



Australian Government



Corporate Plan 2023-24



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Acknowledgement of Country

The CEFC acknowledges the Traditional Owners and Custodians of this land, and we pay our respects to all Elders, past and present. We recognise the continuing connections to country, water and culture.



Introduction

Statement of preparation

The Board, as the accountable authority of the Clean Energy Finance Corporation (CEFC), presents the 2023-24 Corporate Plan, covering the four financial years commencing on 1 July 2023, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*.

A handwritten signature in dark ink, appearing to read "Am. Skala", is positioned above the printed name of the Chair.

Steven Skala AO

Chair

Clean Energy Finance Corporation



Purpose

Our purpose, set out in section 3 of the *Clean Energy Finance Corporation Act 2012* (CEFC Act) is:

“To facilitate increased flows of finance into the clean energy sector and to facilitate the achievement of Australia’s greenhouse gas reduction targets.”

About us

The CEFC is an experienced specialist investor with a deep sense of purpose: we're Australia's 'green bank', investing in our transition to net zero emissions by 2050.

With access to more than \$30 billion from the Australian Government, we're backing economy-wide decarbonisation, from renewable energy and natural capital to energy efficiency, alternative fuels and low carbon materials.

In parallel, we're focused on transforming our energy grid, backing sustainable housing and supporting the growth of our climate tech innovators. We collaborate with co-investors, industry and Government, recognising the urgency of the decarbonisation task. We also invest with commercial rigour, aiming to deliver a positive return across our portfolio.

Our investments

At the commencement of the plan period, being 1 July 2023, we have made lifetime investment commitments of \$12.7 billion which, together with institutional investors, business and industry, have contributed to more than \$48 billion in investment in Australia's low emissions economy.

During the 2022-23 year we delivered new investment commitments of \$1.9 billion following on from \$1.45 billion in the 2021-22 year. Our investments continued to touch multiple areas of the clean energy economy.

The Australian Government has set national targets to cut emissions by at least 43 per cent by 2030, compared with 2005, and reach net zero emissions by 2050.

Australia's emissions reduction projections¹ to 2030 show a significant amount of emissions reduction is predicted to be realised in the renewable energy sector. In 2022-23 we committed \$1.2 billion to projects and businesses that will contribute to delivering these projected emissions reductions.

¹ Department of Climate Change, Energy, the Environment and Water (DCCEEW), Australia's emissions projections 2022.



Figure 1: **CEFC investment snapshot: 30 June 2023**

	2021-22	2022-23	Lifetime*
CEFC commitments	\$1.45b	\$1.9b	\$12.7b
Transactions financed	29*	30*	>300
Transaction value	\$4.79b	\$11.7b	\$48.8b
Leverage	\$2.30: \$1.00	\$5.02: \$1:00	\$2.82: \$1.00
Emissions reductions (CO ₂ -e) pa [^]	1.4Mt	1.5Mt	10.5Mt
*Excludes follow-on commitments to existing portfolio companies			
[^] Estimated annual average emissions reductions from transactions financed based on Emissions Intensity Factors adopted for the 2022-23 year.			



Strategy, activities and performance measures

Strategy

Australia's transition to net zero emissions requires substantial decarbonisation at a much faster pace than we are currently achieving.

Our strategy is informed by three key factors:

1. The CEFC Act and Investment Mandate
2. Australia's emissions reduction challenges
3. Market opportunities to support the achievement of Australia's emissions reduction targets

We operate within the parameters established by the CEFC Act and the Investment Mandate. We identify the main sources of emissions in the Australian economy and align our activities with the pathways and opportunities that will facilitate a lower emissions economy in line with Australia's emissions reduction targets.

Our investment approach is flexible and responsive to the evolving markets within which we operate and to the evolving priorities of Government, as expressed through changes in the CEFC Act and the Investment Mandate.

The *Clean Energy Finance Corporation Investment Mandate Direction 2023* came into effect on 22 July 2023, replacing the previous Investment Mandate. Amongst other changes, this new Investment Mandate provides direction for how the CEFC will invest new budget allocations of \$20.5 billion for Rewiring the Nation, the Household Energy Upgrades Fund and the Powering Australia Technology Fund.

