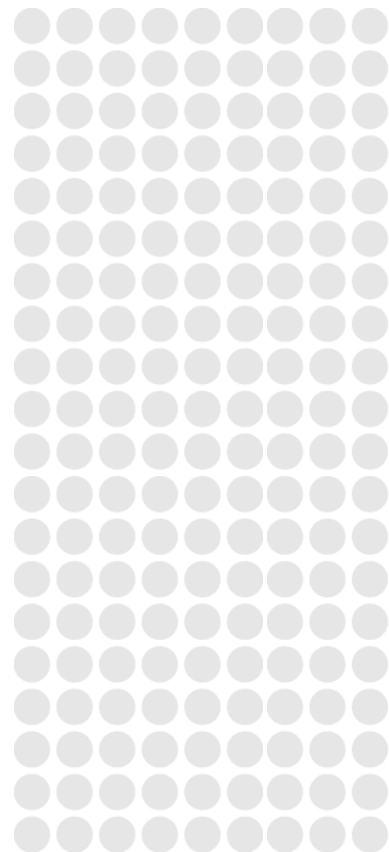




APA Group

Sustainability Report.

For the financial year ended
30 June 2018



energy. connected.

Our Sustainability Approach

APA Group is one of Australia's largest companies and a leading Australian energy infrastructure business, playing a key role in defining and delivering the future of Australian energy. Our infrastructure is built for long-term use and is underpinned by long-term contracts with creditworthy counterparties. Our business practices must be sustainable to reflect and support these long-term customer and capital commitments.

Our vision is to connect Australia to its energy future and to do this we must connect with and respect our stakeholders. We are committed to delivering connected and sustainable energy solutions that are safe, reliable, innovative and cost-effective.

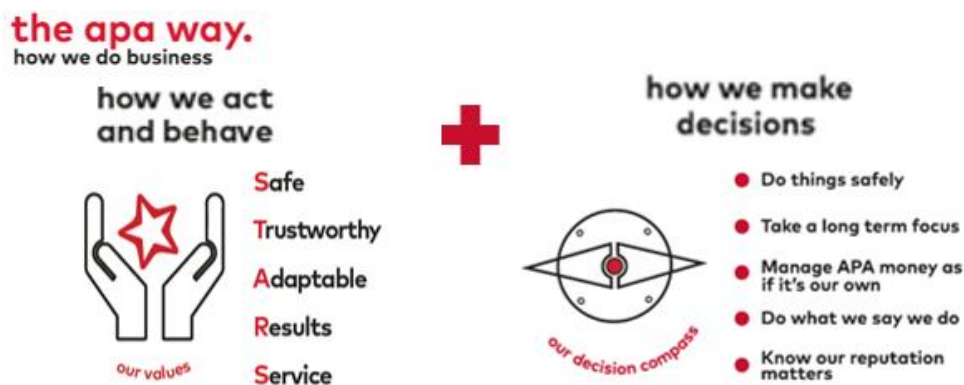
Through a stakeholder lens, APA profiles the five stakeholder groups that are essential to our sustainability as a business and to the energy industry as a whole. To achieve sustainable outcomes, 'how' we go about managing our business is as important as the outcomes or 'what' our business does. The actions and decisions that our **employees** make each day impact each other, our **customers, securityholders**, and **the communities and environment** in which we operate.

The APA Way guides how we behave – it is our blueprint for how we want to do business. At its core, five values known as our STARS drive our behaviours. These are supported by the five principles of our Decision Compass, which guide the way we make decisions.

APA recognises the importance of addressing all aspects of sustainability. In FY2018, APA initiated an enterprise wide sustainability review and improvement program, identifying strategic improvements for our Environmental, Social and Governance (ESG) profile to ensure ongoing sustainability. The program is being resourced with senior APA staff and external consultants who bring specialised subject matter knowledge and an independent perspective to this transformational program. Given the significance and broad ranging nature of the program, it is anticipated it will be undertaken over multiple years.

While the program is reviewing all aspects of ESG, key elements of the program include:

- Assessing climate risk with Task Force on Climate-related Financial Disclosures criteria;
- Reviewing environmental management practices to ensure APA is meeting or exceeding environment regulatory compliance;
- Reviewing key sustainability metrics and targets related to APA and our stakeholders.



The FY2018 Sustainability Report details APA's financial year performance against targeted sustainability actions for the period. The Report also outlines material economic, environmental and social sustainability risks, and how APA mitigates those risks.

Message from Mick McCormack, Managing Director

FY2018 was a year when the message of ensuring all Australians have access to affordable, sustainable and reliable energy was heard loud and clear by the energy industry and policy makers. Solving Australia's energy trilemma requires a collaborative approach, and APA is doing its part. Gas will play a critical role in Australia's future energy mix, as will technological advancements and energy policy certainty.

APA's flexible, long-term investment approach has supported the development of the market we have today, connecting new gas sources with market participants and providing innovative solutions for our customers. In our 18 year history APA has invested over \$13 billion in energy infrastructure, delivering energy to the people, businesses and communities that rely on it for essential services and to fuel Australia's growth.

In APA's FY2018 Sustainability Report, we are pleased to update you on our key sustainability initiatives as it relates to our stakeholders.

We have continued to execute on our \$1.4 billion plus pipeline of growth projects with the commissioning of the Emu Downs Solar Farm, Reedy Creek Wallumbilla Pipeline, the Mt Morgans Pipeline and the Yamarna Gas Pipeline. Our customers are central to APA's success and we will continue to work diligently to service their commercial needs in Australia's dynamic energy market.

APA was one of 15 energy businesses across the supply chain during the year that committed to develop a consumer charter focused on delivering improved customer outcomes. APA is a foundational member of the initiative and part of the Industry Working Group developing The Energy Charter.

