

Sustainable Financing Framework

October 2025



Acknowledgement of Country

Victoria Power Networks (VPN) acknowledges and respects the Traditional Owners as the original custodians of the lands and waters that our networks cover; lands First Peoples have occupied for tens of thousands of years. We pay our respects to Elders past and present and acknowledge their ancient and continuing connection to Country.

VPN also recognises First Peoples long-standing history of sustainable land custodianship. In partnership with First Peoples, we look to draw on these practices and knowledge systems to inform our sustainability efforts.



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A message from the Chief Financial Officer



I am pleased to introduce the Victoria Power Networks Sustainable Financing Framework – an important milestone in aligning our capital strategy with our long-term sustainability commitments.

This Framework establishes a clear connection between our sustainability objectives and future financing activities. It supports our vision to deliver affordable, reliable, and safe electricity, while enabling the integration of renewable energy and low-carbon technologies that are essential to Australia's energy transition. It also contributes meaningfully to the net zero emissions targets set by both the Australian and Victorian Governments.

The Framework has been developed during a period of rapid transformation, as the pace and scale of electrification continues to accelerate. The way our customers use electricity is evolving quickly. With increasing electrification, the continued uptake of consumer energy resources, as well as the growing frequency and severity of extreme weather events, the need for a safe, reliable, and resilient electricity supply has never been greater. These changes are occurring alongside traditional network drivers such as population growth, asset risk, safety, and regulatory compliance. At the same time, the economic environment is shifting, with rising input costs challenging affordability and reshaping customer expectations. In this context, the energy system of the future must operate in fundamentally different ways from the one we know today.

This Framework outlines the principles and processes that will guide the issuance and management of sustainable debt instruments. It is aligned with internationally recognised standards and is designed to meet the expectations of institutional investors seeking credible, transparent, and impactful investment opportunities. In addition to our annual Sustainability Reporting, we are committed to enhancing transparency through post-issuance verification, as well as allocation and impact reporting, as detailed in the Framework.

We look forward to engaging with investors who share our commitment to accelerating the transition to a low-carbon economy through responsible and impactful investment.

Catherine McCormack
Chief Financial Officer

About Victoria Power Networks

Victoria Power Networks (VPN) is the consolidating parent of a group of companies whose primary business is to own and operate two regulated electricity distribution networks and offer unregulated energy solutions to customers.

Together, CitiPower and Powercor deliver electricity, safely and reliably, to 1.29 million customers across 64% of Victoria, Australia. They also enable the renewable generation essential to transition to a clean energy future by directly connecting large-scale renewable assets to the network and supporting customer electrification choices including rooftop solar and electric vehicles.

CitiPower – the electricity distribution network for Melbourne’s central business district and inner suburbs of Melbourne which boasts the highest customer density in Australia. In the National Electricity Market, CitiPower ranks second for total productivity and is the second lowest cost electricity network for customers (based on network charges for residential customers approved by the Australian Energy Regulator (AER) for the 2025 financial year).

Powercor – the electricity distribution network for regional and rural communities in western and central Victoria, from the western suburbs of Melbourne to the South Australian and New South Wales border. The diversity of this region ranges from some of the fastest growing urban communities in Victoria, to sparsely populated agricultural districts and some of the state’s most prospective areas for renewable energy generations. Powercor is both the most reliable and the lowest cost electricity network for rural customers in Australia.

Energy Solutions (trading as Beon) – Beon is a wholly owned electrical infrastructure contracting business, delivering safe, innovative and high-quality energy solutions across Australia and New Zealand. Beon’s expertise spans the design, construction and commissioning of renewable energy projects, utility-scale battery storage systems, and other electrical infrastructure¹. Their project portfolio, which includes battery energy storage systems, solar farms and storage hydro, reflects a strong commitment to sustainability and technological advancement.

1. Given Beon primarily operates as a customer funded design and construction contractor rather than an asset owner, their investments are not considered for inclusion within this framework.



Key facts

CitiPower and Powercor

Number of employees:	2,221
Number of customers:	1.29 million*
Total area serviced:	145,808 km ² *
Length of distribution network:	82,343 km*
Number of poles in network:	676,758*
Power distributed:	16,663 GWh**

Beon

Number of employees:	142
Total renewable capacity constructed:	1.47GW

* Figures as at June 2024

** July 2023 - June 2024

Distribution network regions and business locations



Our vision and values

Our corporate strategy is anchored in a vision to deliver an affordable, reliable and safe electricity supply, while also empowering customer choices and delivering for communities and the environment.

This vision has evolved as our businesses, and the role of our networks in the energy supply chain, have transformed. With customers at the centre of what we do, we balance our traditional role providing reliable electricity with our efforts to enable a clean energy future.