Our approach is to step back from sectors when private investment is operating effectively and at scale to meet the investment task, but we step in to fill gaps when the private sector is absent or where our participation helps leverages private sector investment or accelerates investment in emissions reduction activities.

We leverage our finance (both debt and equity) with private sector investment across a diverse range of activities. Achieving Australia's emissions reduction targets requires the deployment of known, proven technologies at scale, along with the ongoing development of new and emerging ones.



1 - CEFC Act and Investment Mandate

First and foremost, our strategy is aligned with the CEFC Act and the Investment Mandate. The CEFC Act sets out the parameters within which we operate and invest and defines our purpose as:

“To facilitate increased flows of finance into the clean energy sector and to facilitate the achievement of Australia's greenhouse gas emissions reduction targets.”

The CEFC Act provides that the responsible Ministers may give the Board directions about the performance of the CEFC investment function. The Investment Mandate may set out policies to be pursued by the CEFC including, but not limited to, matters of risk and return, technologies, projects and businesses that are eligible for investment, the allocation of investments between various classes of clean energy technologies and the making of investments on concessional terms.

The Clean Energy Finance Corporation Investment Mandate Direction 2023 came into effect on 22 July 2023. Among other changes, the new Investment Mandate:

- Provides direction for how the CEFC will invest the new budget allocations of \$20.5 billion for Rewiring the Nation (\$19 billion), the Household Energy Upgrades Fund (\$1 billion) and the Powering Australia Technology Fund (\$500 million)
- Repeals the Sustainable Cities Investment Program, the Reef Funding Program and the Australian Recycling Investment Fund, and
- Changes the benchmark rate of return for the General Portfolio from an average return of 3 per cent to 4 per cent above the 5-year Australian Government bond rate per annum, to an average of 2 per cent to 3 per cent above the 5-year Australian Government bond rate per annum, over the medium to long term.

The Rewiring the Nation Fund, Household Energy Upgrades Fund and Powering Australia Technology Fund substantially expand the role of the CEFC, alongside its ongoing core businesses. New large-scale investments in priority grid infrastructure projects complement our existing work in transforming our energy system and bringing the benefits of decarbonisation to key sectors of our economy. Figure 2 shows the CEFC investment portfolios aligned with the 2023 Investment Mandate, each of which has different risk and return settings.

Figure 2: **Investment Portfolios**





2 - Emissions reduction challenge

The second key influence on our strategy is identifying how we effectively and efficiently contribute to addressing Australia's emissions reduction challenge. Our investment strategy recognises the urgent nature of the emissions challenge and the increasing pressure from the public, society, trading partners and investors to deliver on net zero emissions targets. Commitments to achieving net zero greenhouse emissions by 2050 are being legislated across all levels of government in Australia, including the Australian Government. In the private sector, environmental social governance is increasingly a core consideration for businesses. In parallel, capital investment in low-emissions assets is continuing to accelerate.²

We have an important role to play in driving progress towards achieving Australia's emissions reduction targets of 43 per cent by 2030 and supporting net zero by 2050. This includes working with the private sector to implement measures to accelerate the uptake of renewable energy and electric vehicles, investing in new clean energy technologies and industries, and working with other government agencies and stakeholders to identify solutions to deliver and accelerate the transition.

Australia's emissions projections show that the electricity sector is critical, with nearly 85 per cent³ of projected annual emissions reductions in 2030 coming from this sector. To realise this there needs to be a significant increase in investment and deployment of renewable energy and storage both at utility scale and in households. However, to achieve these emissions reductions and deliver a modern electricity system requires investment in electricity grid infrastructure. This is the focus of the \$19 billion Rewiring the Nation Fund.

Outside of the electricity supply sector, implementation of energy efficiency technologies and practices can also play an important role in helping to reduce energy costs and emissions in industry and in households. Further emission reductions can be achieved through electrification and fuel switching, for example, through more energy efficient homes without gas heating or cooking – this is a key focus of the Housing Energy Efficiency Upgrade Fund. Investing in natural capital assets and replacing internal combustion engine vehicles with electric vehicles are additional pathways to emissions reduction.