As Australia's efforts to meet the Paris Agreement commitments continue, APA strengthened its advocacy in environmental stewardship. Gas is a viable, low-emissions fuel supply that Australia has in abundance. Renewable energy technology is fast evolving but its reliability to respond to market needs is some way off. So when the sun is not shining and the wind is not blowing, Australia needs access to a fast start up, flexible, reliable and low emissions energy supply which gas already provides.

In FY2018, we registered as a supporter of the Task Force on Climate-related Financial Disclosures. We also bolstered our renewable generation portfolio with the commissioning of the Emu Downs Solar Farm. We continued construction of APA's Darling Downs Solar Farm and the Badgingarra Wind Farm, and announced an adjacent new solar project.

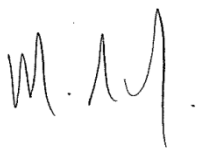
To reinforce our commitment to improving APA's Environmental, Social and Governance (ESG) performance, we have initiated a new program and engaged an external advisory firm to comprehensively review APA's strategic direction for our ESG management and reporting. It is important for the sustainability of any business to understand the opportunities and risks associated with climate change and how we incorporate those into our strategy. A plan is being developed which will see a number of ESG initiatives rolled out from FY2019 and beyond.

Our commitment to developing long-term community relationships runs parallel to safely operating our assets, as we are mindful of the impact our operations have on the surrounding communities and environment. We believe that continuing to maintain and improve strong connections with local communities helps foster an internal appreciation of the regions where we operate. This Report shares with you some of those two-way connections developed during FY2018.

During the financial year, APA completed numerous employee initiatives including undertaking "Strategy into Action" leadership workshops and introducing diversity and inclusion working groups to drive our inclusivity, flexibility, cross-generational and employer of choice strategic objectives. Safety of our people, the environment and communities where we operate and our assets themselves, remains paramount in our mindset and how we go about our daily business.

During FY2018, investor interest was strong with the completion of the \$500 million equity capital raise to help fund the largest capital expenditure program in APA's history. We thank our investors for their support of our business.

On behalf of the whole APA team, I thank all our stakeholders for helping us deliver assets that support APA achieving our vision of connecting Australia to its energy future.

A handwritten signature in black ink, appearing to read 'M. McCormack', with a stylized, cursive script.

Mick McCormack

Customers

We will deliver value to our customers and create responsive solutions to meet their needs by:

- Working together with customers to provide optimal energy market solutions.
- Providing market-leading flexible solutions to meet our customers' changing requirements.
- Ensuring the highest level of service reliability to enable customers to manage their operations.
- Strengthening our business relationships by seeking regular feedback to improve our services and customer experience.

FY2018 Performance	Actions for FY2019
<p><u>Growth</u></p> <ul style="list-style-type: none"> • Completion of the Emu Downs Solar Farm, Reedy Creek Wallumbilla Gas Pipeline, Mt Morgans Gas Pipeline and Yamarna Gas Pipeline. • Progressed construction of the Darling Downs Solar Farm, Badgingarra Wind Farm, Yamarna Power Station, as well as the refurbishment of the Orbost Gas Processing Plant. • Announced the extension of the Purchase Power Agreement with Alinta Energy from 12 years to 17 years for the 130 MW Badgingarra Wind Farm, along with the additional greenfield construction of the adjacent 17.5 MW Badgingarra Solar Farm. • Customers entered into new flexible multi-asset contracts including a three-year contract with a major existing customer on the East Coast, expansion of existing multi-asset contracts in Western Australia and a one-year contract with Incitec Pivot to deliver gas 3,300km from the Northern Territory to Brisbane. • Continued to connect new gas sources with market participants, including agreements entered into with AGL Energy to construct the Crib Point Pakenham Pipeline (subject to project FID by AGL). • Continued distribution network growth with around 35,000 additional customer connections across Victoria, South Australia, Queensland and New South Wales on networks owned and/or operated by APA. <p><u>Customer Solutions</u></p> <ul style="list-style-type: none"> • Progressed implementation of Gas Market Reform Group (GMRG) rules, meeting information disclosure requirements on 31 January 2018 for east and central regions and on 19 June 2018 for Western Australia. • Launched 'services refresh' and a new standard Gas Transportation Agreement framework across APA's transmission assets to better accommodate the market's needs for simplicity and flexibility of services. • Introduced customer feedback surveys seeking feedback to improve services and customer experience. • Foundational member of The Energy Charter initiative, which encompasses the whole energy supply chain to improve customer outcomes. 	<p><u>Growth</u></p> <ul style="list-style-type: none"> • Progress construction and development of various energy infrastructure projects to meet agreed commissioning schedules including the Darling Downs Solar Farm, Badgingarra Wind and Solar Farms, Yamarna Power Station and the Orbost Gas Processing Plant. • Continue to identify and capture opportunities that deliver flexible, responsive and sustainable solutions for our customers. • Continue to work with customers to realise planned projects into committed projects to deliver projects in transmission, storage, power generation and gas processing sectors. <p><u>Customer Solutions</u></p> <ul style="list-style-type: none"> • Continue to offer flexible transportation and storage services and innovative solutions to meet our customers' diverse requirements across Australia. • Continue to refine APA's Integrated Operations Centre, grid operations and customer management system to provide enhanced services and deliver reliable supply. • Continue to implement Gas Market Reform Group rules – financial reporting, capacity trading and auction. • Continue proactive engagement with customers and the development of feedback-led business improvement initiatives to improve services and customer experience.