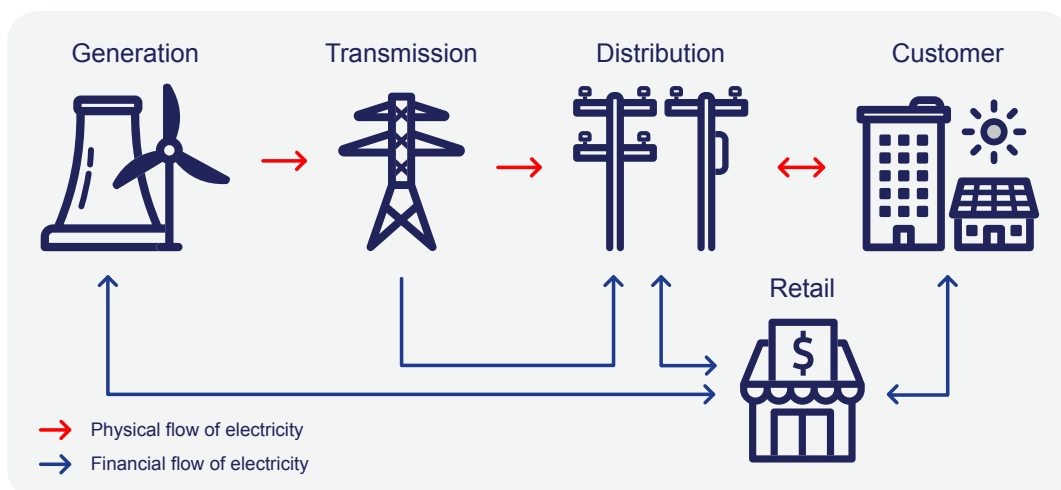
The five key strategic drivers that form the basis of our corporate planning are:

- **Delivering customer outcomes:** continually improving our service standards and resources to enable customer choice and make it easy to work with us.
- **Improving stakeholder engagement:** listening and responding to the needs of all customers and stakeholders, so we can deliver solutions that support communities and economic growth.
- **Optimising regulatory outcomes:** designing financial plans in collaboration with operational teams to balance the expectations of regulators, shareholders, customers and stakeholders.
- **Driving operational excellence:** efficiently operating and maintaining our network to ensure high standards of reliability and safety, in cost-effective ways.
- **Building a network for the future:** evolving and adapting our infrastructure and services to enable emerging technologies, while remaining competitive in the local market.



Our value chain

There are four main steps in the energy supply chain that gets electricity to homes and businesses.



Generation

The electricity supply chain starts with large-scale generators (including coal, gas, hydro, solar and wind-powered systems) that generate electricity that's fed into transmission networks that are part of electrical power systems. CitiPower and Powercor operate in Australia's largest power system, the National Electricity Market.

Transmission

Transmission networks transport electricity at high voltage along transmission lines from large-scale generators to terminal stations that connect the high voltage transmission network to the distribution network. The transmission network consists of large towers carrying multiple powerlines, enabling energy transfer across longer distances.

Distribution and meter management

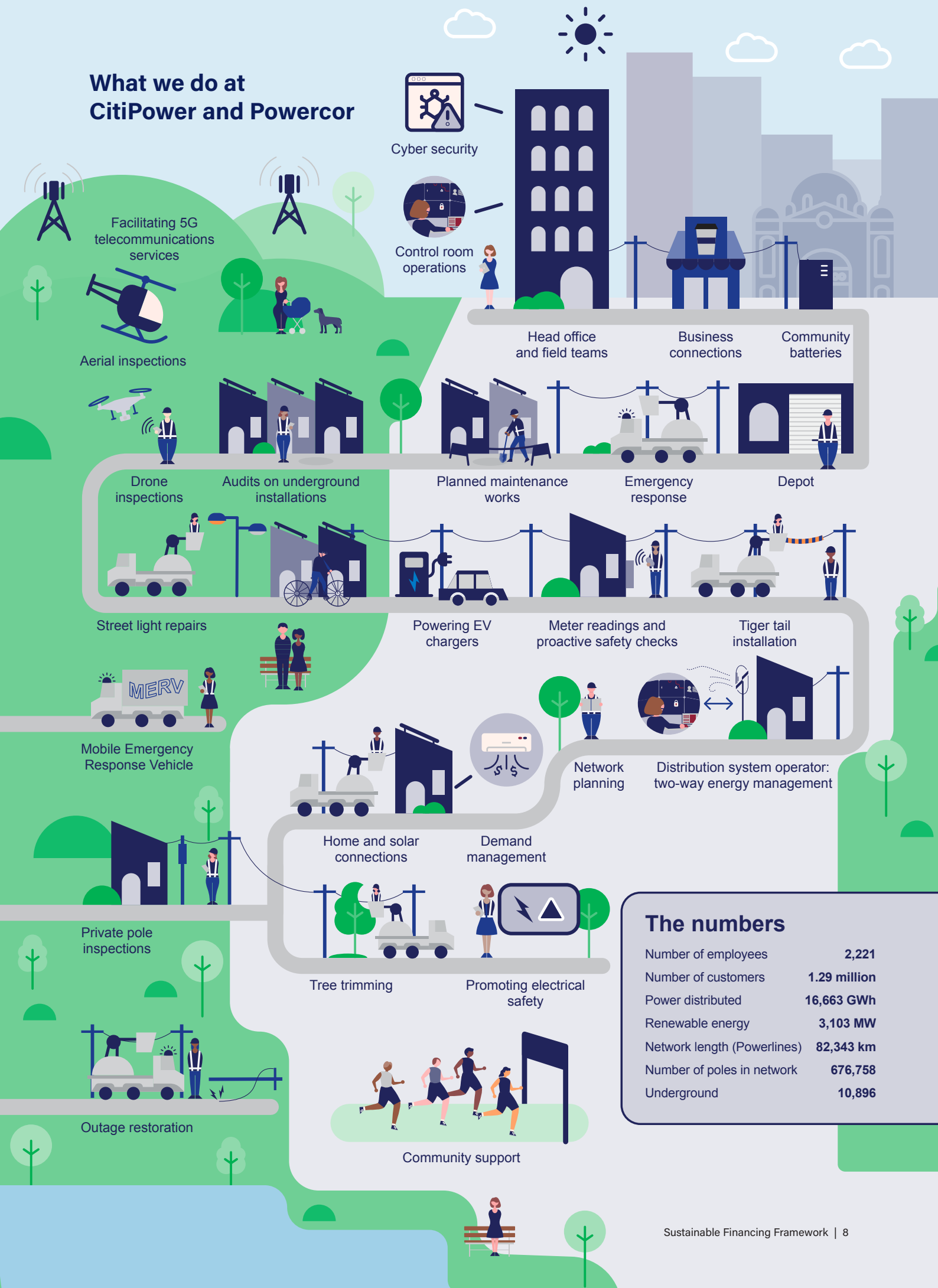
Distribution companies, such as CitiPower and Powercor, distribute electricity via networks of poles and wires to homes and businesses. In doing this, they convert the electricity from high to low voltages that can be used by these homes and businesses. CitiPower and Powercor's role is to ensure power is safely and reliably delivered to and from end users, supporting the integration of both electricity from large-scale generators and distributed energy resources, such as rooftop solar. Distribution companies track the electricity consumption of homes and businesses, with smart meters supporting accurate data collection.

