Governance Matters:
Management Approach

This document describes how the SA Power Networks Group manages material governance matters, including how we identify and assess risks and opportunities, respond to incidents or issues, the principles and standards with which we run the organisation, and evaluate progress on our actions.

Our material governance matters are:

1. Corporate governance and risk management

2. Responsible supply chain

3. Cyber security and data protection

SA Power Networks Sustainability Reporting Suite

This document should be read in conjunction with our:

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

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

1. Governance and risk management

1.1 Overview

This section of our management statement outlines how SA Power Networks and Enerven (the SA Power Networks Group) approach corporate governance and risk management matters. Responsible supply chain and cyber security risks are covered in sections 2. and 3., and other material Environmental, Social and Governance (ESG) risks are addressed in our Environmental, Social and Network Matters Management Statements.

The SA Power Networks Group recognises that when ESG risks and impacts are not well managed, they can cause significant negative impacts to our business and pose threats to the natural environment and long-term sustainable development of society. Our Board and Executive Leadership Team recognise that understanding, integration and governance of ESG matters is critical. The SA Power Networks Group regards good corporate governance as a fundamental component of our duty and commitment to our customers, our people, our owners and the communities which we serve.

Regulatory context

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

Our allowed annual revenues, and the tariff structures through which we recover these revenues from our customers, are determined – or 'Reset' – by the AER every five years. At the same time, ESCOSA determine the service standards that we need to meet over that period. We charge our tariffs to the retailers, who then recover these costs from their customers. Every five years, we must submit a Regulatory Proposal to the AER for their review and approval. The Proposal outlines our proposed work plans, forecast expenditure and revenue requirements for delivering electricity services in our State for the following five years. We must also submit a Tariff Structure Statement (TSS) which outlines how we will recover the revenue approved by the AER in our tariffs. Our Regulatory Proposal must be prudent and efficient, and supported by economic modelling, business cases and independent reports, and ideally supported by a broad and diverse community of stakeholders.
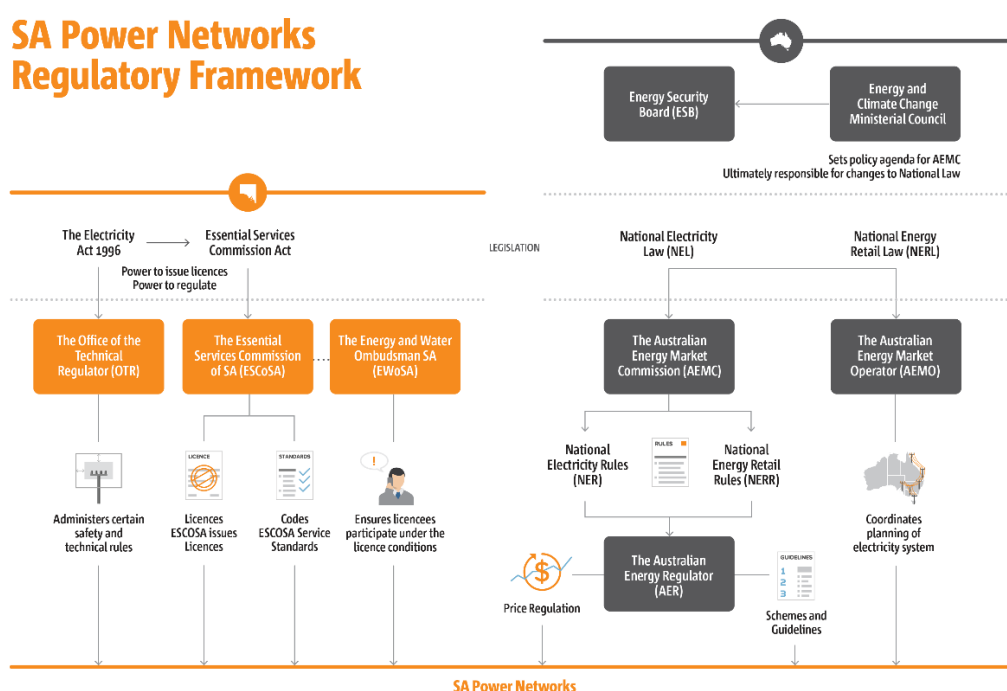
1.2 Management approach

1.2.1 Corporate governance

Values and conduct

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

To protect our reputation, and achieve our strategic goals, we aim to operate in a manner compliant with all legal and regulatory requirements, including human rights, discrimination, harassment, whistleblowing, anti-corruption and bribery, and conflicts of interest.