Key Sustainability Risks	Risk Management
<ul style="list-style-type: none"> • Demand for gas – the volume of gas that is transported by APA is dependent on end user demand, which is influenced by the strength of the industry sectors that require gas to operate. The relative price of gas and its competitive position with other energy sources (such as electricity, coals, fuel oil, renewable sources) may change demand levels for services on APA's assets. 	<ul style="list-style-type: none"> • Long-term contractual agreements with strong counterparties underpin assets. • Ability to provide flexible and innovative customer solutions. • Complementary investments in gas storage and power generation and continued evaluation of emerging growth opportunities such as wind and solar farms and gas processing plants. • Ongoing monitoring and market intelligence of domestic and global gas markets.
<ul style="list-style-type: none"> • Supply of gas – availability of competitively priced gas is essential for ongoing use of gas infrastructure assets. 	<ul style="list-style-type: none"> • Long-term agreements with strong counterparties underpinning APA's assets. • Connect more gas resources with additional gas markets such as: <ul style="list-style-type: none"> – East Coast Grid provides flexibility for customers to manage their gas portfolios. – Working with new / emerging gas producers to bring new gas supply to market. – APA's Western Australian assets have become increasingly interconnected to deliver energy across longer distances to reach remote mining locations. • Provide infrastructure connectivity / flexibility to existing and emerging gas markets. • Flexible and innovative customer solutions.
<ul style="list-style-type: none"> • Operations – APA and our customers are exposed to a number of operational risks such as equipment failures or breakdowns, pipeline rupture, technology failures including sabotage or terrorism attack including cyber attack. 	<ul style="list-style-type: none"> • APA operates assets in accordance with all relevant regulations and standards, including robust maintenance and asset monitoring regimes. • Management of urban encroachment and excavation activities close to APA infrastructure. • An integrated approach to Emergency Response, Business Continuity and Crisis Management is applied across the business. • Participation in anti-terrorist exercises and testing to provide effective emergency response systems to manage a potential cyber attack.
<ul style="list-style-type: none"> • Poor service delivery to customers impacting customer confidence. 	<ul style="list-style-type: none"> • Given the change in market dynamics, customers are seeking increased flexibility in their energy delivery. APA continually reviews its product and service suite and provides innovative and optimal solutions to our customers. • APA has introduced customer surveys to seek feedback on areas to improve services and customer experience.

**New supplier prequalification program
~ safeguarding against supply chain risk**

APA relies on a multitude of suppliers' goods and services to help deliver connected, sustainable energy solutions to our customers. In FY2018, APA's procurement team introduced a supplier prequalification assessment and compliance program to manage elements of potential supply chain risk. The new process will measure and monitor each key supplier against critical prerequisites to protect APA from risks such as Health Safety and Environment (HSE) management policies, procedures and breaches, associated legal actions, insolvency events, child labour policies and prevention, equal opportunity, diversity and fair pay. An up-to-date database of key suppliers' policies and procedures will be maintained in a central repository. This will enable APA to assess financial, legal and insurance, HSE, quality management and supply chain risks. It will also confirm that the suppliers' operations are consistent with APA's core values - safe, trustworthy, adaptable, results and service.

The new supplier prequalification process will provide greater certainty and confidence to our customers and other stakeholders about the suppliers APA works with.



Melissa Ogden from APA's Infrastructure Procurement team running training for APA's new Supplier Pre-qualification (ASP) Program

Environment

We will continue to deliver an environmentally responsible, safe and essential service by:

- Taking a systematic and risk-based approach to environmental management.
- Maintaining compliance with environmental obligations in all jurisdictions we conduct our business.
- Meeting or exceeding the Australian Pipelines and Gas Association ("APGA") Code of Environmental Practice.
- Considering environmental risks in all investment and procurement decision-making.
- Contributing to policy and responding to climate change initiatives to promote the use of gas as essential to a low emissions energy mix.
- Evaluating further renewable energy and low emission gas generation opportunities.
- Expanding the understanding of Environmental, Social and Governance (ESG) and climate risks across our business.

FY2018 Performance	Actions for FY2019
<ul style="list-style-type: none"> • APA did not receive any penalty notices relating to environmental compliance in any Australian jurisdictions in FY2018. • Commenced an Environmental Management Plan (EMP) Improvement Program across the business. • Registered as a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) to demonstrate APA's support for voluntary and consistent climate-related financial risk disclosures and initiated a project to improve disclosures for FY2019. • Continued to expand APA's renewable generation capacity with the completion of the Emu Downs Wind Farm, ongoing construction of the Darling Downs Solar Farm, Badgingarra Wind Farm, and the announcement of the new greenfield Badgingarra Solar Farm. • Contributed to the ongoing update of the Australian Standard AS 2885 "Pipelines – Gas and Liquid Petroleum" suite of documents. • Contributed to the Australian Pipelines and Gas Associations (APGA) working group that revised the 'APGA Code of Environmental Practice (2017)'. • Contributed to climate policy discussions and recommendations contained in the Finkel Report, and in relation to the proposed National Energy Guarantee promoting the role of renewables and gas as important contributors to achieving meaningful emission reduction targets. • Continued to develop relationships with APA's industry member bodies, the Clean Energy Council and Business Council of Australia, to promote effective climate change policy. • FY2018 APA Annual Report and Sustainability Report was printed on 100% recycled paper made Carbon Neutral. 	<ul style="list-style-type: none"> • Continue to expand our renewable energy portfolio with the scheduled commissioning of the Darling Downs Solar Farm and the Badgingarra Wind and Solar Farms. • Contribute to industry and government policy discussions on environmental regulation and climate policy. • Continue to develop relationships with APA's industry member bodies, the Clean Energy Council and Business Council of Australia, to promote effective climate change policy. • Explore and analyse risks and opportunities associated with ESG and climate risk across our business in accordance with the TCFD guidelines.