3 - Market opportunities to invest capital

The third key influence on our investment strategy is identifying market opportunities for our investment capital. As an investor with a strong public policy purpose, it is important that we anticipate and respond to market conditions, help develop new markets, build investor confidence, and craft tailored and innovative investment products to drive down emissions. Equally, we recognise that our investment activities are just the start of what is required – while the size of the investment requirement is seismic, so too are the opportunities.

To understand where the opportunities for investment are and to help address barriers when they arise, we have teams with specific technology and sector focus areas that are actively engaged with sponsors, investors, government agencies and regulators. To this end, where we can help regulators, policy makers or other investors, we do. Success is investment being made in Australian businesses and projects that deliver economic and emissions reduction benefits.

² Climate Change Authority, *Trade and Investment Trends in a Decarbonising World*, October 2021

³ *Australia's emissions projections 2022* DCCEEW.gov.au



Investment strategy, activities and values

Our investment strategy set out what we must achieve to succeed in delivering our purpose and this guides our key activities, underpinned by our values.

Figure 3: **Strategy overview**

Purpose	To facilitate increased flows of finance into the clean energy sector and to facilitate the achievement of Australia's greenhouse gas reduction targets			
Investment funds	Rewiring the Nation Fund			
	General Portfolio			
	Specialised Investment Funds*			
Investment goals	-1- Drive cleaner, greener energy to underpin the net zero economy	-2- Transform energy and resource use to lower emissions	-3- Make better use of our land to close the emissions gap	
Investment impact	Decarbonise energy	Efficient use of energy and materials and increased energy performance	Natural capital and carbon sequestration	
Key activities	<ul style="list-style-type: none"> Transform our electricity grid Significantly increase renewable energy generation Build out large-scale energy storage Back the renewables supply chain 	<ul style="list-style-type: none"> Drive electrification and energy performance Encourage fuel switching and electric vehicles Back low emissions design solutions Invest in low emissions supply chains 	<ul style="list-style-type: none"> Invest in low emission agriculture Identify and promote sustainable land use solutions Accelerate land based carbon sequestration Support carbon markets, the Safeguard Mechanism and voluntary markets 	
Our Values	Impact	Collaboration	Integrity	Innovation

* Clean Energy Innovation Fund, Advancing Hydrogen Fund, Powering Australia Technology Fund and the Household Energy Upgrades Fund



Investment impact and activities

We are a specialist investor at the centre of efforts to help deliver on Australia's ambitions for a thriving, low emissions future. With a strong investment track record, we are committed to accelerating our transition to net zero emissions by 2050.

Decarbonise energy

We will invest in green energy and transmission to help homes and businesses access clean, reliable electricity and fuel for as many of their essential activities as possible. This includes heating and cooling, cooking, making things, moving people and products around.

CEFC investment activities span the energy sector, from new solar and wind generation to the installation of large-scale energy storage and the development of a transmission and energy grid better suited to renewable energy generation. These energy-specific investments are essential to supporting the economy-wide transition from fossil fuels to renewable energy, for use by industry and households in heating, cooling, manufacturing, transportation and more.

Similarly, we recognise the critical role of our minerals sector in the clean energy transition. The mining sector is an enduring cornerstone of the Australian economy, and much of our low emissions economy of the future will rely on what our mining sector produces – not least because of Australia's abundance of critical minerals. Substantial investment is required to capitalise on national and global demand for these minerals, to ensure our mining industry makes a significant contribution to our net zero future. Importantly, Australian mining businesses can also benefit from the operational efficiencies and low-cost energy solutions underpinning the transition to net zero emissions.

In the longer term, CEFC investments can help strengthen Australia's leadership position in green fuels and energy exports, recognising the economy-wide benefits these provide, including in employment opportunities and regional communities. Investors, industry and governments must all contribute if we are to realise these ambitions. For the CEFC this means taking an economy-wide approach, drawing on our capital, investment and market expertise, as well as our networks.