SA Power Networks and Enerven employees act ethically within a *Code of Conduct* and relevant State and Federal legislation. The *Code of Conduct* sets out the principles, associated Policies and Directives that employees need to understand while working for the organisation, and provides employees with examples of the standards of behaviour expected of them, and the possible consequences of breaching the stated obligations.

Stopline Pty Ltd operates an independent whistle-blower hotline (Speak-up Anonymous) under contract for employees to anonymously report misconduct or unethical or dishonest behaviour, via email, reporting website or phone line. All individuals who disclose information about illegal or improper conduct occurring within the SA Power Networks Group are protected in accordance with legal obligations.
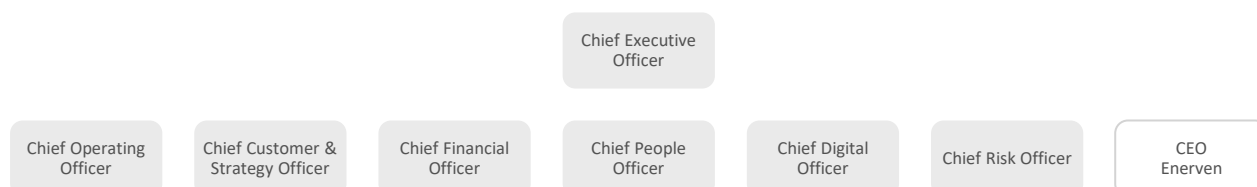
The role of the SA Power Networks Group's Governance and Regulation department is to protect and enhance the reputation and revenue of the business for long-term sustainability. It is responsible for ensuring compliance with statutory and governance obligations and partnership agreements, in-house legal services, risk and audit, insurance, real estate and easements. Our Regulation team drives regulatory outcomes that provide long-term value to customers, stakeholders and owners.

Corporate structure and governance

The SA Power Networks Group is a business owned and operated by a Partnership, who have delegated their powers to a Board to operate the business. Our Executive Leadership Team (ELT) and Board of Directors are responsible for guiding the business and leading our 2,400 staff, including key functions such as strategy setting, policy definition and compliance, due diligence, and monitoring business performance. The Corporate Governance Policy and Corporate Governance Model outline how our Board pursues the highest standards of corporate governance across the business.

In 2023 we began a review of our Operating Model to ensure the organisation is best positioned for sustainable success. The model we are moving towards is focussed on optimised network and field interactions to ensure the way we plan and deliver work prioritises customer outcomes. This is enabled by effective and efficient support from across the business, including the centralisation of strategy to ensure that we are well positioned to anticipate future challenges and opportunities for our business.

SA Power Networks Group Executive Leadership Team

Chief Executive Officer

Chief Operating Officer | Chief Customer & Strategy Officer | Chief Financial Officer | Chief People Officer | Chief Digital Officer | Chief Risk Officer | CEO Enerven

