until July 2023.	N/A – physical risk scenarios used do not consider climate policy.
Macroeconomic trends, energy use and mix, and developments in technology	The scenarios describe macroeconomic trends and illustrate relevant macro-level industry indicators, energy use and mix, and developments in technology that are not specific to SA Power Networks but that would impact all sectors of the economy and society.	
	The pace of electrification, renewable uptake, and infrastructure development is modelled at the state level and by Renewable Energy Zone.	
National or regional level variables (eg, local weather patterns, demographics, land use, infrastructure and availability of natural resources)	Considers regional variables such as weather patterns using historical and projected climate data from the Bureau of Meteorology and CSIRO and are based on economic and demographic forecasts from Oxford Economics Australia and ABS data. They consider state level land use, infrastructure developments, and natural resource availability.	Worldwide standardised spatial resolution of 33x33 km for physical risk hazards, except for flooding risk, which is to a spatial resolution of 30 meters.

2.5.3 Capacity to adjust and adapt strategy and business model to climate change

SA Power Networks' capacity to adapt its strategy and operating model to climate change is supported by long term financial planning, flexible asset management, and targeted investments.

As a regulated electricity distribution network, SA Power Networks operates under the AER's five-year regulatory determination framework, which provides a stable and predictable revenue base.

Foreseeable events: climate-related management and mitigation costs are incorporated within SA Power Networks periodic regulatory proposal to the AER. This supports appropriate funding through approved revenue allowances.

Unforeseen events: a cost pass-through application may be submitted to the AER to recover expenditure arising from natural disaster events. SA Power Networks also retains flexibility to reprioritise investment decisions within a regulatory period where justified on commercial and operational grounds. The *Asset Management Framework* enables redeployment, upgrading, or decommissioning of assets as climate conditions and technology change over time.

The Group actively engages with the AER and industry stakeholders to influence DNSP funding and incentives to respond effectively to climate change. This includes advocating for:

- incentive mechanisms that support the energy transition and integration of CER; and
- greater flexibility in the regulatory framework, such as options for greater flexibility within regulatory periods, enabling more agile responses to evolving climate-related risks and events.

Additionally, SA Power Networks maintains access to diversified funding sources, including long-term debt facilities, which provides flexibility to respond to unexpected climate-related events as they arise.

3 Governance and risk management

A key priority for the Board and the Executive Leadership Team is to ensure risk culture is one of accountability, empowerment, constructive challenge; and risk management processes drive decisions that are aligned with risk appetite and lead to better risk outcomes. In practice this is embedded through the three lines of defence model. Roles and responsibilities associated with this model are:

- **First Line – The Business:** Business units own risks and have primary responsibility for risk management (ie, identification, measurement, monitoring and control) within their areas.
- **Second Line – The Risk Team:** A segregated risk management function to maintain the *Risk Management Framework*, provide oversight and challenge across risk management activities, provide advice and reporting on risk registers and the risk profile, and make sure emerging risks and less than effective controls are mitigated.
- **Third Line – Independent Audit Function:** Internal Audit provides independent assurance to the Audit Committee and the Board by performing reviews and engaging with Committees and the Executive Leadership Team. These reviews provide challenge and informal advice on risk and the state of the control environment.

3.1 Governance structures

3.1.1 Board and Board Sub-Committees

SA Power Networks operates under a *Partnership Agreement*, which sets out governance requirements for matters relating to Partnership Board authorities and approval of budgets and plans. Through the *Partnership Agreement*, the Partners have delegated some of their powers to a Partnership Board, which in turn has delegated the day-to-day running of the business to the Group's Chief Executive Officer (and their Executive Leadership Team).

The *Partnership Agreement* allows the Partnership Board to delegate powers to Sub-Committees, whose roles and responsibilities are outlined in annually reviewed Charters. Current Board Sub-Committees and their climate-related risk and opportunity responsibilities are:

Sustainability Committee assists the Board to fulfil its corporate governance and oversight responsibilities relating to Environmental, Social, and Governance (ESG) obligations. The responsibility of this Committee extends, among other things, to considering climate-related risks and opportunities in the context of the Group's sustainability strategy, objectives, and targets. The Committee is granted authority to scrutinise any matter or activity involving sustainability activities from the Board.

Risk Management and Compliance Committee assists the Board to fulfill its corporate governance and oversight responsibilities relating to risk management and compliance. The role of the Committee also includes assisting the Group to achieve its risk policy objectives with company-wide implementation of effective risk identification, management and mitigation programs, and (by extension) considers climate-related risks and opportunities.

Audit Committee assists the Board to fulfil its corporate governance and oversight responsibilities relating to financial accounting practices, internal control systems, external reporting, and the internal and external audit function. The role of the Committee extends to consideration of any reports captured by the Australian Accounting Standard's Board (AASB) and assurance provided by external auditors.

Remuneration Committee assists the Board to fulfill its corporate governance and oversight responsibilities relating to remuneration arrangements, including consideration of targets and incentive plans.

The Sustainability, Risk Management and Compliance, and Audit Committees each meet up to four times per year, and the Remuneration Committee meets at least annually. The Chair of each Committee is required to report to the Board following each meeting, which may include the distribution of minutes and any actions requiring Board actions and/or approval.