Why it will make a difference

Energy

Delivery of the AEMO Integrated System Plan by 2050 will see:

- NEM emissions fall to just 5 per cent of 2020 levels
- Grid-scale wind and solar increase 9-fold, reaching 141 GW
- 10,000 km of new transmission to connect new generation and storage
- Storage capacity increase by a factor of 30
- Nearly double the electricity delivered through the NEM, to ~ 320 TWh, to meet electrification demand from transport, industry and property sectors. This is needed in addition to significant improvements in energy efficiency

Resources

Australia's mining and resources sector has a critical role to play in the transition to net zero emissions. Australia is already among the top producers of the world's key mineral commodities, many of which are crucial to the low-emissions economy of the future, including lithium, tantalum, bauxite, ilmenite, manganese, copper and nickel. Australia was responsible for 53 per cent of the world's lithium production in 2022. In 2022–23, Australia's export earnings from lithium are forecast to more than triple to \$18.6 billion, up from \$5.3 billion in 2021–22.



Efficient use of energy and materials

Energy efficiency and smart energy performance are key elements to the achievement of Australia's abatement ambitions. We will help Australian homes and businesses electrify, as well as reduce their energy demand for both electricity and fossil fuels. We will support fuel switching from alternative sources such as green hydrogen and biofuels. We will also support the uptake and integration of electric vehicles, along with accessible recharging, reduce demand for emissions intensive products and facilitate recycling and the circular economy.

As the electricity grid becomes greener, there is a feedback loop between customer demand behind the meter and renewable energy supply and transmission in the regions. Customer electricity demand can be shifted to times of the day when renewables power supply is plentiful to best support a higher renewables penetration grid.

Investment in this space can drive significant supply chain impacts and leverage our broader electrification aspirations. Materials use is also critical. Our investments will seek to promote the use of the lowest emissions materials feasible and reduce the amount of materials that are used in buildings across residential, commercial and industrial Australia.

In the longer term, we aim to support the Australian manufacture of low emissions construction materials and renewable energy supply chain inputs, using clean energy and/or zero emissions fuel sources. As an investor, we can lead the way here. However, the scale of the technology and investment challenge cannot be overstated and will require substantial involvement from private sector investors and financiers, industry and governments.

Why it will make a difference

- Improved energy efficiency is critical if we are to capitalise on the benefits of a high penetration renewable energy grid. In the ISP step change scenario, energy demand would be 12 per cent higher in 2031 without measures to improve energy efficiency
- The ISP step change scenario also forecasts distributed storage, including coordinated virtual power plants (VPPs), will represent almost three-quarters of dispatchable capacity in MW terms by 2050, reducing the need for shallow storage at utility scale
- Making electricity demand more flexible has substantial benefits, including enhanced energy affordability and security as well as lower emissions. Analysis for ARENA estimates demand flexibility measures also have the potential to yield substantial savings to consumers, by reducing the investment requirements associated with additional large-scale generation and storage capacity
- Reducing the embodied carbon emissions of materials used in buildings and infrastructure also offers substantial benefits. These emissions are estimated to be 30-50 MtCO₂-e annually (for domestic production), representing as much as 10 per cent of Australia's national greenhouse gas emissions.⁴

Natural capital, carbon sequestration

Land use is responsible for a significant portion of Australia's greenhouse emissions, predominantly from agriculture, land use change and operations including transport. Unlike other sectors, it cannot be easily 'greened' as our electricity grid decarbonises. However, it has the potential to be our most effective carbon sink with enormous sequestration potential to create 'negative emissions' and help Australia achieve its net carbon abatement ambitions. The marine environment, while a longer dated opportunity, has similar potential.

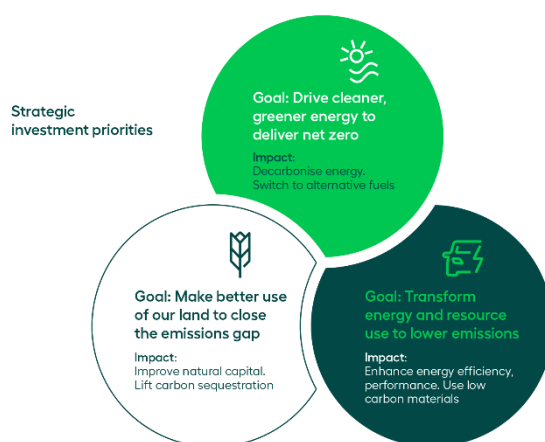
Some 55 per cent of Australia's land mass is agricultural land – with the twin challenges of declining arability per capita and increasing demand for food via population growth and changing consumption habits. The CEFC will invest alongside landowners to ensure that the country's natural capital assets are used optimally to deliver the national decarbonisation ambition. Our investments will maximise the productive, sustainable use of those assets with a key focus on sector leadership and attracting capital to the sector. As Australian corporates pursue their abatement targets, credible offsets from eligible land use activities will be required to address unavoidable emissions.