Key Sustainability Risks	Risk Management
<ul style="list-style-type: none"> Environmental Harm - If not managed appropriately, APA's activity in the operation and construction of our assets, has the potential to cause harm to the environment, through air emissions, release of chemicals or hydrocarbons, inappropriate waste storage and disposal, the disturbance of heritage sites or protected flora and fauna. 	<ul style="list-style-type: none"> APA has an HSE Management System called "Safeguard" that provides a framework to manage our Health, Safety and Environment risks. Operational procedures underpin this framework and include important steps to manage environmental risks such as waste storage and disposal, the handling and storage of chemicals and prevention of the spread of declared weeds. APA has in place management plans that identify local environmental risks and outline control measures that are applied and integrated into our operational procedures.

Environmental management at APA

Our Health, Safety and Environment (HSE) Policy approved by APA's Board HSE Committee sets out APA's goal to achieve zero harm for all employees, contractors and third party stakeholders operating our assets or working near them. It also applies to community members living near our assets and importantly, avoiding and minimising environmental harm. Every employee, contractor and sub-contractor has an obligation to prevent or minimise any environmental harm arising from APA's operations and activities.

Environmental Social Governance (ESG) Performance

During FY2018, APA engaged an external advisory firm to commence an independent analysis of APA's strategic direction regarding Environmental, Social, Governance (ESG) practices and reporting. This work is intended to provide senior management with recommendations for improvements and inform a transformation program scheduled to commence in FY2019. This will include reviewing all key aspects of ESG such as environmental practices, climate risk management and broader sustainability practices and metrics.

Emissions management

APA's extensive energy infrastructure asset base embeds our operations across Australia's rural and metropolitan communities. As part of this, our obligation to safely operate and maintain our infrastructure includes managing potential emissions from our activities. Hence managing emissions such as noise, light, vibration or odour is part of our commitment to the community and environment.

Consideration of emissions risks is factored into our environmental risk assessments. APA stores environmental information in our Environmental Management Plans, and emissions are a key environment area in our corporate environment framework.

Across our asset footprint and across various emissions types, APA's pipeline assets have a low impact on communities. A very small proportion of our facilities trigger any local, state or territory emissions licencing thresholds. However, APA is committed to respecting the communities where we operate. We maintain lines of contact with the community via our Integrated Operations Centre, which is available 24/7 to receive notification from the community of any issues that may arise.

APA complies with the Commonwealth National Greenhouse and Energy Reporting Act 2007, and reports its annual Scope 1 and 2 emissions (refer to section 11.4 of the FY2018 Directors' Report).

Reducing emissions

~ Moomba and Wallumbilla Compressor Stations

APA's compressor stations at Moomba and Wallumbilla (station 3) are integral components in the delivery of gas through both our South West Queensland Pipeline (SWQP) and Wallumbilla Gladstone Pipeline (WGP).

In FY2018, members from both our Integrated Operation Centre and SWQP Reliability Improvement Project teams modified each compressors' operating conditions to assist with their efficiency.

This was achieved by reducing the minimum on-load speed of the engine gas-producers within the compressor units by around 5%.

This modification will help towards reducing the hours a unit is required online. This is the first (and essential) step towards online optimisation of machine usage. It helps APA better align machine utilisation with the continual changes from our customer's gas orders. A win-win all around.

Achieving these kinds of sustainability benefits for the business, both financial and environmental, as well as the potential for scalability of initiatives and resulting benefits to other parts of our transmission operations is one of the key reasons why APA is one of Australia's leading energy infrastructure businesses.



Native Vegetation Management

APA takes a risk-based approach to environmental management. Identification, assessment and management of risks associated with native vegetation is undertaken through our environmental risk assessment process and actioned through environmental management plans.

Soil and Water Management

APA continues to manage our activities and our contractors' operations on land and watercourses in a way that strives to avoid or minimise risk. Some examples include: frequent patrols of our transmission pipeline easements to identify erosion issues early; we factor watercourses into our risk assessment; and avoid interaction with watercourses whenever practicable.

Respecting indigenous cultures and the environment

The location of APA's latest greenfield gas pipeline construction project, the Yamarna Gas Pipeline (YGP) in remote Western Australia, travels through native title claimant areas and sites of cultural significance. The 198km pipeline is an extension of APA's Eastern Goldfields Pipeline, connecting the Gruyere Gold Project to a reliable gas supply for its mining operations.

From the onset, APA committed to developing the project in collaboration with the local community.

The team engaged with representatives from the Nangaanya language group in Laverton, members of the Council of Tribal Elders and the Yilka claimant group. This ensured all stakeholders were informed and comfortable with APA's plans, as well as guaranteeing that APA had met its environmental compliance obligations.

APA's extensive assessment of the landscape also provided support to multiple ethnographic and archaeological surveys, and contributed substantial data to the regional knowledgebase.

From these surveys, six unregistered culturally significant sites were identified and three previously known sites were accurately positioned. This information was provided to the Department of Land, Planning and Heritage to assist with future management.



Bunting boundary protecting Yamarna cultural heritage site during construction of the Yamarna Gas Pipeline

Managing Climate Change Issues

Carbon Disclosure Project

APA participated in the Carbon Disclosure Project during the reporting period, a voluntary disclosure to investors on carbon emissions, liability, reduction activities, strategies and management. APA's overall score of "C", which is in line with the sector peers and ASX200 average.

APA's ESG Improvement Program will recommend initiatives that will positively impact APA's overall score in future years.

Task Force on Climate-related Financial Disclosures

APA expressed support for voluntary and consistent climate-related financial disclosures in FY2018 by registering as a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). APA is currently undertaking an extensive review of its Environmental, Social and Governance reporting with the assistance of an independent advisory firm, to determine climate-related opportunities and risks for the business. This includes a detailed assessment of APA's climate risk disclosure against the four TCFD categories of governance, strategy, risk management and metrics and developing an associated plan to improve this disclosure in FY2019.