VPN, through its CitiPower and Powercor distribution businesses, manages electricity metering for customers in its service areas. It installs, owns and maintains smart meters, collects and validates usage data, and provides this information to energy retailers and market operators. VPN's smart metering infrastructure enables remote services, real-time data access, and faster fault detection. This role supports accurate billing, efficient network management and improved customer service.

Retail

Electricity consumption data is shared with energy retailers, who sell electricity to end users – homes and businesses.

What we do at CitiPower and Powercor



The numbers

Number of employees	2,221
Number of customers	1.29 million
Power distributed	16,663 GWh
Renewable energy	3,103 MW
Network length (Powerlines)	82,343 km
Number of poles in network	676,758
Underground	10,896

Our approach to sustainability

Sustainability is at the foundation of who we are as an electricity distributor. We take a long-term view to building and managing infrastructure that can sustain safe and reliable electricity services. Importantly, it's also reflected in our values, the strategies that guide our plans and the performance of our teams.

Sustainability Framework

Our Sustainability Framework sets our disciplined and risk-based approach to managing sustainability to support our business in meeting the expectations of our customers and stakeholders when it comes to safety and the environment.

For CitiPower and Powercor, the transformation of the electricity market and consumer appetite for technologies such as solar, batteries and electric vehicles positions our networks as a crucial gateway to a clean energy future.

We outline our commitments to continuously improve our performance in four focus areas:



Safe and equitable workplaces

Prioritising the health, safety and wellbeing of our people and the communities in which we operate.



Environmental and climate resilience

Proactively reducing the environmental impact of our business while also building network resilience to the effects of climate change.



Empowering communities

Enabling customer choices for generating, storing, using and selling energy to support the transition to a clean energy future.



Responsible governance

Sustaining our disciplined, risk-based approach to managing sustainability as part of our corporate governance and regulatory systems.



Safe and equitable workplaces

Our approach

'Live Safely' is a core value that is reflected in everything we do. We strive to eliminate high consequence incidents and near misses that could result in serious injuries or fatalities.

VPN continues to build a workplace that is diverse, equitable and inclusive. We value our people by helping them reach their full potential in an inclusive environment, where people feel valued, trusted, authentic and have high levels of psychological safety. Our Inclusion and Diversity Strategy includes a focus on gender diversity, First Peoples engagement, flexible working conditions, cultural diversity, LGBTIQ+ inclusion and education and advocacy for people with a disability.

Material issues

Workplace safety:

The safety of our people is our highest priority.

Health and wellbeing:

The health and wellbeing of our employees, including their mental health, is important to their satisfaction and a key factor in their safety.

Workplace diversity, equity and inclusion:

We are committed to a work environment where all our people feel valued, trusted, authentic and have high levels of psychological safety.



Environmental and climate resilience

Our approach

Our businesses manage extensive infrastructure, both above and below ground, which is exposed to the effects of climate change. Forecasts for increasingly extreme weather conditions are influencing our approach to asset management, maintenance and construction.

At the same time, we recognise our responsibility to protect the environment for future generations and reduce carbon emissions in line with state and national targets. We achieve this in three ways – by supporting the increase of renewable energy generated and distributed; by reducing the direct and indirect carbon emissions from our business operations; and by executing an internationally certified environmental management system that governs our activities.