The *Sustainability Report – Climate-related disclosures* will be provided to the Board annually. The Risk Management and Compliance Committee are provided with information relating to the corporate risks (and risk registers) at least twice annually. Climate-related risks and opportunities will be considered as part of this broader process as/when appropriate.

3.1.2 Management accountability

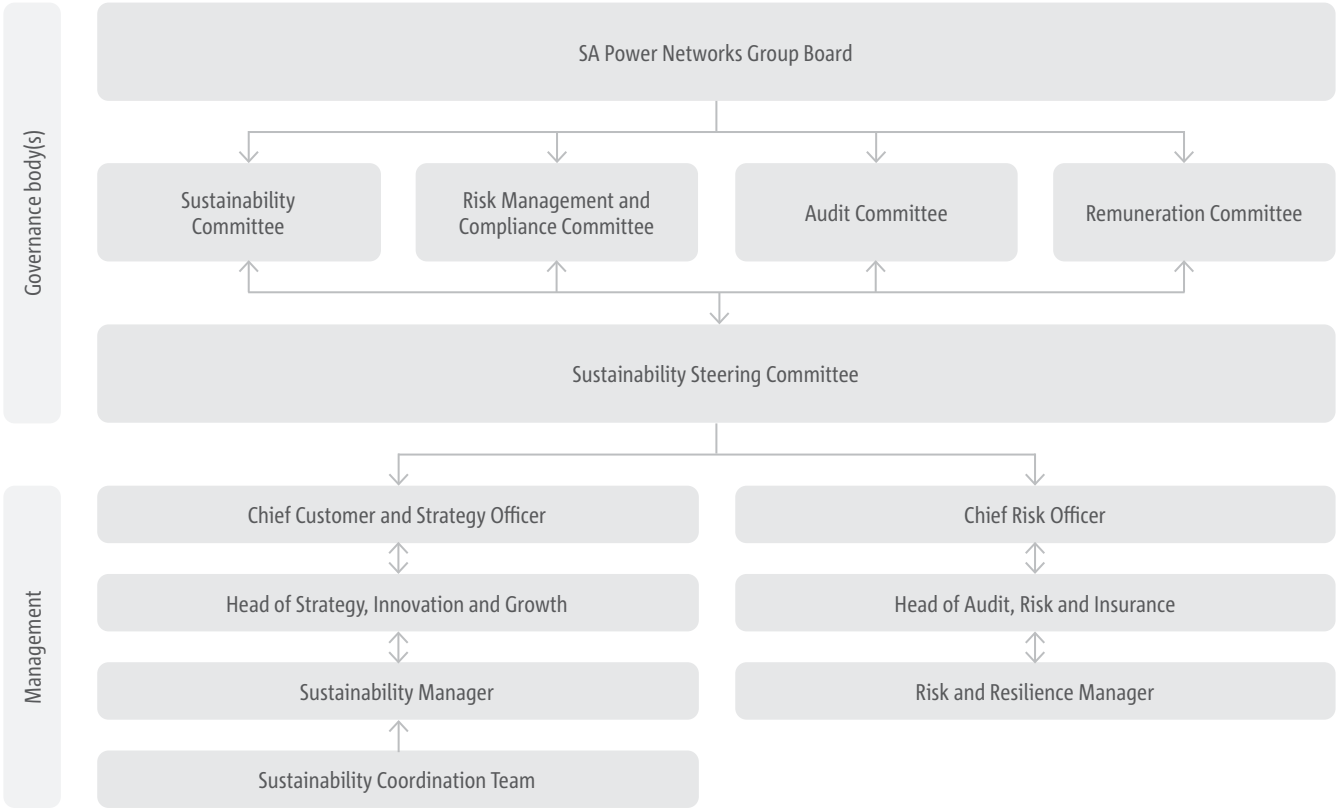
Sustainability Steering Committee
The Sustainability Steering Committee, which includes the Executive Leadership Team and select senior leaders, has oversight of the Group's sustainability approach. It manages strategy, policy, objectives, adherence to the Sustainability Policy, cross-functional delivery of commitments, performance monitoring, and the identification of sustainability-related (including climate-related) risks and opportunities.

The committee facilitates alignment with the *Group Strategic Plan* and provides sponsorship for initiatives. It meets quarterly, with additional meetings held at the discretion of the Chair.

Sustainability and Risk Management functions
The Chief Customer and Strategy Officer has oversight over the Group's sustainability function. The Sustainability Manager, responsible for the sustainability function, works with stakeholders to identify climate-related risks and opportunities, assess their impacts, and test strategy resilience.

The Chief Risk Officer manages second-line risk activities, while the Risk and Resilience Manager addresses risk exposures (including climate risks) and oversees resilience planning for crises, emergencies, and business continuity. Climate-related risks are managed through first-line controls and procedures, including strategic planning, climate scenario analysis, greenhouse gas emissions monitoring, and bushfire risk mitigation measures like weather modelling and vegetation management.

Sustainability Governance



This diagram illustrates the Group's climate-related governance structure and highlights the relationship between its Board, executive committees and supporting governance levels. It does not represent the Group's complete governance structure.