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

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

SA Power Networks Group Risk Management Framework and Governance
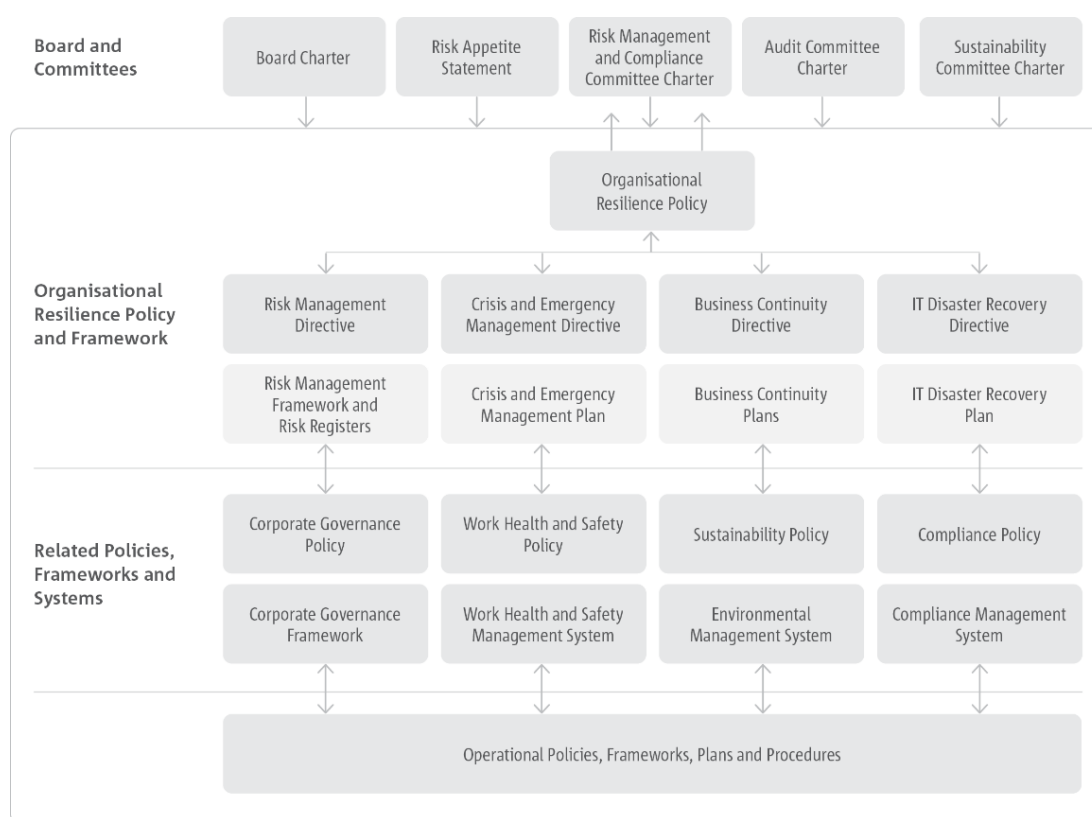
1.2.2 Risk management

The majority of the SA Power Networks Group's risks arise through the nature of our activities, which are managed by our risk management response. Risks are further defined by obligations and protections under the regulatory regime and legislative framework within which the business operates. We apply a risk management approach to all business activities to ensure that the organisation maximises opportunities while not exposing the business to unacceptable levels of risk.

As social and environmental factors change, tremendous opportunities can emerge for a business to create value internally and also for people and the environment. The Risk Management and Compliance Committee oversees the risk profile of the organisation and the policies, processes and procedures used to ensure the identification, reporting and management of significant business risks of the organisation.

SA Power Networks Group – Top 10 Risks

Risk title	Risk description
Safety	Safety event involving our people and/or our community
Repex	Ageing infrastructure resulting in increasing failure, outages and safety risks
Security of supply	Operations causing significant outages across the network and State
Bushfire	A bushfire event caused by assets, staff or operations
Third party assets	Bushfire risk caused by ineffective inspection and maintenance of third party/private assets
Insurance	Inability to obtain bushfire insurance coverage
Climate change	Impact of climate change on assets, operations and our community
Energy transition	Failure to provide foundations for new energy future
Cyber	Inability to protect systems and network from cyber threats
Growth	Inability to grow and/or contraction of the business

Additionally, the SA Power Networks Group has an overarching Organisational Resilience Policy and Framework, which aims to link and leverage existing organisational capability to deal with both foreseen and unforeseen risks, respond to any disruptive event and position itself for advantage after disruptions occur. The Organisational Resilience Framework brings together the following key areas of organisational resilience into a consistent and integrated structure of Policy, Directive and operational documents, and manages the interdependencies between the areas:

- Risk Management;
- Crisis and Emergency Management;
- Business Continuity Management; and
- IT (cyber) Protection and Recovery.

1.2.3 Policies, systems, and directives

Like most large organisations the SA Power Networks Group has established robust corporate governance and risk management principles, policies, rules, practices and processes. We operate wholly within Australia, a country with a long history of democratic government, judicial independence and high standards of governance, and with legislative regimes relating to human rights including labour standards, privacy and non-discrimination. Our commitment to both respect and promote human rights underpins our business activities and stakeholder relationships, which is appropriately reflected in our corporate policies and procedures. We do not tolerate behaviour that is in breach of the law or our corporate policies.