Material issues

Network resilience:

We design, maintain and manage our networks to maximise their resilience to the effects of climate change and to sustain high levels of supply reliability for our customers.

Climate change:

We are committed to reducing carbon emissions to actively contribute to achieving net zero emissions targets.

Environmental protection and resource conservation:

We are conscious of our environmental footprint and therefore manage and where possible, reduce our impact on the natural environment.



Empowering communities

Our approach

Customers and community are at the core of what we do. To best understand their needs, we continually improve our stakeholder engagement and embed the findings in our operations.

This work is supported by our people being active in the communities where we live and work – from the city to regional and remote towns.

We capture stakeholder engagement within a broad range of operational planning. This includes major projects, asset maintenance, new energy solutions, regular customer experience interaction surveys, as well as our extensive regulatory processes.

This engagement seeks to listen to the needs, interests and preferences of stakeholders to support better decision making by our businesses. This relates to project planning, product and service development and customer communication.

Importantly, the potential for bushfires to arise from our assets is ranked as our highest risk in our Enterprise Risk Management Register, due to the catastrophic impacts these events can have on people and communities. Therefore, it is a major focus of our attention, resources and investment.

Material issues

Public safety:

We protect the safety of the public from risk associated with the performance of our assets or when exposed to our operations within built environments.

Enabling customer energy choices:

We enable choices in new technologies to help customers to manage their energy, whilst also providing information so they can make the most of their investments.

Electrification and innovation:

We invest in innovation to enable greater electrification of our communities and integration of distributed energy resources.

Energy equity:

We understand that different forms of vulnerability can affect our customers' abilities to participate in the energy transition, receive equal reliability and quality of supplies, or address energy cost pressures.

Respect for First Peoples:

We acknowledge, honour and respect the rich histories, cultures and rights of Australia's First Peoples. We are committed to creating and maintaining respectful, meaningful and mutually beneficial relationships with First Peoples across our networks.



Responsible governance

Our approach

A tiered governance system has been developed to oversee and manage our approach to Environmental, Social, Governance (ESG) issues and actions. This involves our Board, executive, senior management and operational personnel and utilises existing risk management, finance and procurement governance systems to ensure a high standard of compliance.

Material issues

Sustainability management and governance:

We provide effective governance of the sustainability strategy and delivery at the highest levels within the organisation.

Financial, risk and corporate governance:

We maintain high standards of governance to monitor compliance with financial, legal and other obligations which enable us to meet the expectations of our stakeholders in line with our policies and values.

Workplace behaviour and employee conduct:

Employees act with integrity, treat each other with dignity and respect and uphold our values.

Cyber, privacy and data security:

We proactively work to protect our network operational systems, company and consumer data and digital systems from cyber threats.

Responsible supply chain:

Effectively managing environmental and social risks within our supply chain by enforcing appropriate procurement policies.

Adaptation and resilience

The resilience of our networks to the impacts of climate change is a high priority. The regions we operate in are characterised by high bushfire risk and are susceptible to climate change impacts such as extreme wind and storms and rising sea-levels. In these events, a loss of power supply can interrupt critical services including mobile phone towers, internet, water supplies and banking. By considering climate change when making planning and investment decisions, we proactively build-in network resilience in anticipation of potentially severe, and prolonged, natural disasters. This is important as much of our infrastructure is highly utilised over long operational lifespans, so today's designs must be able to meet the future needs of the network in all climate conditions.

We design, maintain and manage our networks to maximise their resilience to the effects of climate change and to sustain high levels of supply reliability for our customers. Our asset management plans also provide a long-term approach to how we invest in and manage our infrastructure. Increasingly, they depend on technology for control operations, despatch, communications and supply chain management, making a rigorous cyber security program essential for sustaining our businesses.

We have a history of building future climate change impacts into our asset management decisions. Our first climate risk assessment was completed in 2009 and focused on the impacts of wind, heat and lightning. In 2023, we updated and refined this work with a quantitative assessment of physical climate risks for the reliability of our assets and operations. The climatic hazards considered in this scenario analysis were rainfall (and associated flooding), bushfires, heat, temperatures, wind, lightning, drought, sea level rise, humidity, atmospheric carbon dioxide (CO₂) and solar radiation, and were projected for 2030 (short-term), 2050 (medium term) and 2070 (long-term).