3.1.3 Climate-related skills and experience

The Partnership Board for the Group is represented by Partner members. Partner members are Board members and/or Executive members within the utilities industry (and across other industries). Partnership Board members have a high level of experience and expertise across diverse subject matters, which extends to the management of climate-related risk and opportunities, including with a number of organisations that have broad accountability for reporting on the subject matter to various stock exchanges globally.

Where appropriate, Partner members are sourced for specific skillsets, and the Group Sustainability Committee has members with specific experience in sustainability, as determined by their past and/or current professionally held roles.

The current approach favoured by the Partners does not include or necessitate the need for a Board skills matrix. However, as noted above, the skills and experience of the current Partner Board members are wide-ranging and comprehensive, and have coverage of sustainability matters broadly, including climate-related risks and opportunities. In addition, the Board and sub-Committees are supported by relevant management-level steering committees such as the Sustainability Steering Committee, Bushfire Risk Management Steering Committee, Distributed Energy Transition Steering Committee and the Service Performance Scheme (Reliability) Steering Committee. These steering committees and the functional teams that support them are comprised of technical and operational personnel with expertise in the management of climate-related risks and opportunities.

The *Governance and Skills Matrix*, which maps core climate-related risks and opportunities against accountable roles in the organisation is reviewed annually and reported to the Sustainability Committee. The Group will continue to assess the adequacy of climate-related skills and competencies available across the Partnership Board and sub-committees and whether additional training or development is required.

3.2 Strategic consideration of climate and governance of targets

The Sustainability Committee, supported by the Sustainability Steering Committee, is responsible for sustainability strategy; including the future development of strategy, policy, objectives and targets, and allocating appropriate resources to support the effective delivery of sustainability-based commitments. The Sustainability Steering Committee, supported by technical and operational teams, is responsible for the cross-functional delivery of sustainability commitments and goals.

The Group considers its Board *Risk Appetite Statement* and *Risk Management Framework* when developing the strategic direction of the organisation, and as such, climate-related risks that are included in the *Corporate Risk Register* are inherently considered during strategic planning by the Group.

A series of key strategic decisions informed the Group's *Strategic Direction 2035*, to address key challenges and opportunities. The Group's positions on these decisions provide the foundation for strategy development and provide direction and insight into where trade-offs will need to be made. These strategic decisions considered topics around the Group's role in the distributed energy future, customer service, environment and sustainability issues, internal culture, growth in its unregulated business, and efficiency in its regulated business. Safety, reliability, and regulatory obligations are fundamental to its purpose as a business, and as such are not considered in trade-off decisions.

The Group's success depends on meeting the needs of both regulated customers, by providing a safe and reliable network, and unregulated customers by offering value and solutions. The *Risk Management Framework* is structured to align key risks with focus areas or enablers outlined in the organisations' strategy.

3.3 Approach to risk management

The Group has robust risk management principles, policies, rules, practices and processes that support risk management across all risks, including climate-related risks and opportunities:

- *Risk Management Directive:* Defines principles, structure, and approach to risk management, aligned with AS/NZS ISO 31000:2018 standards.
- *Risk Management Framework:* Provides a comprehensive process to identify, manage, mitigate, and monitor all material risks (including climate-related risks), supporting effective risk control and management of strategic risks with potential material impact.
- *Risk Appetite Statement:* Outlines the Board's principles on risk taking, mitigation, and avoidance, aligned with SA Power Networks' and Enerven's strategic objectives.
- *Organisational Resilience Policy:* Integrates Risk Management, Business Continuity, Crisis and Emergency Management, and IT/OT Disaster Recovery to prepare for disruptions, including climate-related events.
- *Sustainability Policy:* Details the organisation's commitment to minimising emissions and environmental impacts.
- *Strategic Direction 2035:* Provides guidance on navigating future challenges and opportunities through to 2035.

The Group applies a comprehensive risk management approach to all business activities, utilising a framework that categorises risks into three levels: strategic, corporate, and operational.

Climate-related scenario analysis was undertaken to improve the organisation's understanding of climate-related risks and opportunities over various time horizons and scenarios (refer to section 2.5). The outputs from this analysis are incorporated into the *Corporate Risk Register*. These practices will be embedded as standard procedures, reflected in the *Risk Management Framework*.

3.4 Risk management process

3.4.1 Identification

Risk identification seeks to recognise and capture risks that, if they were to occur, would have an impact on SA Power Networks and Enerven meeting their objectives. The risk identification process includes consideration of risks that may impact the operations of all entities within the Group.

The Group identifies risks and opportunities using quantitative and observational-based methods. Emerging risks are considered based on changes to internal or external environments, risks arising from event consequences and the impact on strategic objectives, timing of potential impacts, and/or the nature and value of assets and resources.

With respect to climate change, time horizons are considered for existing and emerging risks:

- **Existing risks:** Weather-related events which may increase in frequency and severity. The effects of existing risks may be observed now (eg, damage to assets from extreme weather and bushfires), with a need for direct action.
- **Emerging risks:** Chronic shifts in South Australia's climate such as increasing average temperatures and decreasing rainfall. The business must consider how it is positioned to mitigate longer term effects and whether policies or work practices (eg, maintenance policies, or employee training plans) need to be introduced in advance, including changes that may act as a risk multiplier.