Clean energy policy

APA continues to support reducing carbon emissions as a risk mitigation response to minimise the effects of climate change. APA supports technology agnostic domestic solutions that integrate energy and climate policies to meet Australia's carbon reduction commitments, while ensuring affordability and reliability. APA continues to encourage the development of bipartisan national energy policy. Certainty, clarity and a commitment to a national energy policy are crucial to maintaining investment confidence. APA's mix of assets will play an important role in meeting these goals through the combination of intermittent renewable generation with reliable, low emissions gas-fuelled generation in Australia's future energy mix.

Investing in renewable energy

In 2018, APA commissioned the 20 MW Emu Downs Solar Farm, which will add to the production and reliability of the Emu Downs Wind Farm. APA also announced the Badgingarra Solar Farm project which is a 17.5 MW tracking array that will be co-located with the 130 MW Badgingarra Wind Farm. It is the same concept that APA deployed at the adjacent Emu Downs Wind and Solar Farm. In this particular location, wind and solar have complementary generation profiles due to the predictable nature of the underlying wind and solar resources. APA's combined solar and wind farm site maximises the collection and generation of renewable energy, efficiently transmitting that energy through the same transmission connection infrastructure. Taking advantage of this complementary resource and maximising use of shared infrastructure has enabled APA to successfully develop this project.



Construction of APA's Badgingarra Wind Farm

During FY2019, APA expects to commission the 110 MW Darling Downs Solar Farm, the 130 MW Badgingarra Wind Farm and the 17.5 MW Badgingarra Solar Farm. APA continues to evaluate further renewable energy opportunities together with stand-alone and integrated low emission gas generation. This combination of intermittent renewable generation with reliable, low emissions gas-fuelled generation is well positioned to help deliver energy to people, businesses and communities that use it, affordably, efficiently and reliably.

Community

We will positively engage with the communities where we operate by:

- Building long-term strategic community relationships to maintain support and goodwill for APA's activities.
- Increasing employee connections with local communities through sponsorships, employee awareness initiatives and giving programs that target vulnerable communities.
- Exploring opportunities to involve employees in the community programs we support, and reciprocating by inviting socially disadvantaged children and young adults to APA workplaces to learn about our business and encourage education.

FY2018 Performance	Actions for FY2019
<ul style="list-style-type: none"> • APA donated to four initiatives as part of its Building Brighter Futures program: Clontarf Foundation, Bill Crews Charitable Trust Literacy Program, The Fred Hollows Foundation and Australian Schools Plus. • APA undertook key sponsorships of the Taronga Zoo Foundation and the Australian Brandenburg Orchestra. As part of the Australian Brandenburg Orchestra sponsorship, APA sponsored concerts in two locations where it has substantial operations with a concert in Brisbane and a free community concert in Toowoomba. • Selected APA employees engaged directly with our Building Brighter Futures partners by travelling to their communities to work with them. This included the five-day Clontarf Kununurra Experience; the week-long Fred Hollows Foundation See Australia field trip to Bourke; and multiple day-long exchanges with Clontarf Foundation academies at the schools where they operate and at APA sites. • Diversity & Inclusion (D&I) is an important aspect of working life at APA, and APA supported three D&I-focused charities: Dress for Success, Orange Sky Laundry and White Ribbon Australia. • As part of an APA program where employees were sponsored by APA to donate time to a charity, several APA employees volunteered at registered charitable organisations of their choice. • APA offices held individually organised events to raise money for causes such as Australia's Biggest Morning Tea, Pink Ribbon Day (both Cancer Council), Black Dog Institute and Movember. • APA continued with ongoing annual contact and engagement programs with landowners and occupiers along existing transmission pipelines to facilitate safety awareness and provide a forum for concerns and issues to be raised and addressed. • 29 APA employees participated in the Sydney Street Choir Corporate Challenge in Martin Place which raised \$5,000 to help men and women dealing with homelessness, mental illness, addiction and/or social disadvantage. • Commenced a community and stakeholder consultation program for the proposed Crib Point Pakenham Pipeline project. • Continued ongoing community and stakeholder consultation for the proposed Western Slopes Pipeline project. 	<ul style="list-style-type: none"> • Maintain support of our community investment program, Building Brighter Futures, through headline partnerships and promote and support fundraising events across the business. • Financially support and maintain employee engagement with our three key D&I charitable initiatives: Dress for Success, Orange Sky Laundry and White Ribbon Australia. • Continue to financially support community events by encouraging and empowering APA worksites across Australia to organise fundraising events. • Progress the community and stakeholder consultation program of activities for the various new infrastructures projects across the business.

Key Sustainability Risks	Risk Management
<ul style="list-style-type: none"> • Community Relations - Maintaining community support and goodwill for APA's activities. • Encroachment - urban encroachment around existing pipeline easements can increase the potential for damage with pipeline location changes. Supplier practices – working with our suppliers to manage environment, safety and social responsibility issues. 	<ul style="list-style-type: none"> • APA engagement with community interests including through local sponsorships. • Community education and communication for construction activities including "Dial Before you Dig" (DBYD) service. • Landowner liaison and education. • Participation in Australian Pipelines and Gas Association Corridor Committee / pipeline operator groups. • Liaison with council and planning authorities to manage potential encroachment issues. • Prequalification and ongoing monitoring of suppliers to ensure compliance with APA standards.

Community Investment Program

Building Brighter Futures is APA's community investment program. Designed to provide support to socially disadvantaged communities including Indigenous and Torres Strait Islander communities, the program targets locations where APA operates. In addition to financial support, APA's relationships with Building Brighter Futures beneficiaries is an intrinsic partnership including knowledge sharing, employee engagement and exchange activities.

In financial year 2018, APA's Building Brighter Futures headline partnerships included: The Clontarf Foundation; The Fred Hollows Foundation; Bill Crews Charitable Trust Literacy Program; and Australian Schools Plus.

Furthermore, APA donated to three charitable organisations that supported our Diversity and Inclusion focus on age, gender and culture:

- Orange Sky Laundry.
- Dress for Success.
- White Ribbon Australia.