Our corporate policies determine the broad conduct of the business of the SA Power Networks Group. Day to day management of the business and the implementation of the Strategic Plan, Strategic Direction and Policy requirements are formally delegated by the Board to the ELT as set out in the various delegations. Risks are identified, managed, mitigated, and monitored using our comprehensive enterprise Risk Management Framework. Aligned to the Risk Management Principles of AS/NZS ISO 31000:2009, our Risk Management Directive outlines the principles, processes, reporting, key elements of the Risk Management Framework structure and Risk Appetite Statement, and approach to risk management at the SA Power Networks Group.

1.2.4 Governance of Sustainability Strategy and ESG performance

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

Recent developments include (but are not limited to) the:

- establishment of a dedicated Board Sustainability Committee that has oversight of sustainability matters as well as a dedicated program sponsor (Chief Customer and Strategy Officer), and an internal Sustainability Coordination Team;

- preparation of a Sustainability Strategy, Policy, annual Sustainability Reports and numerous ESG-related papers for the Board Sustainability Committee;

- inclusion of sustainability as a separate section in our Risk Framework, including the addition of sustainability as a formal consequence measure in our risk matrix, the inclusion of sustainability in our refreshed Board Risk Appetite Statement; and

- consideration and utilisation of the role sustainability can and will play in our funding and interaction with lenders and investors.

During 2023 we updated our sustainability governance model to align with the revised enterprise operating model and strategic governance model. It comprises three broad levels of sustainability governance oversight – Board, Executive and Operational - which report on progress in achieving the Sustainability Strategy, key issues, performance against targets, adherence to ESG reporting standards and frameworks, and any emerging risks:

Sustainability Governance

Objectives

Members

	Objectives		Members
SA Power Networks Group Board			The Committee will be comprised of the Risk Management and Compliance Committee, Charles Tsai as Chair
Board Sustainability Sub-Committee	The primary objective of the SA Power Networks Sustainability Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities relating to Environmental, Social, and Governance ('ESG') obligations.	Sustainability Committee Charter	**Invitees (non-members)** Chief Executive Officer Chief Financial Officer Chief Customer and Strategy Officer Chief Risk Officer Chief People Officer Head of Audit, Risk and Insurance Head of Enterprise Strategy Sustainability Manager (or equivalent)
Sustainability Program Executive Sponsor	Overarching responsibility for cross-functional delivery of the Sustainability Strategy and ensuring performance against key measures. Preparation of the Sustainability Reporting Suite documents.	Sustainability Strategy	Chief Customer and Strategy Officer Sustainability Manager
Sustainability Manager		Sustainability Reporting Suite	
Sustainability Coordination Team	Responsibility for day-to-day delivery of the activities and projects that comprise the Sustainability Strategy and Sustainability Report content, with a focus on cross-functional collaboration.	Sustainability Reporting Suite content and data / Sustainability Delivery Plans	**Representatives from** Asset Management and Operations (Network, Reliability, Field Services) Environment Branch Safety Branch Customer and Strategy (Engagement, Customer Experience, Sponsorship, Advocacy) People and Culture (Human Resources) Digital and Technology (Cyber Security, Data Management) Finance (Sustainable Procurement, Debt Finance) Governance and Risk

1.2.5 ESG risks and opportunities

Identifying and addressing ESG risks and opportunities

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

Every year we undertaken or review and validate our materiality assessment to determine what environmental, social and governance issues, risks, and opportunities have the greatest impact on our business, customers, and communities, and which we can influence. ESG and sustainability risks are

covered in key risk documents, including the Risk Appetite Statement, Risk Management Framework, and corporate Risk Registers. Key ESG and business principles are embedded into our Governance and Risk Management Framework including:

- **Strategic alignment:** the SA Power Networks Group is committed to paying attention to the longer term, to stakeholder and customer needs, and to the social and environmental consequence of its operations and activities and will seek to achieve outcomes that will be good for the business, the community, and the planet.

- **Encompassing a wide range of topics** (from safety to energy transformation, to supply chain, and to social challenges), sustainability will affect the breadth of our operations. We are progressing towards a more holistic relationship between strategy, risk and sustainability.

- **Materiality:** We actively consider ESG risks and opportunities in its business practices and will continue to perform materiality assessments to determine what ESG issues, risks and opportunities will have the greatest impact on the business, customers, and community, and which SA Power Networks can influence.

- **Role in SA:** As South Australia's sole electricity distributor, SA Power Networks plays a critical role in the energy sector. The SA Government is aiming for more than a 50 per cent reduction in emissions by 2030 from 2005 levels and net-zero emissions by 2050. SA Power Networks will actively champion the role it can play in supporting the broader sustainability of the South Australian community.