Potential climate-related risks are identified by gathering and analysing entity specific evidence (eg, stakeholder engagement, insurance information, and operational data) and external evidence (eg, environmental incidents, bushfires, extreme weather events, or changes to legislation and regulation).

The Group's *Risk Management Framework* requires risk identification be undertaken when:

- assessing operational activities where there are potential work health and safety implications or concerns;
- conducting significant procurement activities, including those with significant commercial or legal implications;
- planning or undertaking major or significant projects;
- undertaking business continuity and disaster recovery planning;
- implementing or changing key aspects of the information technology and/or operational technology environment; and/or
- consideration is being given to material deviations from strategy and/or business plans.

The Group uses its long-term strategic direction alongside climate scenario analysis to identify opportunities likely to occur over across short, medium and long-term time horizons. South Australia is at the forefront of the transition to a decarbonised electricity system, and SA Power Networks' role is evolving into an increasingly distributed, two-way energy system. These changes present great opportunities for SA Power Networks to develop new technology that can support customers through the energy transition.

To date, climate-related opportunities have been identified through the Group's strategic response to transition risks, including changes in consumer behaviour, technology, and policy and regulatory settings. Climate-related risks and opportunities have also been identified through existing strategic risk focus area's including bushfire risk, network performance, future network and sustainability.

Climate-related risks and opportunities are recorded in the *Climate-Related Risk and Opportunity Register* (CRROR), and was developed using risks already in the *Corporate Risk Register*, peer review and climate scenario analysis.

The *CRROR* complements the *Corporate Risk Register* by highlighting climate-related risks, with those deemed material (risks that are inherently rated high or extreme) captured at a corporate level. Any climate-related risks or opportunities identified as part of this process were considered for inclusion in the Corporate Risk Register to maintain alignment.

3.4.2 Analysis

Once identified, climate-related risks (as for all risks identified through the *Risk Management Framework*) are analysed with a level of flexibility and understanding that risks will differ in their magnitude of consequence, complexity, volatility and sensitivity. They also may provide varying degrees of data and information.

To ensure consistency, all risks are assessed using the risk consequence and likelihood tables outlined in the Group's *Risk Management Framework*. Risk consequence tables are organised by strategic risk, and outline the minimal, minor, moderate, major, and catastrophic consequence thresholds used to evaluate risks. These criteria include both qualitative (such as regulatory or legislative obligations, or failure to deliver on customer expectations) and quantitative factors (such as financial impact, or timeframe to remediate environmental damage). A scoring system assesses the likelihood and magnitude of each risk, providing a standardised view of potential impacts.

Risks are measured in a consistent manner using risk matrices by applying data, or equivalent data/metric models (in a quantitative analysis), or applying the subjective judgement of well-informed individuals or experts (in a qualitative analysis) to determine the level of consequence and/or likelihood of an event.

Highly uncertain events can be difficult to quantify. This can be an issue when analysing events with severe consequences. In such cases, a combination of various quantitative and qualitative risk analysis methodologies may be used to drive an accurate and insightful outcome.

When risk analysis methodologies are used to measure multiple consequences and likelihood measures for a single risk event, the highest possible risk consequence outcome is applied. Risk analyses may be influenced by a divergence of opinions, biases, and perceptions of risk and judgements and are considered and documented as part of the risk analysis process.

3.4.3 Evaluation and treatment

The Group considers the results of risk analysis to support decision making on risk. The risk ratings applied during the risk assessment provide a means to prioritise climate-related risks alongside other corporate risks. Selecting the most appropriate risk treatment option involves balancing the costs and efforts of implementation against the benefits.

Ageing assets, expected regulated revenue, CER trends, climate change, and business growth areas are all factors that contribute to how opportunities are identified and prioritised. The Group prioritises climate-related risks based on the Board approved *Risk Appetite Statement*. This statement provides direction on how risk should be evaluated in decision making and creates a foundation for the communication of risk between the Board and the Executive Leadership Team. It recognises that the Group will need to mitigate risk but may also need to increase its exposure to certain risks to implement its strategy.

The *Risk Appetite Statement* is reviewed on an annual basis by the Head of Audit, Risk and Insurance, with any proposed changes reported through the Risk Management and Compliance Committee for approval by the Board.

3.4.4 Monitoring and reporting

Monitoring
At least twice annually, workshops are undertaken to review and discuss climate-related risks and opportunities to ensure they are effectively captured (considering both qualitative and quantitative information) and are reflected in both the *CRROR* and the *Corporate Risk Register*. These updates are provided to the Sustainability Committee and the Risk Management and Compliance Committee for oversight.

Data that may indicate a change to the Group's climate-related risk profile (eg, fire starts, environmental incidents, causes of high voltage faults) is monitored by relevant stakeholders and feeds into the *Corporate Risk Register* update process.

Ongoing monitoring of climate-related risks and opportunities is integrated into business activities, including regular governance processes (as outlined earlier), and key performance indicators, where progress is tracked via quarterly updates to the Sustainability Steering Committee against specific climate risk mitigation initiatives (such as reductions in carbon emissions or the rate of fleet transition to electric vehicles).