In response, we developed our Network Resilience Plan, which guides action in three priority areas:

1. **Preparation** initiatives that focus on hardening the assets at greatest risk from storms, floodwaters and bushfires. Hardening programs include fire-proofing assets such as poles in at-risk locations, reducing the impact of floods on poles and zone substations, and creating alternate supply (feeder tie lines) to improve supply for customers most exposed to outages from strong winds.
2. **Adaptation** initiatives that ensure the design, rating and location of new assets are informed by future climate risks. Our asset management plans provide a long-term approach for how we invest in, and manage, our infrastructure in this context. Examples of adaptation actions undertaken include incorporating climate change considerations in all business decision-making processes and business cases, revising equipment specifications for new assets for heat, wind, and fire resilience, and adopting non-like-for-like replacement at asset end-of-life.
3. **Customer resilience** programs that improve the way we support customers to prepare for extreme weather events, respond when they occur and recover afterwards. Our two community engagement vehicles, Mobile Emergency Response Vehicle (MERV) and Vehicle for Engagement, Response and Assistance (VERA), continue to provide support to our customers through numerous deployments across our networks during escalation events. As the need for customer communications continues to grow, we are using more channels like social media, local news and SMS to keep people informed in ways that suit them best. In 2024, over 90 per cent of customers received SMS alerts and updates - with more than one million messages sent during an individual storm event alone.

Sustainability reporting

Our annual Sustainability Report is available on our website and discloses both our impact on climate and the effects of climate change on our operations and focuses on our commitment to reducing emissions and driving sustainable practices. Our Network Resilience Plan², which outlines our strategy for ensuring operational reliability and strengthening network resilience in response to climate-related risks, is available on the Australian Energy Regulator website.



2. Our Network Resilience Plan covers our approach for CitiPower, Powercor, United Energy and Australian Energy Operations.

VPN Sustainable Financing Framework

VPN has developed this Sustainable Financing Framework (Framework) to demonstrate how we intend to issue and manage financing that supports our vision to deliver an affordable, reliable and safe electricity supply, and support the Australian and Victorian Government's commitment to net zero emissions. This Framework connects our overall sustainability strategy and commitments to our future financing activities.

'Green Financing Instruments' includes:

- use of proceeds based instruments, such as Green Bonds and Green Loans, and/or
- any other appropriate financing instrument (including bonds, loans, derivatives and guarantees) that may be designated as 'green' from time to time.

This Framework has been developed in accordance with, and is compliant with, the International Capital Market Association (ICMA) Green Bond Principles (GBP) 2025, the Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA) and Loan Syndications and Tradition Association (LSTA) Green Loan Principles (GLP) 2025 and the Climate Bonds Initiative (CBI) Climate Bonds Standard v4.3 (CBS) (collectively referred to as, the Market Standards). The Market Standards are accepted as best practice for issuance and the management of Green Financing Instruments in the debt capital markets globally.

This Framework is structured in line with the requirements of the Market Standards, including the four core components of the GBP and GLP for Green Financing Instruments listed below:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting.

The Framework may subsequently be updated as the market evolves and to continuously reflect best market practices.

Use of proceeds

VPN will use the net proceeds of its Green Financing Instruments to finance or refinance, in whole or in part, new or existing electrical grid related assets and projects (including capital expenditure and if appropriate, operating and other related expenditures) that qualify as eligible under the Market Standards and fall under the following eligibility criteria. These projects/expenditures will be known as:

'Eligible Green Projects'

VPN intends to allocate the net proceeds from each Green Financing Instrument to both the refinancing of existing Eligible Green Projects and the financing of new Eligible Green Projects. The specific allocation between refinancing and new financing will be determined at the time of each bond issuance and disclosed accordingly. This allocation will also be confirmed through post-issuance reporting.

Where the proceeds are used to refinance capital expenditures, VPN will allocate those proceeds to Eligible Green Projects that are still in use, continue to meet the Eligibility Criteria and have a remaining functional lifetime that extends beyond the maturity of the Green Financing Instrument. Where the proceeds are used to refinance operating expenditures, VPN undertakes to only use these proceeds where expenditures were spent within two years of the relevant green financing issuance (unless certified by the CBI).

The Eligible Green Projects may be replenished as underlying Eligible Green Projects are sold or otherwise disposed of, non-eligible assets are removed, and additional Eligible Green Projects are identified and funded.

VPN will ensure that Eligible Green Projects are not double counted through:

- Allocation to more than one GBP/GLP category; or
- Allocation to other labelled and/or certified bonds (as aligned to the Market Standards); or
- Any other principles against which labelled sustainable finance debt can be certified, such as the ICMA Social Bond Principles.

The non-existence of double counting will be verified externally every year, as outlined in the "Reporting" section.

Eligibility criteria

Eligible Green Projects will meet the eligibility criteria set out in the table below; and not fall within the Excluded Categories (also detailed below).

The Eligible Green Projects financed under this Framework are intended to contribute to VPN's broader goal of reducing carbon emissions and support the achievement of net zero emissions targets.

VPN may in its absolute discretion, choose to seek certification from the CBS in relation to some or all of the Eligible Green Projects for any issuance of Green Bonds or Green Loans, and in these instances, the selected Eligible Green Projects will also be deemed to comply with the applicable CBS Sector Eligibility Criteria (including but not limited to, the Electrical Grids and Storage Criteria).

VPN has outlined the following eligibility criteria, noting that these criteria may be expanded or amended over time to align with the Market Standards.