The CEFC role in convening capital and establishing and promoting best practice is critical to this highly fragmented sector, taking into account different types of agricultural and land use activities.

Why it will make a difference

- Offsets are expected to play a crucial role in closing the gap towards net zero emissions. Australian Government modelling suggests land sector sequestration could enable Australia to reduce net emissions by as much as 111 Mt CO₂-e by 2050, 82 per cent below 2005 levels.
- According to the IPCC, pathways that limit warming to 1.5C with no or limited overshoot require net zero CO₂ to be reached in the early 2050s, followed by net negative CO₂ emissions. Carbon dioxide removal methods like reforestation will be necessary to achieve net-negative CO₂ emissions
- The reforms to the Safeguard Mechanism aim to avoid around 205 Mt CO₂-e from 2023 to 2030 from Australia's largest industrial emitters. Based on Reputex analysis, an estimated 23-85 per cent of this may need to be achieved through Australian Carbon Credit Units.

Figure 4: **Investment impact and activities summary**



Performance indicators and targets

Our performance in delivering our purpose will be measured against the performance indicators established by the Board, with progress monitored quarterly and reported annually in the annual performance statements.

The performance indicators have been revised from previous years to account for the significant change in the organisations stemming from the Investment Mandate 2023. The performance indicators are designed to measure the outcomes that are achieved by our financial commitments, the leadership we demonstrate in the energy transition more broadly and our financial outcomes.

Figure 5 outlines quantitative and qualitative corporate performance targets. These targets have been defined across two distinct portfolio areas, being the:

- General Portfolio and Specialised Investment Fund Portfolios; and
- Rewiring the Nation Portfolio.

Figure 5: **Performance indicators and targets**

General and Specialised Investment Fund Portfolios		2023-24 targets
Demonstrate Leadership	Demonstrate leadership in Australia's energy transition through delivery of Government priority programs, collaboration with industry, investing in new technologies, business models and supply chains and supporting others to invest.	Board evaluation
Electricity sector capacity	Gigawatts (GW) of new electricity generation and storage capacity unlocked through CEFC finance.	0.75GW – 1.0GW
Non-electricity sector CO₂-e	Metric tonnes (Mt) of estimated emissions reduction per annum from new investment commitments.	0.2Mt – 0.3Mt
Adjusted operating result	Total operating result (excluding RTN income and expenses) normalised to exclude (1) concessionality, (2) loan modification charges, (3) loan and bond investment revaluations and (4) Innovation Fund investment revaluations.	\$140m - \$160m
Rewiring the Nation (RTN) Portfolio		
Demonstrate Leadership	Demonstrate leadership in Australia's transition through delivering the RTN Fund and collaborating with key stakeholders to facilitate the unlocking of medium and longer term RTN projects, consistent with the Investment Mandate.	Board evaluation
Transaction quality	Structure and execute RTN investments in a manner consistent with the RTN objectives and the risk, return and concessionality settings of the Investment Mandate.	Board evaluation
Transfer capacity	Gigawatts (GW) of transmission transfer capacity commercially committed to during the year.	5.2GW – 7GW



Operating context

Environment

Australia has legislated 2030 and 2050 emission reduction targets and we have an important role to play in helping to achieve those targets. However, broader geopolitical concerns and events such as the ongoing Russian invasion of Ukraine are continuing to impact energy markets, financial markets and global supply chains, including Australia.