Reporting
The risk management process and its outcomes are documented and reported to communicate risk management activities and outcomes across the organisation, provide information for decision-making, and improve risk management activities.

The Group follows a continuous risk management approach to allow senior management to make informed risk decisions. This includes producing appropriate, accurate and focused risk reporting.

Identified risks and opportunities are reported to the Executive Leadership Team in accordance with magnitude. The extent of the risk and/or opportunity is compared to the overall risk appetite as well as specific limits or triggers. When thresholds are breached, committee minutes are clear on the actions and timeframes required to resolve the breach and bring risk within tolerances.

4 Metrics and targets

4.1 Climate-related metrics

In 2025, the Group's scope 1 and 2 absolute gross greenhouse gas (GHG) emissions were 178,623 tonnes of carbon dioxide equivalent (tCO_2e), where the location-based approach was used to calculate scope 2 emissions. Six of the seven gases outlined in the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6) are included in the Group's GHG inventory. Nitrogen trifluoride (NF_3) was assessed and determined to be an irrelevant emissions source for the Group.

The Group has no joint ventures, associates or unconsolidated subsidiaries, and all GHG emissions are representative of the consolidated group.

Total GHG emissions – Scopes 1 and 2
In tonnes of CO_2e

	2025	Target
Scope 1	23,700	Net zero scope 1 and 2 GHG emissions by 2035 (on a FY 2022 baseline)
Scope 2 (location-based)	154,923	
Total emissions	**178,623**	

4.1.1 Operational emissions (scope 1 and 2)

The Group's scope 1 emissions sources include diesel, liquid petroleum gas, petrol, natural gas, acetylene and ethanol used as stationary and transport fuels, and SF_6 used as an insulator in some electrical equipment. Scope 2 emissions sources include purchased electricity used for operations, public lighting, and distribution line losses.

Calculation methodology
The Group is a registered reporter under the National Greenhouse and Energy Reporting (NGER) scheme which is the GHG regulatory reporting regime in Australia that applies to those assets and operations. Under the NGER scheme, GHG emissions, energy production and energy consumption are reported on an annual basis for the financial year ending 30 June to the Clean Energy Regulator.

Scope 1 and 2 GHG emissions have been calculated in accordance with the *National Greenhouse and Energy Reporting Determination 2008*. The Group applies an operational control approach which captures all assets, facilities and operations, and reflects its authority to introduce and implement operating policies. It has no contractual instruments in place regarding scope 2 GHG emissions.

Emission factors applied are standard factors consistent with the National Greenhouse Accounts (NGA) Factors from the Department of Climate Change, Energy, the Environment and Water for the relevant reporting period. As NGA Factors are published for use in NGER reporting on a financial year (July–June) basis, and this report presents emissions on a calendar year basis, two sets of NGA Factors have been applied. NGA Factors from the prior financial year have been applied to activity data for the period from January to June, and NGA Factors from the subsequent financial year have been applied to activity data for the period from July to December. Where emission factors have already been converted to carbon dioxide equivalent by the NGA, Global Warming Potential (GWP) values are based on the Fifth Assessment Report (AR5) published by the IPCC.

The table below outlines the methodology taken to calculate scope 1 and 2 emissions, and the data source, GWP values, emission factors, data quality, assumptions, and any uncertainties. There were no changes to the measurement approach in the current period.

	Emission category	Activity	Data source	GWP and emission factor (EF) source	Methodology	Notes/assumptions/limitations
Scope 1	Stationary combustion	Fuel used for stationary sources of combustion *Diesel oil, LPG, and Gasoline*	Direct measurement (invoices or metering)	GWPs from AR5; EFs sourced from NGA 2024 & NGA 2025	Fuel-based method: Quantity of product multiplied by associated EF	Previous financial year data (NGERs) is used to complete gaps where data for immaterial sources are unavailable.
	Stationary combustion	Fuel used for stationary sources of combustion *Natural gas*	Direct measurement (invoices or metering)	GWPs from AR5; EFs sourced from NGA 2024 & NGA 2025	Fuel-based method: Quantity of product multiplied by energy content multiplied by associated EF	Due to billing cycles, data for the most recent 12 month available is used (eg, November 2024 to November 2025).
	Stationary combustion	Fuel used for stationary sources of combustion *Other gaseous fossil fuels (Acetylene)*	Direct measurement (invoices or metering)	GWPs from AR5; EFs sourced from NGA 2024 & NGA 2025	Fuel-based method: Quantity of product multiplied by associated EF	Previous financial year data (NGERs) is used to complete gaps where data for immaterial sources are unavailable.
	Transport combustion	Fuel used for transport (e.g. fleet) *Diesel oil, LPG, Gasoline, Petroleum-based oils, and Ethanol*	Partially recorded through direct measurement (invoices or metering) but assumptions applied for use of private vehicles	GWPs from AR5; EFs sourced from NGA 2024 & NGA 2025	Fuel-based method: Quantity of product multiplied by associated EF	Fuel use captured in employee reimbursements is calculated using the average retail price for fuel as issued by the Australian Institute of Petroleum. Previous financial year NGER data is used to estimate contractor fuel consumption where current-year contractor data is incomplete or unavailable. Contractor emissions are considered a material source.
	Fugitive emissions Sulphur hexafluoride (SF_6)	Gas used to insulate switchgear and transformers	Refuelling logs	GWPs from AR5; EFs sourced from NGA 2024 & NGA 2025	Fuel-based method: SF_6 losses multiplied by NGA GWP for SF_6	No assumptions.