Eligible Categories based on the GBP/GLPs (CBI Sector Criteria)

- Renewable Energy ▪ Energy Efficiency
- Climate Change Adaptation
(Electrical Grids and Storage (March 2022))

UN SDGs³ Contribution



Australian Taxonomy (Technical Screening Criteria alignment)⁴

D10 Transmission and distribution of electricity
D7 Storage of electricity

EU Taxonomy (Technical Screening Criteria alignment)⁴

4.9 Transmission and distribution of electricity
4.10 Storage of electricity

Eligibility criteria and eligible green project examples

All of VPN's electricity transmission and distribution infrastructure and/or equipment is eligible on the basis that the system in which they operate, being the National Electricity Market (NEM), is deemed to be on a trajectory to full decarbonisation, given more than 67% of newly connected generation capacity in the system is below the generation threshold value of 100gCO₂e/kWh measured on a product carbon footprint (PCF) basis, over a rolling 5-year period.⁵

In addition to meeting this requirement, VPN may identify and allocate proceeds towards Eligible Green Projects that meet one of the additional following criteria:

Automatically eligible assets and activities

Assets and activities listed under Section 3.2 of the CBI Electrical Grids and Storage Criteria (dated March 2022) that automatically meet the mitigation component, including but not limited to:

- Equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation
- Such as high voltage renewable network connections, inclusive of transformers, e.g. connecting embedded generation to the network
- Equipment to increase the controllability and observability of the electricity system and enable the development and integration of renewable energy sources.
- Such as ICT or operational technology (OT) systems, e.g. upgrading Advanced Distribution Management System to control batteries, low-voltage distributed energy resource management systems (LV DERMS)
- Equipment to carry information to users for remotely acting on consumption such as, but not limited to, advanced (also known as smart) metering infrastructure, including customer data hubs.
- Such as smart meters
- Equipment to allow for exchange of renewable electricity between users
- Such as low voltage network infrastructure, e.g. upgrading low voltage street circuits to expand distributed energy resource integration into the network

Direct connection of renewables/low emissions power production plants

Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a power production plant that meets the requirements of the relevant CBS Sector Criteria and/or is less CO₂ intensive than 100 gCO₂e/kWh measured on an LCE basis, and a substation, network or storage facility.

Infrastructure might include overhead lines; transformers, reactors and substations; underground cables; circuit breakers and switchgear.

3. <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

4. VPN has received an External Review of the alignment of the Eligible Green Projects with the relevant technical screening criteria (for a substantial contribution to climate change mitigation) of the Australian Sustainable Finance Taxonomy and EU Taxonomy. The review does not include assessing whether VPN's Eligible Green Projects align with the Do No Significant Harm or Minimum Social Safeguard Criteria from either taxonomy, and VPN makes no claimed alignment with this criteria. Further information can be found in the Framework external review section.

5. All electricity transmission and distribution infrastructure or equipment in Systems which are on a trajectory to full decarbonisation are eligible. A System is deemed to be on a trajectory to full decarbonisation if either:

- more than 67% of newly connected generation capacity in the System is below the generation threshold value of 100 gCO₂e/kWh measured on a PCF basis, over a rolling 5-year period; or
- the average System grid emissions factor is below the threshold value of 100gCO₂e/kWh measured on a PCF basis, over a rolling five-year average period.

Infrastructure might include overhead lines; towers and poles; transformers reactors and substations; underground cables; circuit Breakers and switchgear.

Adaptation and resilience requirements

To ensure the adaptation and resilience of the selected projects/infrastructure, VPN will also:

- Identify clear boundaries and critical interdependencies between the infrastructure and the system it operates within
- Undertake a risk assessment to identify the key physical climate hazards to which the infrastructure will be exposed and vulnerable to over its operating life
- Sufficiently mitigate risks identified that the infrastructure is resilient to climate change conditions over its operational life
- Assess the resilience benefits of the infrastructure and ensure it does no harm to the resilience of the defined system it operates within
- Perform ongoing monitoring and evaluation

Excluded categories

VPN is committed to playing a pivotal role in facilitating the energy transition and caring for the environment in which it operates, and therefore commits to exclude 'Excluded Categories' for any new direct connections, or expansion of existing direct connections to generation assets, with emissions more than 100g CO₂e/kWh.

Environmental and social co-benefits

Eligible Green Projects are expected to provide both environmental benefits, and social co-benefits, that include:

Environmental benefits

Decarbonisation:

- **Renewable energy integration:** Supporting the integration of renewable energy sources into the grid, thereby reducing greenhouse gas emissions and accelerating the transition to a low-carbon economy.
- **Supporting the increase of renewable energy generated and distributed:** Promoting the generation and distribution of renewable energy to further reduce carbon emissions.
- **Expansion of Consumer Energy Resources (CER):** Increasing network capacity to promote the adoption of technologies like rooftop solar panels, batteries, and electric vehicle chargers.
- **Reducing emissions from business operations:** Implementing measures to lower direct and indirect carbon emissions from general business activities.
- **Network upgrades:** Implementing advanced grid management technologies to enhance energy efficiency and ensure our networks can adapt as required as the pace and scale of electrification accelerates through the energy transition.
- **Demand management initiatives:** Investments in innovative demand management strategies, including technology improvements, network automation, network analytics, and demand management projects, aimed at reducing future electricity costs for consumers.