The external environmental factors that most significantly influence our operations and performance are set out below:

Emissions reduction and energy policies

Australia's national emissions reduction targets for 2030 and 2050 provide a strong signal for investment in clean energy technologies and this factor is expected to positively influence our operating environment over the coming years. This has however been tempered by inflationary pressure on construction costs, widespread labour shortages and social licence challenges with energy infrastructure projects.

Energy markets

We are required to have at least half of the funds invested in renewable energy technologies. In addition, the electricity sector is forecast to be the most significant contributor to emission reduction efforts through to 2030. Therefore, the dynamics of the energy market will continue to strongly influence our activities and performance, both for the existing assets we hold and the flow of new assets.

Energy market dynamics also include the transmission and distribution infrastructure that is so critical in delivering electricity from where it is generated to where is used. The Rewiring the Nation Fund has been established to specifically assist in the build out of this infrastructure. The AEMO ISP identifies these investments as essential for the delivery of a reliable, low emissions, lower-cost electricity system in the future.

Capital markets

Interest rates in Australia and globally have increased significantly over the past year as central banks have responded to inflationary pressures. The higher interest rates are expected to be positive for revenues earned from new debt financings. However, there is downside risk to the carrying value of existing equity investments as their value may be adversely impacted by increasing interest rates. There is also ongoing pressure on capital costs driven by higher input costs, which provides challenges for new investments proceeding.

Technology

As with the previous year, the majority of the technologies required to achieve Australia's 2030 emissions reduction target are proven and available, but they need to be deployed at scale this decade. There is also a need to continue to invest in the technologies that can contribute to emissions reductions in the period beyond 2030. We continue to see an important role for the CEFC in this area, particularly through the Powering Australia Technology Fund.

Investor appetite and ESG

Businesses are increasing their focus on ESG and emissions reduction activities in their own operations and their supply chains. This presents opportunities to work with investors and businesses to drive increased investment in clean energy technologies, businesses and projects.



Capability

Our ability to deliver on our objectives relies on our success in leveraging our existing capabilities and building on that strength for the future.

Leveraging our market strengths

Significant pool of capital

We enter our second decade from a position of strength, with a robust investment track record, a strong and respected brand, and an expert and well-regarded team. The capital injection of \$20.5 billion confirms our central role as Australia's 'green bank' and gives us license to be more ambitious and targeted in our investment approach, with an inbuilt legislative mechanism providing for additional funding to be allocated to the CEFC in areas of government focus.

Investment and structuring expertise

We have the investment and technology expertise to structure the investment products vital to delivering our strategic priorities, filling market gaps and providing market liquidity. Targeted use of our well-established, solutions-based investment capabilities towards our strategic priorities will further lift our impact.

Commercial rigour

The commercial rigour which framed our first decade will empower our second. In pursuing our strategic ambitions, we will be pragmatic in managing our portfolio and targeting portfolio returns.

Trusted brand, strong relationships

We use our leadership and influence to accelerate decarbonisation initiatives where they will have the greatest impact. This means working with clients and stakeholders across industry and Government to spur action via the right investments and policy settings. We also help build understanding about market trends, opportunities and gaps, supported by our own external market analysis. We recognise that our influence can sometimes have more widespread abatement outcomes than our direct investments.

Flexibility on risk and return

We can take higher risk or lower returns to incentivise market change and catalyse abatement activities. We use this lever flexibly, sparingly and effectively, investing to optimise the overall risk/ return for Australian taxpayers and the billpayers who ultimately bear the risk and cost. In parallel, we acknowledge that some longer-term abatement requires significant grant funding, as well as regulatory and legislative change. We work with National, State and Territory Governments to increase understanding of these needs and, where possible, co-develop solutions.



Leveraging our cultural strengths

Culture

Our Values explain how we approach our work: we're driven to make a positive impact, we collaborate to harness the power of many, we work openly, honestly and with integrity, we embrace innovation to face challenges and opportunities with confidence. All members of the CEFC team and Board have a role in delivering on our strategic ambitions, drawing on their broad commercial expertise, deep market knowledge and shared commitment to helping Australia achieve net zero emissions.

Leadership and influence

We value and encourage our people to lead and influence the market, industry and governments in "the race to the top": rewarding these activities alongside investment-specific achievements around commitments and profitability.