Scope 2

Emission category	Activity	Data source	GWP and emission factor (EF) source	Methodology	Notes/assumptions/limitations
Purchased electricity	Electricity consumption	Direct measurement (invoices or metering)	GWPs from AR5; EFs sourced from NGA 2024 & NGA 2025	Location-based method Fuel-based method: Quantity purchased multiplied by associated EF	Energy use at shared sites is representative of the Group's FTE split and shared site personnel.
Distribution losses	Electricity lost from distribution network	Direct measurement (invoices or metering)	GWPs from AR5; EFs sourced from NGA 2024 & NGA 2025	Location-based method Fuel-based method: Quantity purchased multiplied by associated EF	Scope 3 emissions from transmission and distribution of electricity use through public lights is accounted for as part of the distribution losses calculation. The average emissions intensity of the 2023 and 2024 NGA scope 2 and 3 emissions factors for consumption of purchased electricity is used to align with the organisation's current calendar year reporting methodology.
Public lighting	Public lighting electricity use	Direct measurement (invoices or metering)	GWPs from AR5; EFs sourced from NGA 2024 & NGA 2025	Location-based method Fuel-based method: Quantity purchased multiplied by associated EF	All emissions associated with public lighting under the organisation's operational control are attributed to the Group.

4.2 Other cross-industry metrics

4.2.1 Vulnerability of assets and business activities to climate-related risks

The Group has assessed the assets and business activities that are vulnerable to transition and physical climate-related risks, and the climate-related opportunities aligned with assets or business activities.

	Assets or business activities vulnerable	Amount
PR1	Network length in bushfire risk areas	48,522km 53% of total powerlines
PR2	Network length in bushfire risk areas	48,522km 53% of total powerlines
PR3	Network exposed to heatwaves and high temperatures affecting network operations	100% of all assets
PR4	Network length above ground (exposed to wind and storms)	70,662km 78% of total powerlines
PR5	Network length exposed to flooding along River Murray	77km <1% of total powerlines
TR1	Assets and business activities exposed to risks arising from consumer and technological changes occurring as part of the transition to a lower carbon economy	100%
O1	Assets and business activities impacted by enabling the uptake of consumer energy resources	100%

4.2.2 Capital deployment

The capital expenditure apportioned to climate-related risks and opportunities is outlined below (refer to section 2.4.1 for more information on capital allocation). Most bushfire mitigation activities are covered by operational expenditure (refer to section 2.2, **PR1** for more information on the current financial effects related to bushfire). However a small portion relates to capital expenditure, as outlined below. Network hardening and reliability measures address all physical climate-related risks and as such the total is included below.

Capital expenditure in 2025	Amount
Total	$30.6 million
Bushfire mitigation activities	$2.1 million
Network hardening and reliability	$21.1 million
Invested towards climate-related opportunities	$7.4 million

4.2.3 Internal carbon prices and executive remuneration

The Group has not integrated an internal price on carbon into decision making. However, a monetary value of emissions reduction (VER) was developed by the AER and will be used where applicable in business cases when seeking regulated funding. SA Power Networks' internal investment decision-making processes are increasingly using the VER where applicable.

Executive Management performance and variable remuneration outcomes are directly linked to a range of strategic objectives which measure financial, customer, safety and asset performance and reliability. While asset performance and reliability can be impacted by climate-related considerations, these objectives do not directly relate to performance linked to climate-related metrics, and the performance and remuneration framework does not directly refer to climate-related risks, opportunities or targets.

4.3 Climate-related targets

The Group has an important role in the energy transition, both through it's role in facilitating South Australia's economy decarbonisation and reducing its operational carbon footprint.

The Group aims to achieve credible greenhouse gas emissions reductions across its operations, activities and value chain. It has established scope 1, 2 and 3 GHG emissions reduction targets in line with Science Based Targets initiative guidance.

Target: Net zero scope 1 and 2 GHG emissions by 2035

Metric	Measurement of net scope 1 and 2 (location-based) GHG emissions
Objective	Alignment with science-based initiatives
Coverage	Applies to all operations and assets under the Group's operational control
Scopes	Scope 1 and 2 (location-based) GHG emissions
Gross target	90% reduction in scope 1 and 2 GHG emissions (location based) by 2035
Greenhouse gases covered by the target	Carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6)
Sectoral decarbonisation approach	No
Period	2022–2035
Base period	2022 (2021/2022 financial year used as proxy for calendar year)
Milestones and interim targets	50% reduction in scope 1 and 2 (location-based) GHG emissions by 2030
Target type (absolute or intensity)	Absolute quantitative target
Carbon credits	The Group may consider the use of carbon credits in achieving this target
Alignment with jurisdictional commitment	Informed by the latest international climate agreements (Paris)
Validation	No validation
Metrics for monitoring progress	Percentage reduction in location-based scopes 1 and 2 emissions calculated in the current year compared to absolute scopes 1 and 2 emissions in 2022
Revision(s)	N/A
Progress achieved during the current period and status at year end	36.3% reduction as of 2025 in relation to the CY22 baseline year

