

PART 2

ENVIRONMENTAL

INDICATORS

ENVIRONMENTAL INDICATORS

Spark Infrastructure's investment portfolio businesses strive to minimise the impact that their operations may have on the environment. These efforts are evident in the businesses' commitment to invocation and sustainable development.

Spark Infrastructure has reviewed the businesses' environmental impacts and their potential effects on various stakeholders in 2017. Energy consumption and emissions are prioritised amongst the breadth of potential environmental impact criteria.

This section of the Report provides an overview of the environmental aspects that are material to the businesses' operations and include the following indicators:

- EN3 on energy consumption;
- EN15 and EN16 on emissions;
- EN29 on compliance;
- EN31 on overall environmental protection expenditures;
- EN32 on the environmental assessment of suppliers; and
- EN34 on environmental grievance mechanisms.

Energy consumption and greenhouse gas (GHG) emissions are closely monitored by all of Spark Infrastructure's investment portfolio businesses. In Australia, the National Greenhouse and Energy Reporting (NGER) Act 2007 places reporting obligations on operations that exceed energy and GHG emission thresholds within a given financial year. SA Power Networks, Victoria Power Networks and TransGrid report on their GHG emissions and energy consumption annually under the National Greenhouse and Energy Reporting scheme, which is a single national framework for reporting and disseminating company information about GHG emissions, energy production, energy consumption and other information specified under NGER legislation.

The objectives of the NGER scheme are to:

- Inform government policy;
- Inform the Australian public;
- Help meet Australia's international reporting obligations;
- Assist Commonwealth, state and territory government programmes and activities; and
- Avoid duplication of similar reporting requirements in the states and territories.

Each business' energy consumption and GHG emissions data is disclosed in tables EN3, EN15 and EN16 of the 'Sustainability Data' section of the Report. These figures are based on the information that was submitted as part of the respective business' NGER report for the 2016-2017 period.

Where possible, the Report also discloses the environmental expenditures and investments made by the businesses in 2017 to prevent, reduce, control, and document environmental impacts, and hazards. The Report also includes company specific information in relation to suppliers and actions taken to address significant actual and potential negative environmental impacts identified in the supply chain.

Due to the nature of operations at the investment portfolio level, it is expected that disputes may occur from time to time over environmental impacts related to operational activities. All companies closely monitor any such disputes and have developed formal grievance procedures that support the remediation of any such impacts.

ENVIRONMENTAL INDICATORS CONTINUED

SA Power Network's Approach to Environmental Sustainability

SA Power Networks is committed to conducting its electricity distribution operations and business activities in a manner that prevents or minimises pollution and other adverse impacts on the environment. The business monitors stakeholder and community values to ensure that its environmental management system and initiatives are consistent with the expectations of the community, policy makers and stakeholders.

SA Power Networks has in place a comprehensive structure to manage its impact on the environment. To ensure environmental management objectives are met, the business maintains a robust Environmental Management System in line with ISO14001, the industry benchmark.

The Environmental Management Plan is a key part of the system and provides direction for SA Power Networks' managers and employees in delivering the intent of the Environmental Policy. Due to the continually evolving nature of this field, SA Power Networks' Environmental Management Plan is updated on an ongoing basis. Accordingly, the 2018 Plan identifies clear and appropriate objectives for dealing with environmental issues associated with SA Power Networks' business activities.

Compliance

During 2017, SA Power Networks did not receive any monetary fines in relation to violation of environmental regulations.

Supplier Environmental Assessment

New suppliers are screened using environmental criteria. Additionally, suppliers of high-risk products and services have specific additional criteria built into their tender assessment and contracts. All suppliers are expected to conform to SA Power Networks' specifications, which detail environmental management and sustainability principles.

Environmental Expenditures

SA Power Networks' environmental protection expenditures are built into projects on an as needs basis such as oil containment for new substation transformers.

Grievances Filed

SA Power Networks takes environmental responsibility very seriously and therefore has developed effective grievance mechanisms that help the company address and resolve any complaints filed. During 2017, SA Power Networks received four complaints that were subsequently resolved.