Diversity

We embrace diversity, equity and inclusion across our organisation, recognising the critical impact of diverse experiences, skill sets and points of view in achieving our strategic ambitions. We actively promote and encourage a culture of continuous learning and growth as a core contributor to our market impact, as well as broadening and deepening the skills and capabilities of our people as a means of progressing their careers.

Resourcing

Our near term and longer-term strategic ambitions provide new career opportunities for our people. We are disciplined in aligning our resourcing needs with our strategic priorities. This means we maximise the opportunities for our people and build our organisation with new skill sets as our role evolves.



Risk oversight and management

The CEFC Board is ultimately responsible for the overall performance of the business, including oversight of risk management. To assist in risk oversight, the Board has an Audit and Risk Committee and recently established CEFC Rewiring the Nation Advisory Committee to assist with the review of projects and transactions in this portfolio. These Board committees are in turn assisted by an Executive Risk Committee, an Executive Investment Committee, a Joint Investment Committee (with ARENA) for the Clean Energy Innovation Fund, an Impact Investment Committee and an Asset Management Committee.

The Board has established an enterprise-wide Risk Management Framework to monitor and manage all areas of risk relevant to our organisation, including strategic, investment and financial risks, operational, reputational and regulatory risks. We employ a “three lines of defence model” where the front line is responsible for managing risk within their business lines, supported and overseen by the (second line) independent risk and compliance function and the (third line) internal audit function that provides independent assurance of risk management, including the internal control environment.

Consistent with section 68 of the CEFC Act, the Risk Management Framework sets out the manner in which risk is managed for CEFC investments and for the Corporation itself. Further, the Board has articulated its appetite for risk through the Risk Appetite Statement that guides the organisation’s risk-taking activities. The Board has also established a Risk Appetite Statement for investment risks in the Rewiring the Nation Portfolio.

The CEFC does not accept risks that compromise the integrity of the organisation, and we require our people to behave ethically. We have appropriate tolerance for the risks necessary to deliver on our objectives.

Risk culture

Establishing and maintain a culture where risk management is valued and promoted throughout the organisation continues to be a critical enabler of effective risk management. Our Values and the Code of Conduct and Ethics set the standards of behaviour we require of our people.

Risk appetite

Risk Appetite is set by the Board and is implemented throughout the business by establishing risk limits and risk indicators that are monitored, reported regularly and used to guide corrective actions and mitigation strategies.

Cyber risk

The threat of cyber incidents continues to escalate. In response, we are continuing to invest in our security infrastructure, capability, policies and practices to combat the increasing threat landscape in which we operate.

Investment risk

With respect to investment risk, our Risk team reviews and assesses the risks associated with each proposed investment, independent of the team originating the investment opportunity. The Risk team provides advice to the relevant executive or board committees on transaction level risks.

Investment risks in the Rewiring the Nation Portfolio are expected to be higher and more concentrated, when compared with the General Portfolio and this is acknowledged within the Investment Mandate. We will continue to apply commercial rigour in analysing each transaction. We will seek to mitigate risks through financial structuring and the financing terms. However, we recognise that there will be residual risks in financing these projects.



Collaboration

Australia's energy systems are in transition. We are working closely with the Rewiring the Nation Office (RTNO), in our role as the finance delivery arm of the Rewiring the Nation Policy, along with the Australian Energy Market Operator (AEMO) as a technical adviser.

We will continue to engage with State and Territory governments with the shared goal of delivering infrastructure and investments that contribute to emissions reduction and economic growth, both as part of delivering RTN finance and as part of our work in the broader energy transition. We continue to work closely with ARENA in many areas including hydrogen, electric vehicles, alternative fuels, renewable energy and storage. ARENA are also represented on our Clean Energy Innovation Fund's Joint Investment Committee.

Subsidiaries

This Corporate Plan covers the activities of our two wholly owned subsidiaries, CEFC Investments Pty Ltd and Clean Energy Investment Management Pty Ltd. These subsidiaries support the CEFC objective of increasing the flows of finance into the clean energy sector and to facilitate the achievement of Australia's greenhouse gas reduction targets.