Climate resilience:

- **Infrastructure hardening:** Strengthening infrastructure to withstand extreme weather events, ensuring reliable energy supply and reducing the risk of outages.
- **Ensuring the stability and back-up of systems with significant renewable energy penetration:** Ensuring that systems remain stable and reliable even with high levels of renewable energy integration.
- **Bushfire mitigation:** Implementing measures to reduce the risk of network assets contributing to bushfires, helping to protect communities and the environment.
- **Climate resilience planning:** Refining and advancing VPN's existing climate resilience planning to address the impacts of climate change on the electricity network. This includes assessing vulnerabilities, enhancing adaptive capacity, and ensuring the long-term sustainability of infrastructure.

Social co-benefits

Empowering households and businesses:

- **Energy literacy:** Providing energy literacy programs to help customers improve their energy efficiency, analyse their energy usage, understand their consumption and find an energy deal that best suits their needs, and manage power outages.
- **Enhanced control:** With smart meters widely deployed, focus is now on refining existing controls and customer offerings to help households and businesses better manage their energy use. This enables more accurate billing and provides greater control over energy consumption.

Empowering communities:

- **Energy equity:** Ensuring reliable, stable, and safe power for regional and rural customers by addressing supply interruptions, low power quality, and limited access to electrification.
- **Safety enhancements:** Enhancing the safety of the electricity network to protect both workers and the community.
- **Job creation:** Creating jobs through the development and maintenance of renewable energy projects and infrastructure upgrades, including training and employment opportunities to support First Peoples communities and organisations.



Project evaluation and selection

VPN has established processes to ensure that Eligible Green Projects are properly identified and assessed to ensure compliance with this Framework.

The stages of the process by which VPN will evaluate and select assets/projects is as follows:



Asset/project identification

Identifying potential Eligible Green Projects



Green project eligibility assessment

Assessing potential Eligible Green Projects against the Eligibility Criteria and confirming compliance with the Framework



Final evaluation and selection

Once project eligibility is confirmed, add to the Eligible Green Project Register



Pre-issuance assurance

An external review is completed prior to the start date of financing, confirming the Framework and Eligible Green Project Register conform with the Market Standards, where applicable



Monitoring

Annual review of existing Eligible Green Projects to ensure they still meet the Eligibility Criteria and are aligned to the Framework (including the potential removal and replacement of any Eligible Green Projects as required)



Annual reporting

Annual reporting on the allocation of proceeds and the impacts of Eligible Green Projects



Post-issuance assurance

External reviewer returns within 24 months of the start date of financing to confirm ongoing compliance with the Market Standards, where applicable

The identification, assessment, final evaluation and selection of Eligible Green Projects under this Framework will be managed by the Treasury team, in coordination with relevant internal stakeholders as appropriate (including VPN's Finance, Electricity Networks and Sustainability teams).

Treasury will be responsible for ensuring compliance with this Framework and the applicable Market Standards. Oversight and strategic alignment will be supported through regular engagement with the VPN Environmental, Social and Governance Board Committee.

This approach is designed to ensure there is sufficient subject matter expertise and governance to meet the obligations set out in this Framework.

The Treasury Team is responsible for:

- Oversight of the Framework, and endorsement of any amendments
- Endorsement of Eligible Green Projects against the Eligibility Criteria outlined
- Overseeing the allocation of the proceeds from Green Financing Instruments to the Eligible Green Projects
- Oversight of allocation and impact reporting
- Reviewing the need for updating external verifications where relevant
- Ensuring that internal processes to identify material risks of negative social and/or environmental impacts of VPN's activities have been applied to the Eligible Green Projects portfolio and that the appropriate mitigation measures have been implemented where possible.

VPN identifies and manages perceived, actual or potential environmental and social risks associated with the relevant Eligible Green Projects through their internationally certified ISO14001 environmental management system, and integrated network management system, including their stakeholder engagement plan, respectively.



Management of proceeds

The VPN Treasury team will track the receipt and allocation of net proceeds from the Green Financing and maintain the Green Project Register, including the notional allocation of net proceeds to Eligible Green Projects.

The Treasury team will maintain the register and track the notional allocation of proceeds and the value of Eligible Green Projects. VPN intends to monitor the allocation of proceeds and the value of Eligible Green Projects on an annual basis and report this to VPN's Environmental Social and Governance Board Committee.

In the event that the net proceeds from the Green Financing are unallocated, VPN will ensure that any unallocated proceeds are applied to any of: temporary cash or cash equivalent instruments within a treasury function, temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy or to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Eligible Green Projects.

VPN intends to allocate the net proceeds within 24 months of the issuance of the Green Financing Instrument and will not invest unallocated proceeds in Excluded Categories detailed above.

VPN intends to maintain a balance of Eligible Green Projects that have a value which is larger than the sum of the net proceeds from the Green Financing.

To the extent that there are Green Financing Instruments that are not CBI Certified, the proceeds derived from these Green Financing Instruments will be allocated, tracked and reported separately from the proceeds generated from CBS certified products.