APA and the Clontarf Foundation supporting Indigenous communities

APA has been supporting the Clontarf Foundation for eight years, as part of its commitment to promote community development. With many of APA's facilities situated at or near Indigenous Australian communities, the Clontarf Foundation's goal to improve the health and educational standards for young Indigenous Australians is an important one. APA's partnership with the Clontarf Foundation provides financial support, sharing of skills via mentoring, traineeships and work experience to help deliver the Clontarf program to over 6,000 boys nationally each year.



APA Corporate Development team member Gordon Sue with Clontarf youngsters and other partner representatives during their engagement experience, in the Top End, Northern Territory

Sponsorship and Donations

APA continued to provide monetary and in-kind support to a number of groups or causes that achieve one or more of the following:

- Improve the lives of the individuals and communities we are supporting.
- Strengthen APA's reputation in the local community.
- Enhance APA's relationships with key community stakeholders.
- Increase community awareness and understanding of APA.

- Provide positive networking opportunities with community stakeholders.

Of these, the two major sponsorships in FY2018 were for Taronga Zoo Foundation and the Australian Brandenburg Orchestra. As part of our support for the Australian Brandenburg Orchestra, we sponsored a concert in Brisbane and a free community concert in Toowoomba; two locations where we have substantial operations.

Reedy Creek Wallumbilla Pipeline stakeholder engagement

~testimonial from Colin Maunder - owner of Maunder Pastoral Company

"Right from the start of the Reedy Creek Pipeline proposal we have found APA a good company to work with. Consultation with people involved was always done in a positive and non-threatening manner. Ian Crombie, our Liaison Officer, was polite and co-operative, as a go to person and Matthew Morrow explained the construction processes clearly. We would have to agree that we were well informed about the project development and progress.

We found the communication networks easy to work with. Employees explained the process clearly and they were prepared to listen to us in a respectful manner. APA kept us well informed regarding all aspects of the projects development.

The easement negotiation process was straightforward and we found APA to be reasonable. If any concerns arose, there was always someone whom we could contact easily. If our Officer was going to be away/on leave he advised us, by phone or email, what to do if we had any concerns.

Regular feedback about developments occurring regarding the routing of the pipeline was offered. We did suggest the re-routing of the pipeline because of rough terrain and this was taken on board. APA observed suggestions and concerns about existing infrastructure, such as access lanes to cattle yards, and these problems were worked around effectively.

We were kept up to date regarding key project developments in the lead up to construction so nothing occurred that surprised us as landholders.

Compensation for the easement granted by APA seemed adequate and fair, and we felt our overall relationship with them was valued.

We were adequately informed regarding key milestones in the lead up to construction, and were satisfied that suitable arrangements were in place to manage the impacts that may inevitably occur.

Given the fact that we were compensated for inconveniences, it must be said that when the pipeline was completed we were happy that impacts of construction had been suitably managed and best practice observed. We were able to continue our grazing operation without any major inconveniences due to construction works.

The rehabilitation progress is satisfactory at this point in time.

APA also were involved with fundraising activities within the community, which was to be admired, as sometimes, it is difficult for these companies to be seen by the general public as doing anything good for the communities. There is always a lot of negativity presented by the likes of the media, and vocal groups.

Overall commitments made by APA were observed and the journey so far has been amicable throughout, leading us to believe APA have done their best to form positive relationships with landholders."

Community and Stakeholder Engagement

APA values and respects its relationships with the stakeholders and communities where we operate. We are committed to building and maintaining long-term relationships with our stakeholders, as well as meeting all applicable regulatory and legislative requirements.

APA's approach to stakeholder engagement is guided by the following principals:

- **No surprises:** inform and engage community members and key stakeholders early in the project's consultation process, and ensure that they remain fully informed.

- **Be inclusive:** ensure the community has easy access to clear and concise information about projects, while ensuring it is communicated in language (for example, non-technical) appropriate for each audience.
- **Be honest and act with integrity:** always use facts and speak the truth. If the answer is not known then the question will be taken on notice, the appropriate parties spoken with and a response provided promptly.
- **Be responsive:** respond to all stakeholder contact in a timely manner and make every effort to resolve issues to the satisfaction of all stakeholders.
- **Be a part of the community:** use the business' projects as a way to contribute to stronger local communities with the potential to provide economic and social benefits.
- **Honour all obligations:** deliver on promises made to the community and stakeholders.

Where community consultation is required, APA develops a Community Consultation Plan to identify stakeholders and their likely area of interest in the proposed project, along with identifying who in the project team has responsibility for engaging the stakeholder(s) and the best timing and format for these engagements.

The plans are not static documents, evolving as the project progresses. They require revision and flexibility to meet changing needs and circumstances. Each project plan is usually reviewed every three months or as required.

Business Continuity / Emergency Response / Crisis Management

APA's approach to emergency recovery is integral to our operations and values. It seeks to protect our assets, property, people and IT systems, and to consider the environment and local communities we impact. Our integrated approach to Business Continuity / Emergency Response / Crisis Management provides for effective recovery whilst continuing to service our customers and meet regulatory requirements by assessing:

- Emergency response for energy infrastructure assets incidents.
- Business continuity response for premises, people, IT systems and cyber type incidents.
- Crisis management response, involving APA's Executive team which focusses on high severity incidents.

APA maintains programs of testing to ensure our approach remains current and reflects changes in our business, our customers and the communities we are part of.

APA regularly participates in internal and external testing of emergency response procedures, exploring scenarios and stress testing our emergency response plans and crisis management plans. This ensures that should an emergency situation occur, APA is equipped with the necessary tools to help manage the situation.