- **Financial implications:** Sustainability factors are increasingly influencing financial returns and present an opportunity to drive long-term value. Over the last decade, ESG risks have gained increasing attention, particularly among investors, regulators, and customers.

- **Emerging risks:** We have a range of systems and practices to ensure we scan and monitor the external (industrial, economic, political, regulatory, etc) environment to appropriately capture and address emerging risks and opportunities. We engage and partner with experts and industry stakeholders to better understand, model and develop approaches to address emerging issues.

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

How other material Environmental, Social and Governance (ESG) risks are addressed can be found in our Environmental, Social and Network Matters Management Statements.

1.3 Evaluation and improvement

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

Regulatory Framework and Reset

SA Power Networks is a regulated utility and every five years we are required to undergo a regulatory/price reset process and submit a service, expenditure and revenue proposal (called a Regulatory 'Reset' Proposal) to the Australian Energy Regulator (AER).

The Reset Proposal details our proposed business operations and service delivery, including:

- Our ongoing commitment to customers and communities
- Changes in our regulatory and physical environment
- Forecast expenditure

- Asset base and depreciation
- Revenue and tariffs
- Customer price impacts

The AER's revenue determinations set out SA Power Networks' allowed revenues and incentive schemes that apply for the five-year period. Then, in each year of the five-year period, SA Power Networks must submit an annual pricing proposal to the AER for approval. Our Reset Strategy aims to develop a proposal that meets the needs of our customers and provides a fair return for our business. For us, a successful proposal is one that has strong customer and stakeholder support gained through deep engagement, focuses on what matters, and is backed up by high quality analysis.

We are also required to abide by the local regulatory environment and the National Electricity Law and the National Electricity Rules in managing the distribution network.

Strategic Assurance and Reporting

Our Strategic Plan is refreshed annually, and governance is exercised by the Board through the approval of corporate policies. These determine the broad conduct of the business of the SA Power Networks Group, and cover the key areas of corporate governance, risk, compliance, finance, people, assets, information technology, safety, customers and community, and environment. Several aspects of these topics have been consolidated under a new Sustainability Policy. Each month, management reports to the Executive Leadership Team (ELT) on its progress in achieving the budget and Strategic Plan, including a range of corporate performance, operational and ESG measures. In 2023 the Strategic Assurance Dashboard was finalised and endorsed by the ELT, providing insights that drive discussion by the ELT about areas of success, and equally where we may need to place additional attention, and when/if we need to make pivots in our strategies or in the ambition of our strategic performance measures.

	Assurance	Governance	Risk
Board	Corporate Performance Measures	Strategic Direction Strategic Plan (Annually) Key Investments	Risk Appetite Statement
Executive Leadership Team	Strategic Performance Reporting Health Checks (Strategies, Programs)	Sub-strategy approvals Strategic Portfolio approvals	Risk Management Framework
Departmental Leadership Teams	Sub-Strategy Performance	Outcome Accountability Prioritisation Exception Management	Sub-strategy Risk Management
Delivery Teams	Program and Project Delivery Assurance	Program and Project Governance	Delivery Risk Management

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

We aim to discuss and disclose both the negative and positive aspects of our sustainability performance, and to utilise nationally and globally recognised reporting methodology and protocols. Our reporting currently follows the guidance of the Taskforce for Climate-related Financial Disclosure (TCFD) framework, the Global Reporting Initiative (GRI) Standards and general industry standards. Our carbon footprint is derived from our annual reporting under the *National Greenhouse and Energy Reporting Act (2007)*, and our emissions reduction targets are aligned to the guidance of the Science-based Targets initiative.

Supporting information that forms part of our sustainability disclosures is available on our website.

2. Responsible supply chain

2.1 Overview

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

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

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

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

2.2 Management approach

2.2.1 Directives, systems, and guidance

The operation of our business is underpinned by a range of policies, directives, guidelines and codes, which establish the rules designed to protect our employees and suppliers as well as establish the instructions for expected behaviours. We consider that our operations, which are in our direct control, have adequate measures in place to prevent modern slavery occurring.