Target: Net zero scope 3 GHG emissions by 2050

Metric	Measurement of net scope 3 GHG emissions
Objective	Alignment with science-based initiatives
Coverage	The Group's value chain and assets under operational control, including indirect GHG emissions, covering both upstream and downstream stages
Scope	Scope 3 GHG emissions
Gross target	90% reduction in fuel & energy related activities (category 3) by 2050
Greenhouse gases covered by the target	Carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6)
Sectoral decarbonisation approach	No
Period	2022–2050
Base period	2022 (calendar year)
Milestones and interim targets	25% reduction on fuel & energy related activities (category 3) by 2030 70% purchased goods & services (category 1) supplier's emissions to have science-aligned targets by 2028
Target type (absolute or intensity)	Absolute quantitative target
Carbon credits	The Group may consider the use of carbon credits in achieving this target
Alignment with jurisdictional commitment	Informed by the latest international climate agreements (Paris)
Validation	No validation
Metrics for monitoring progress	Percentage reduction in scope 3 emissions calculated in the current year compared to scope 3 emissions in 2022
Revision(s)	N/A
Progress achieved during the current period and status at year end	Progress against the Group's Scope 3 emissions continues to be challenging as Enerven's business expands 14.7% of suppliers have a science-based target in place

4.3.1 Approach to reviewing each target and monitoring progress

Target setting process and review approach
The Group conducts annual reviews of its climate targets, which involves a review of progress to date, any notable developments throughout the year, such as regulatory changes or organisational shifts (eg, any new climate initiatives or strategies) by the Sustainability Steering Committee and Board Sustainability Committee. Progress is monitored by reviewing the percentage change in scope 1, 2 and 3 GHG emissions across the business each year.

Any changes or updates are managed in accordance with the Group's *GHG Emissions Recalculation and Restatement Guide*. The guide governs the GHG baseline year and targets established by the Group to maintain consistency in reporting of annual GHG emissions and progress against GHG reduction targets. It outlines the types of changes and thresholds that trigger a recalculation and restatement of previously reported GHG emissions and targets.

Performance against climate-related targets
Over the past year, the Group has achieved a 22.3% reduction in scope 1 and 2 GHG emissions primarily driven by a reduction in line losses.

4.3.2 Planned use of carbon credits to achieve its targets

The Group's approach to carbon credits is dynamic as it works toward meeting its climate-related goals. Its primary goal is to reduce greenhouse gas emissions through effective mitigation and direct abatement strategies but may consider utilising carbon credits to achieve targets. It will continue to monitor this area alongside progress and will re-evaluate the approach as needed.

Glossary

AASB	Australian Accounting Standards Board
AASB S2	AASB S2 Climate-related disclosures (AASB S2)
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AR5	The Fifth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC)
CAPEX	Capital expenditure
CER	Consumer energy resources
Cost pass-through event	An event that occurs beyond the reasonable control SA Power Networks, has not been accounted for in its current 5-year revenue determination and has undergone rigorous assessment by the AER. Under the National Electricity Rules, SA Power Networks can submit a cost pass-through application to the AER to recover its efficient costs incurred by the event.
DNSP	Distribution network service provider
DSO	Distribution system operator
EF	Emissions factor
FDPS	Fire Danger Protection Settings
GHG	Greenhouse gas
The Group	For the purposes of this report the SA Power Networks Partnership and its subsidiaries is collectively, the "Group" and refers primarily to SA Power Networks, a regulated entity that manages the South Australian electricity distribution network; and Enerven, a specialist service provider in the competitive energy infrastructure and telecommunications sectors.
GSL payment	Guaranteed service level payment, a credit to customers when the energy distributor fails to meet specific standards for power reliability
GWP	Global warming potential, a measure that allows for the comparison of the global warming impacts of different gases by indicating how much energy the emissions of 1 ton of a gas will absorb over a specific period, relative to 1 ton of carbon dioxide (CO_2).
IPCC	Intergovernmental Panel on Climate Change
LiDAR	Light detection and ranging, a remote sensing method that uses pulsed laser light to measure ranges
NEM	National Energy Market
NGA Factors	National Greenhouse Accounts Factors issued by the Australian Federal Department of Climate Change, Energy, the Environment and Water
NGERs	National Greenhouse gas Energy Reporting scheme
OPEX	Operational expenditure
SCADA	Supervisory control and data acquisition
SF_6	Sulphur hexafluoride, an insulating gas used in some electrical equipment
Stobie pole	A patented power pole design constructed from steel and concrete primarily used in South Australia
STPIS	Service target performance incentive scheme, provides networks with incentives for maintaining and improving network performance, the STPIS is intended to ensure that distributors' service levels do not reduce as result of efforts to achieve efficiency gains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Independent Limited Assurance Report to the Board of Management of SA Power Networks

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the preparation of SA Power Networks ("SAPN") and its subsidiaries (the "Group") selected Sustainability Disclosures as listed in Table 1 below and disclosed in the Group's Sustainability Report (the "Sustainability Information") in accordance with the relevant requirements of Australian Sustainability Reporting Standard AASB S2 *Climate-Related Disclosures* ("AASB S2") as specified in Table 1 below (collectively the "Applicable Criteria"), in all material respects, for the year ended 31 December 2025.