Exploring scenarios and testing emergency response and crisis management plans is a vital way to share information and best practice. In FY2018, APA participated in the Australian Government's Trusted Information Sharing Network for Critical Infrastructure Resilience full-day workshop. Representatives from the banking and finance, communications, food and grocery and health sectors also attended, along with the police. The exercise focused on emergency information and communication needs, the interdependencies between the different sectors and the importance of raising awareness amongst all stakeholders.

Employees

We are committed to providing an inclusive, rewarding and collaborative working environment where all our people can contribute, perform and succeed. We do this by:

- Fostering a culture to ensure our health, safety and environmental obligations show continuous improvement in performance and that risks are identified and managed to prevent harm and build a sustainable future.
- Attracting, developing and enabling our people to build their own and the organisation's capability for future growth and success.
- Developing deep technical expertise in a continuous learning environment with inspiring, accountable leaders.
- Living and embedding the APA Way so our culture is a key enabler of our success.

FY2018 Performance	Actions for FY2019
<p>Safety</p> <ul style="list-style-type: none"> • All leading HSE indicator⁽¹⁾ were met or exceeded including HSE leadership activities. • The Total Recordable Injury Frequency Rate (TRIFR) result was 8.9⁽²⁾, predominantly due to contractor injuries exceeding target. No fatalities occurred. • The Lost Time Injury Frequency Rate (LTFIR) result was 1.76 which exceeded the FY2018 target of <1. • Completed overhaul of Alcohol & Other Drugs Policy and protocols. • An online Health and Wellbeing platform was launched for employees with good uptake. • Commenced implementation of action plan to improve Chain of Responsibility capability which will meet new National Chain of Responsibility laws and managing our supply chain risk. • Targeted promotion and education on key HSE matters such as contractor management, distractions, gas safety and safety leadership. • Utilised data from APA's In Vehicle Monitoring System to develop campaigns to target speeding and use of seat belts. • Conducted necessary Crisis and Emergency Management training and tests. • Delivered a safety reset training module to employees and contractors in APA's Transmission and Networks business to address safety risks, seek employee input about how APA can improve its safety performance and reinforce the collective responsibility employees have in being mindful of workplace safety. 	<p>Safety</p> <ul style="list-style-type: none"> • Target TRIFR of no more than 7. APA will use data analytics to develop activities to improve injury performance including (but not limited to) contractor performance and management, manual handling and focus on prevention of hand injuries. • Continued development of a comprehensive process safety framework, measures and integration with current Safety Management system. • Implement company-wide Health and Wellbeing program targeting areas identified from APA's Health and Wellbeing online platform. • Safety Leadership initiatives and programs as part of APA's overall leadership and development framework. • Improve mobility and usability of HSE reporting.

(1) Leading HSE indicators refers to performance measures of activities undertaken in the workplace at the time they occur aimed at preventing HSE incidents.

(2) Lag indicators refer to performance measures capturing HSE events after they have occurred. TRIFR is measured as the number of lost time and medically treated injuries sustained per million hours worked. APA's figure includes employees and contractors.

Leading for growth and diversity

- 297 leaders completed Leadership Styles & Climate "Strategy into Action" workshops with structured coaching sessions.
- Employee Survey conducted with 78% participation and a positive engagement score (71% favourable).
- Engineering capability framework completed and ready for roll-out in FY2019.
- HR Systems review project commenced but put on hold for some months due to resourcing constraints.
- Introduction of Diversity & Inclusion (D&I) Working Groups to assist in the implementation of D&I Strategy in key objectives of Inclusivity, Flexibility, Cross-generational and Employer of Choice.
- APA's Board approved a Gender Targets Action Plan to work towards achievement of female participation targets.
- Introduced new, structured Talent Review process to improve talent and succession outcomes.
- Continued promotion of APA values and culture via the launch of The APA Way, APA Excellence Awards, leadership programs, and extensive refresh of APA's Code of Conduct,

Leading for growth and diversity

- Launch a new people management fundamentals program called Leading @ APA, aimed at new and frontline leaders.
- Implementation of engineering capability framework.
- Develop business specific competencies and learning frameworks to embed and improve technical know-how and capability.
- HR Systems project re-commenced to upgrade people processes and system capability.
- Improve capability and processes around key people functions such as recruitment, resource planning, business partnering, change management and learning design.
- Continue work on the D&I strategy with emphasis on:
 - Development of Employee Value Proposition
 - Gender Targets Action Plan implementation
 - New Apprenticeship program
 - Increased use of flexibility arrangements.
- Review and redesign the performance and reward / remuneration models.
- Refreshed Code of Conduct to be rolled out to employees and contractors.

Key Sustainability Risks	Risk Management
<ul style="list-style-type: none"> • Failure to provide a safe workplace resulting in serious or fatal injuries (Safety). 	<ul style="list-style-type: none"> • APA maintains a comprehensive workplace HSE Management System. It is predicated on the principles of hazard and risk identification, control measures and a robust assurance framework. • HSE training, education and awareness is a cornerstone of the HSE Management System. • As part of our assurance framework, Health and Safety audits are undertaken across all parts of the business to ensure that health and safety risks are effectively controlled.
<ul style="list-style-type: none"> • Potential for legal proceedings for failure to comply with Health, Safety and Environmental legislative obligations. 	<ul style="list-style-type: none"> • Maintain and monitor compliance to APA's HSE Management System including undertaking regular compliance monitoring through audits and workplace inspections. • Provide Health, Safety and Environment training to managers and employees.
<ul style="list-style-type: none"> • Employee capability, recruitment and engagement - Failure to develop, attract and retain talented employees. 	<ul style="list-style-type: none"> • APA maintains a number of initiatives to ensure there is a pool of talent and internal capability for now and in the future. • These include formal succession and talent management, a diversity and inclusion strategy, as well as technical, functional, business and leadership development. • The business has introduced a strong internal recruitment capability to ensure we identify and secure external resources as and when needed.
<ul style="list-style-type: none"> • Failure to focus on the health and wellbeing of our people impacting productivity, absenteeism and culture/ behaviour. 	<ul style="list-style-type: none"> • APA maintains a comprehensive workplace HSE Management System. It is predicated on the principles of hazard and risk identification, control measures and a robust assurance framework. • Health and wellbeing education and awareness is a key element of the system. In FY2018 APA introduced a Health and Wellbeing employee platform to support employee learning. • As part of our assurance framework and HSE audits, APA regularly reviews its people metrics and trends, as well as conducting employee surveys.