Our _Sustainable Procurement Statement_ outlines our commitment to a responsible supply chain and expectations of our suppliers to enable this. ESG requirements and considerations are embedded in our Procurement Directive, procurement, supplier and contractor management systems (including SAP and SitePass), and relevant guidelines. Our _Modern Slavery Statement_, which is available in the Online Register, details the actions we will be undertaking, and it is important that our suppliers understand how these actions impact our supply chain.

Modern slavery in our supply chain is more challenging to mitigate and manage. We take a broad approach which seeks to educate and inform ourselves and our suppliers, work collaboratively with other procurement and supply chain professionals to learn and share good practice, perform diligence, and establish legal requirements in our contract arrangements.

2.2.2 Operations

The SA Power Networks Group employs Strategic Sourcing Framework (SSF) as our due diligence mechanism in the source to contract process that provides both practical guidance and a core structure for those undertaking sourcing activities for goods and/or services provided to SA Power Networks and Enerven. Within this guideline we provide detail over higher risk categories and our sustainable

procurement tender response questionnaire. For suppliers with revenue over $100m they are asked to provide their Modern Slavery Statement at the time of onboarding.

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

Our expectation is that our suppliers and their supply chain comply with Australian federal, state and local laws and regulations including but not limited to labour laws, environmental regulations and workplace health and safety standards. We have amended procurement contracts to include an anti-slavery and human trafficking clause. Where a supplier's operations occur outside Australia, our expectation is that our suppliers comply with legislation in the country (or countries) of operation.

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

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

Over coming years, we will further explore the integration of sustainability considerations through the whole supply chain, from selecting products, onboarding suppliers and contractors, to measuring our impact via value chain mapping.

Approach to managing the risk of modern slavery in our supply chain

Collaboration	Processes and systems	People	Suppliers
Energy Procurement and Supply Association (EPSA)	Informed 365	Training	Communication
Chartered Institute of Procurement and Supply	Organisational Governance	Communication	Due dilligence
	Procurement Processes, including supplier evaluation and onboarding suppliers		Contracts
	Operational Processes (Human Resources, Work, Health & Safety)		Monitoring

Training and collaboration

We continue to collaborate with like-minded industry organisations to continuously develop our understanding of sustainability matters and good practice to improve our contribution to a sustainable future through procurement.

We take a human-centered and collaborative approach in our actions to address modern slavery, ethics, and environmental risks in our supply chain and operations. This has involved upskilling our people on addressing modern slavery, safety and environmental risks and sustainable procurement principles through external training, adding appropriate clauses to our supplier contracts, and through the development of a supplier questionnaire and risk management framework in collaboration with the Energy Procurement Supply Association (EPSA).

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

We are a proud member of the Good Environmental Choice Australia, Supply Nation, and the Sustainable Procurement Pledge initiative. In compliance with the *Australian Modern Slavery Act 2018*, we provide an annual *Modern Slavery Statement*, and 2023 marked our 7th year of Ethical Procurement Supply certification by the Chartered Institute of Procurement and Supply (CIPS).

2.2.3 Evaluation and improvement

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

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

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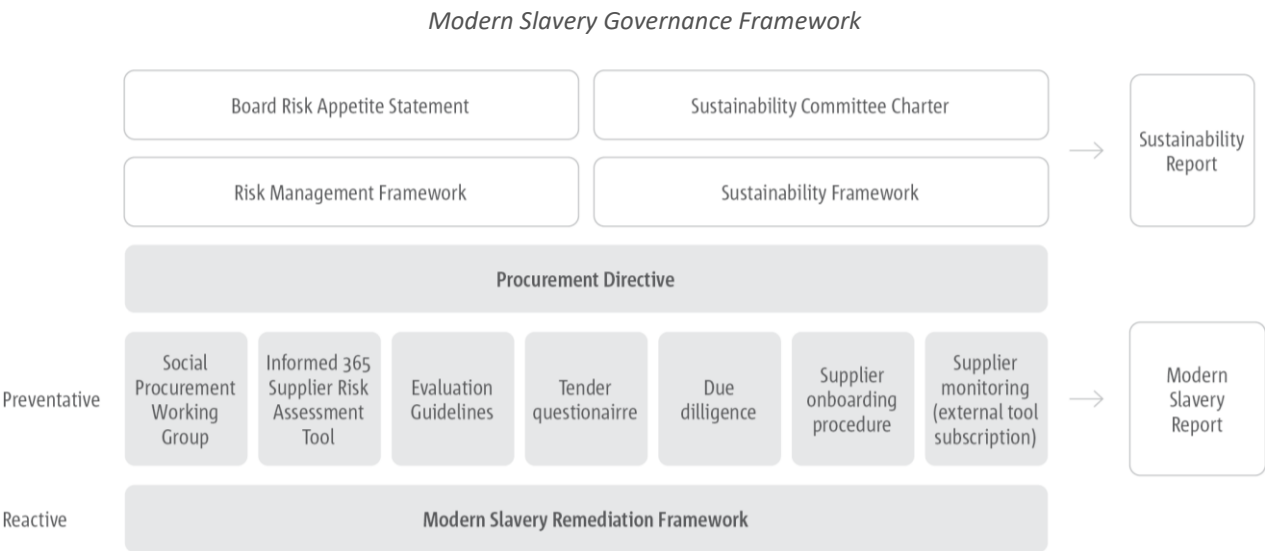
We are committed to measuring the effectiveness of our Modern Slavery Governance Framework. As part of this process, we conduct a review of our relevant policies and procedures annually to ensure they allow us to measure and assess the effectiveness of our modern slavery risks. We produce a *Modern Slavery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