Reporting

VPN recognises the importance of transparency and disclosure relating to the Green Financing Instruments and therefore intends to make the following information available, in line with the Market Standards:

Item	Frequency
Framework	At the time of establishment of the Framework, and as may be subsequently updated at VPN's discretion.
Second Party Opinion	A Second Party Opinion on the Framework upon release (and from time to time, following any material Framework amendment(s)).
External verification of Taxonomy alignment	An External Review of the alignment of the Eligible Green Projects with the relevant technical screening criteria (for a substantial contribution to climate change mitigation) of the Australian Sustainable Finance Taxonomy and EU Taxonomy upon Framework release.
Climate Bond Certification (if sought)	At issuance of any CBS certified Green Bond or Green Loan.
Post-issuance verification	Within 24 months, post-issuance assurance or verification will be obtained to ensure proceeds have been allocated in line with the Framework. Annually thereafter, post-issuance assurance or verification will confirm that proceeds continue to align with the Framework.
Allocation reporting	Annually for all outstanding Green Financing Instruments. This will include: ▪ The Green Project Register: A list of the Eligible Green Projects financed or refinanced, including description, value and age where applicable. ▪ Confirmation that the Eligible Green Projects meet the eligibility criteria under this Framework, including if relevant, information on the characteristics and performance of the Eligible Green Projects. ▪ The amount or the percentage of new financing and refinancing. ▪ Allocation of net proceeds to Eligible Green Projects. ▪ Disclosure of any unallocated proceeds.
Impact reporting	Where relevant to the Eligible Green Projects, VPN will also provide qualitative and/or quantitative reporting of the environmental impact, of the Eligible Green Projects, subject to the availability of information. VPN strives to align with the ICMA Harmonised Framework for Impact Reporting on a best effort basis. VPN may provide aggregated data for Eligible Green Projects but may also provide data on an individual basis where feasible, useful or required. Below are potential impact metrics.

Potential impact metrics:

Eligible categories	Impact Indicators - Examples
Renewable energy Energy efficiency	▪ Total installed capacity of renewable energy generation on our networks ▪ Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent ▪ Value of network and technology investments in innovation ▪ Number of new connections ▪ Residential rooftop solar (MW of rooftop systems installed by residential customers and number of customers with rooftop solar) ▪ Smart meters (total and attributable number)
Climate change adaptation	▪ % availability of reliable power

Framework external review

In accordance with the applicable Market Standards, VPN has sought a Second Party Opinion from Sustainalytics to assess whether the Framework aligns with the Market Standards in all material respects. VPN has also sought an External Review from ISS on the alignment of the Eligible Green Projects with the relevant technical screening criteria of the Australian Sustainable Finance Taxonomy and EU Taxonomy.

In the event of any material amendments to the Framework, VPN commits to undergoing further external review. A copy of the Second Party Opinion and external verification of Australian and EU Taxonomy alignment can be found at powercor.com.au/about-us/sustainability/

Continuous improvement

As the Market Standards and the global sustainable finance markets continue to evolve, so too will VPN's approach as it seeks to adapt to the changing environment. VPN may

Important notice

VPN welcomes feedback and input from stakeholders as this will support VPN to deliver on its sustainability initiatives and meet the needs of investors and stakeholders.

Important notice

For the avoidance of doubt, if VPN fails to comply with the Framework or satisfy the Market Standards, then this does not (1) constitute an event of default (however so described) or any other breach in relation to a Green Financing Instrument, and (2) neither investors nor VPN have any right for the Green Financing Instrument to be repaid early. This means there is no legal obligation on VPN to comply with the Framework or Market Standards on an ongoing basis. However, the Green Financing Instrument may cease to be labelled as green.

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Certification under the Climate Bonds Standard relates exclusively to the conformity of one or more designated debt instruments, designated assets and/or designated entities with the applicable Climate Bonds Standard at the time of certification. Certification under the Climate Bonds Standard carries no implication (and should not be understood as carrying any implication) as to any other aspect of any debt instrument or investment product or any collection of debt instruments or investment products or any asset or entity or group of assets or entities or as to continuing conformity at any time after the time of certification. Such certification carries no implication (and should not be understood as carrying any implication) that any stated target has been or will at any time be met or that any particular legal or regulatory requirement has been or will be satisfied.

This document contains climate related and other forward looking statements and metrics, which includes statements related to future, not past, events or other matters. Any forward looking statements in this document are made as at the date of this document and VPN cautions any investor not to place undue reliance on these forward looking statements.

VPN and the Climate Bonds Initiative is not endorsing, recommending or advising on the financial merits or (subject to the previous paragraph) any other aspect of any debt instrument or investment product or any collection of debt instruments or investment products or any asset or entity or group of assets or entities and no information within this document should be taken as such, nor should any information in this document be relied upon in making any investment decision. The decision to invest in anything is solely yours and at your own risk. VPN and the Climate Bonds Initiative accepts no liability of any kind, for any investment made by an individual or organisation, nor for any investment made by third parties on behalf of an individual or organisation, based in whole or in part on any information contained within this, or any other Climate Bond Initiative and VPN document.

Further information

Further information on our approach to sustainability can be found at powercor.com.au/about-us/sustainability