Table 1 – Sustainability Information and Applicable Criteria

Sustainability Disclosures	Applicable Criteria, including related general disclosure required by Appendix D	Location in the Sustainability Report
Governance	**Paragraph 6**	**Pages 28 to 32**
Strategy (Risk and Opportunities)	**Subparagraphs 9(a), 10(a) and 10(b)**	**Pages 8 to 16**
Scope 1 and 2 Greenhouse Gas Emissions	**Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)**	**Pages 33 to 35**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Group's Sustainability Information is not prepared, in all material respects, in accordance with the Applicable Criteria for the year ended 31 December 2025.

Basis for Limited Assurance Conclusion

We conducted our limited assurance engagement in accordance with Australian Standard on Sustainability Assurance (ASSA) 5000 *General Requirements for Sustainability Assurance Engagements* ("ASSA 5000"), issued by the Auditing and Assurance Standards Board.

The procedures in a limited assurance 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 limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the *Practitioner's Responsibilities* section of our report.

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, including those contained in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Professional & Ethical Standards Board Limited.

Deloitte.

Our firm applies Australian 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.

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

Other information

Management and the Partners are responsible for the other information. The other information comprises the information included within the Group's Sustainability Report but does not include the Sustainability Information and our assurance report thereon. Our limited assurance conclusion does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the Sustainability Information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Sustainability Information or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the Sustainability Information

Management and the Board are responsible for:

a) the preparation of the Sustainability Information in accordance with the Applicable Criteria;
b) for designing, implementing and maintaining a system of internal control that is determined to be necessary to enable the preparation of the Sustainability Information in accordance with the Applicable Criteria that is free from material misstatement, whether due to fraud or error; and
c) the electronic presentation of the Sustainability Information and our limited assurance report on Group's website

Inherent Limitations in Preparing the Sustainability Information

Emissions quantification is subject to inherent uncertainty because incomplete scientific knowledge has been used to determine emissions factors and the values needed to combine emissions due to different gases.

Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

Practitioner's Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Information.

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As part of a limited assurance engagement in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal control there is an unavoidable risk that fraud, error, non-compliance with laws and regulations or misstatements in the Sustainability Information may occur and not be detected.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosures level, whether due to fraud or error.

In conducting our limited assurance engagement, we performed the following procedures:

- Performed inquiries and walkthroughs to obtain an understanding of the reporting process for preparing the specified Sustainability Disclosures, including the identification of individuals involved and an understanding of key systems used.
- With respect to Governance disclosures:
    - Inquired with management and personnel responsible for the oversight of climate-related risk and opportunities to obtain an understanding of the Group's processes, controls and procedures to monitor, manage and oversee its climate-related risks and opportunities; and
    - Performed walkthroughs and inspected the Group's internal information (e.g. Board meeting minutes, terms of reference, committee charters and internal policies).
- With respect to Strategy (risk and opportunities) disclosures:
    - Obtained an understanding of the Group's process for identifying and assessing its climate-related risks and opportunities across its reporting boundary, including management's materiality assessment process, by performing inquiries to understand the sources of the information used by management (e.g. strategy documents) and inspecting the Group's internal documentation of this process; and
    - Assessed whether the climate-related risks and opportunities disclosed are appropriate and complete, based on management's process and judgements, and whether they have been accurately described and classified.
- With respect to Scope 1 and 2 emissions disclosures:
    - Obtained an understanding of the measurement approach, inputs and assumptions used to measure the Group's greenhouse gas emissions through inquiries, walkthroughs and inspection of calculations and underlying support;
    - Performed analytical procedures (e.g. trend analysis);
    - Agreed selected samples of the underlying emissions data to supporting documentation and checked the mathematical accuracy of management's calculations;
    - Assessed the relevance and reliability of emissions factors used by management; and

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- Evaluated whether management has appropriately applied the requirements of AASB S2 and the NGER Scheme legislation in developing estimates used to report emissions, and whether the methods for developing such estimates are appropriate and have been applied consistently.

- Reconciled the specified Sustainability disclosures in the sustainability report to underlying supporting calculations and/or testing.
- Evaluated the overall presentation of the specified Sustainability Disclosures in the sustainability report and considered whether the specified Sustainability Disclosures as a whole are disclosed in accordance with the relevant requirements of AASB S2.

Our procedures did not include assessing the adequacy of design or operating effectiveness of controls, assessing the adequacy of the Group's governance framework and processes or separately developing our own estimate to compare with the Group's estimates.

Restricted Use

This report has been prepared for use by Management and the Partners for the purpose of providing limited assurance to Management and the Partners over selected disclosures in the Sustainability Report. We disclaim any assumption of responsibility for any reliance on this report to any person other than Management and the Partners or for any purpose other than that for which it was prepared.

Deloitte Touche Tohmatsu

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Darren Hall
Partner
Chartered Accountants
Adelaide, 25 February 2026