To ensure we comply with relevant recognised certifications, we have obtained global Chartered Institute of Procurement and Supply (CIPS) Standard Certification and Ethical Procurement Supply Certification for

the past five years.

To further evaluate the effectiveness of our management approach, we engage with industry bodies and incorporate best practice processes and procedures across our business. We also consult external stakeholders to stay informed about current trends and material issues and regularly benchmark against our peers. Additional mechanisms for evaluating the effectiveness of our approach include our internal strategic review and the internal audit process within our broader risk management approach.

3. Cyber security and data protection

3.1 Overview

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

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

The mission of our Cyber Security and IT Resilience Team is to "keep our customers and organisation safe and secure, to underpin our future network, by reducing cyber risk, increasing IT resilience, empowered by a secure digital identity."

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

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

3.2 Management approach

3.2.1 Policy and systems

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

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

Our *Cyber Security Standard* and *Directive* establish and communicate the specific requirements for how cyber security must be managed within SA Power Networks to maintain the confidentiality, integrity and availability of information and technology systems, commensurate with risk, and in compliance with legal,

regulatory and contractual obligations. Threats and vulnerabilities are managed across SA Power Networks in accordance with the Threat and Vulnerability Management Plan.

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

The Australian Energy Sector Cyber Security Framework (AESCSF)

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

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

Asset, Change and Configuration Management (ACM)	Australian Privacy Management (APM)	Cybersecurity Program Management (CPM)	Event and Incident Response, Continuity of Operations (IR)	Identity and Access Management (IAM)	Information Sharing and Communications (ISC)
Risk Management (RM)	Situational Awareness (SA)	Supply Chain and External Dependencies Management (EDM)	Threat and Vulnerability Management (TVM)	Workforce Management (WM)	

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

3.3 Operations

Addressing cyber security risks

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

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

Driving our cyber security response capability is the SA Power Networks Group cyber security threat profile. This outlines how we will most likely be attacked, what assets will be targeted – both information

technology (IT) and operational technology (OT) and the techniques that will be used. Supporting this are automated threat simulations, where we test our systems against known advanced attacks and identify where we need to better detect and prevent malicious activity.

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

Collaborating across the Innovation and Technology department, the IT resilience team is elevating readiness to respond to operational disruptions. This is aligned to a recent review of the criticality of applications and sensitivity of information across the SA Power Networks Group. To ensure the security of our network from cyber and physical threats we are continually developing capabilities and building resilience.

Cyber security and data protection awareness and training

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

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

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

3.4   Evaluation and improvement

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

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

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

Governance

Cyber security is the responsibility of everyone within the SA Power Networks Group, and as such, a cross-functional approach is required to implement and manage the Cyber Security Program (CSP), as defined in the diagram below.

Cyber Security Governance

SA Power Networks Group Board

Executive Management and Committees

Risk Management & Compliance Committee	Executive Leadership Team	IT Investment Steering Committee
Audit Committee	CDO, Digital Technology *CSP Executive Sponsor*	Investment Group

Head of Cyber Security & IT Resilience *CSP Owner*

Cyber Security Program (CSP) co-ordination

Cyber Operations	Identity & Access Management	Cyber Risk & IT Resilience