Victoria Power Network's Approach to Environmental Sustainability

CitiPower and Powercor have implemented comprehensive structures for managing environmental impacts and risks. Compliance with environmental legislation and regulation is viewed as a minimum requirement. Victoria Power Networks has an Environmental Management System (EMS) that is certified to the international standard ISO14001. The EMS provides a framework for identifying and managing environmental issues and risks.

CitiPower and Powercor are committed to minimising their environmental impact in addition to managing factors such as hazardous substances. The business also focusses on key areas including material and resource efficiency, and recycling and waste.

Assessment of potential environmental risks and impacts are embedded operationally within the Victoria Power Networks business as part of its regular activities and are overseen by the Health Safety & Environmental Group.

The HSE Governance Committee provides guidance and direction in relation to environmental issues, while the Environment & Sustainability team provides specialist advice and training on environmental-related issues to employees. Victoria Power Networks actively encourages all employees to contribute to environmental improvements and initiatives.

In 2017, senior management developed and endorsed a company-wide Sustainability Framework. The framework supports and is consistent with the existing Victoria Power Networks strategy.

Compliance

During the reporting period, Victoria Power Networks did not receive any fines or monetary sanctions for non-compliance with environmental laws and regulations.

Supplier Environmental Assessment

During the 2017 reporting period, 100% of new suppliers with potential spend exceeding \$250,000 were assessed by Victoria Power Networks using environmental screening criteria.

Environmental Expenditures

In total, Victoria Power Networks' environmental protection expenditures for 2017 reached the amount of \$4,724,143. This amount includes \$2,402,110 in environmental assessments, \$1,280,179 in non-hazardous waste management, \$776,654 in hazardous waste management and \$265,200 in remediation.

Grievances Filed

Victoria Power Networks received 49 noise complaints that were addressed and resolved through its grievance mechanisms in 2017.

ENVIRONMENTAL INDICATORS CONTINUED

TransGrid's Approach to Environmental Sustainability

As a responsible business, TransGrid has a strong commitment to conducting its activities in a manner that prevents pollution and complies with relevant legislation, industry standards and codes of practice.

The business has developed an Environment Policy that covers all activities and services undertaken by the business, including the planning, building and operation of infrastructure, ongoing management of these assets and their decommissioning. TransGrid actively engages with its stakeholders including the community, customers, employees, government and others regarding potential environmental or cultural impacts associated with its activities.

TransGrid aims to enhance its systems and processes in a manner that promotes continuous improvement in environmental management and that will lead to the achievement of good industry practice.

All of TransGrid's potential environmental impacts, through its maintenance and construction activities, are mitigated through the following measures:

- Either through formal environmental assessments as required under legislation that stipulate the requisite controls and mitigations to address the potential environment risk. These controls and mitigants will then be set out in a Construction Environmental Management Plan.
- Through informal environmental assessments, utilising TransGrid's internal risk management processes which, for activities that are considered low to moderate risk, require the completion of the appropriate checklist that stipulate the controls and mitigations required for that work activity.
- TransGrid employs several environmental professionals and an Environmental Manager to develop systems, processes, trainin and procedures to mitigate the potential environmental impact of its work activities.

By integrating environmental considerations into all parts of its business, TransGrid protects both the communities in which it operates and the environment. This helps to achieve sustainable growth and ensure compliance with all relevant legislation.

TransGrid has also been increasing its focus on renewable energy. The business is actively supporting the transition of the energy network from traditional generation to renewable generation in order to facilitate and remove impediments to the transition to renewable energy.

Compliance

During the reporting period, TransGrid did not receive any fines or monetary sanctions for non-compliance with environmental laws and regulations.

Grievances Filed

TransGrid seeks to effectively address and resolve potential complaints and grievances filed in relation to the organisation's operations. During 2017, there were no grievances about environmental impacts filed through formal grievance mechanisms.

