

Climate-related risks and opportunities

KEY PHYSICAL RISK	KEY TRANSITION RISK	KEY OPPORTUNITY
<p>Major flooding impacts on our roads</p> <p>Risk description Due to increased rainfall, flooding or sea-level rises, our roads could be inaccessible and/or damaged, which may result in safety concerns and traffic reductions. Primary risk is associated with surface flooding impacts.</p> <p>Priority location APRR</p> <p>Risk rating Highest rating = SIGNIFICANT under the current policies scenario at 2050</p> <p>Potential impacts</p> <ul style="list-style-type: none"> - Damage to infrastructure and replacement costs. - Increase in ongoing operations and maintenance costs. - Increased insurance premiums or inability to insure in particular locations. - Temporary loss of use of motorway sections or extended travel delays. <p>Response</p> <ul style="list-style-type: none"> - Well-designed, high-quality road networks. - Identification of higher risk areas to target for effective management. - Weather monitoring procedures with established pre-and-post-event maintenance processes. - Monitoring of weather patterns and drainage systems' capacities to identify required upgrades or improvements. - Adapting program of infrastructure upgrades and renewals (e.g. pavement renewal). 	<p>Emergence of new regulations</p> <p>Risk description Due to increased government regulation aimed at addressing and/or reducing climate impacts and/or promoting adaptation of low-emission alternatives, there is a risk of additional operating costs, taxes and/or unanticipated capital expenditure, resulting in unplanned costs and lower distributions to investors.</p> <p>Priority location APRR and Warnow Tunnel</p> <p>Risk rating Highest rating = SIGNIFICANT under the net zero scenario at 2050</p> <p>Potential impacts</p> <ul style="list-style-type: none"> - Increased operating costs or capital expenditure, e.g. through implementation of carbon taxes or low-emission design/build requirements for new projects impacting our businesses directly, or through our supply chain. - Increased customer costs leading to reduced travel. - Fines associated with not meeting regulatory requirements. <p>Response</p> <ul style="list-style-type: none"> - Staying abreast of regulatory developments and requirements to inform and adapt business strategy. - Effective communication and working relationships with governments and partners. - Compensation entitlements under concession agreements. 	<p>Access to new business and capital due to enhanced trust and reputation arising from strong sustainability practices</p> <p>Opportunity description Due to progressive action being taken to address and/or reduce climate change impacts, there is an opportunity to access new markets by meeting/exceeding government and other partner aims.</p> <p>Priority location Corporate</p> <p>Opportunity rating Highest rating = HIGH under the net zero scenario at 2050</p> <p>Potential impacts</p> <ul style="list-style-type: none"> - Improved opportunity to win new projects, e.g. through alignment with government aims by demonstrating minimisation of environmental impacts and commitment to climate action. - Improved security price through meeting investor expectations and outperforming competitors, leading to improved ability to raise capital and equity for new projects. - More desirable partner, e.g. for joint ventures, providing improved access to opportunities. <p>Response</p> <ul style="list-style-type: none"> - Delivery of Atlas Arteria's sustainability strategy. - Support our businesses in their efforts to identify, develop and deliver on the use of low-carbon innovation initiatives where possible. - Effective communication and working relationships with governments, partners and other stakeholders.
<p>RISK RATING  Low  Medium  Significant  High  Severe</p>		<p>OPPORTUNITY RATING  Low  Medium  High</p>