<ul style="list-style-type: none"> • Failure to comply with Employment, Discrimination (sex, race, disability, age, gender), EEO and Diversity regulations resulting in potential fines or negative publicity. 	<ul style="list-style-type: none"> • APA has several initiatives in place to strengthen the cultural, gender and age diversity of APA's workforce including the 2017-2020 Diversity & Inclusion Strategy and Gender Targets Action Plan. • Employees are regularly trained in their obligations with respect to lawful and appropriate behaviour, discrimination and complaints and investigation processes are in place to address issues. • Employment terms and conditions are established and regularly reviewed to ensure they meet or exceed legislative requirements.
<ul style="list-style-type: none"> • Potential for a Process Safety incident at an APA asset resulting in a major accident or explosion. 	<ul style="list-style-type: none"> • A Process Safety framework is currently under development and is being incorporated into APA's HSE Management system. • It is predicated on Industry best practice and the principals of understanding Process Safety risk, specifying the critical control measures to safeguard those risks. • As part of APA's assurance program, Health and Safety audits are also undertaken in all parts of the business, including on some key Process Safety critical controls.

Leading for growth

In FY2018, 297 of APA's leaders participated in our Leadership Styles and Climate (Strategy into Action) program which now has seen all of APA's existing leaders attend in the last two years. This program focused on connecting leaders to the APA strategy, setting a standard on how to lead at APA and then providing tools and techniques on how to leverage various leadership styles to lead for growth, improved team climate and performance.

Via this program, 138 leaders (those who manage >3 people) received a 1:1 report debrief and coaching on how they lead and the impact this has on the climate in their team. After this training, 91% of attendees reported to have communicated the strategy to their team with the majority also reporting positive team improvements. In FY2019, we will commence re-assessing our leaders who have previously completed the program and will provide this program to new leaders within APA.

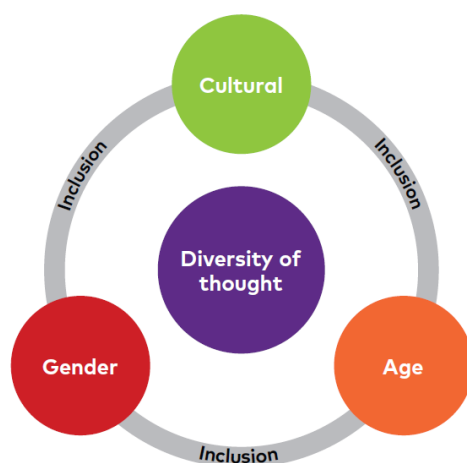
We also successfully piloted a new leadership program to build core people management skills expected of all leaders at APA: **Leading at APA**. It is aimed at new and frontline leaders in particular, and covers such topics as:

- Understanding their role as a leader at APA.
- Building high trust relationships.
- Conducting good quality conversations - in person and remotely - to:
 - Manage for performance, set expectations, provide enriched feedback, delegate tasks and develop their people.
 - Empower people to take ownership of and be accountable for achieving their goals while managing the how, not just the result.
 - Be fair and consistent in how they manage.
 - Leverage delegation as a way to develop and grow team member capability.

In FY2019 we will commence the rollout of this programme to leaders within APA.

Diversity and inclusion

APA's 2017-2020 Diversity & Inclusion Strategy focuses on achieving diversity of thought, by strengthening the cultural, gender and age diversity of APA's workforce.



diversity of thought: APA's workplace is naturally inclusive and respectful of all employees. Employees are empowered to think innovatively and leverage cultural, gender and age diversity to improve business performance.

cultural: APA embraces differences in culture, beliefs and customs to build upon our diversity of thought

gender: APA seeks to attract and retain a high quality, gender balanced workforce

age: APA leverages value through the experience and potential of a cross-generational workforce

To achieve this goal, in FY2018 APA established four working groups aligned to the diversity and inclusion priority areas of Flexibility, Inclusion, Cross-Generational and Employer of Choice, with the objective of creating a workplace where APA is known as:

- **Inclusive** – where differences are recognised and language and behaviour demonstrate organisational commitment to diversity and inclusion;
- **An Employer of Choice** – attracting and retaining diverse talent and increased female representation in senior leadership and engineering/operational roles;
- **Flexible** – flexible work practices providing greater role accessibility and supporting individuals to balance personal and work requirements; and
- **Cross-generational** – a strong talent pipeline, supported by an engaged and skilled workforce, mentoring and succession planning, leverage and transfer of critical skills and knowledge.

Each working group is led by a member of APA's Executive Committee as the sponsor and comprises representatives from across the business who meet at least monthly to design and deliver initiatives aligned to APA's Diversity & Inclusion Strategy.

In addition, APA has established a Diversity and Inclusion Champion network, comprising of employees across the business who meet approximately once a month to keep informed on APA's diversity and inclusion progress, as well as to contribute to the discussion and help design and co-ordinate future initiatives and priorities.

Some of the work undertaken by the D&I Working Groups is highlighted below:

Inclusive

The "Inclusivity" working group co-ordinated a series of diversity and inclusion site events to recognise and celebrate inclusivity, including Harmony Day and International Women's Day. These events were promoted across the business to increase awareness and generate discussion about creating an inclusive work environment. Focus areas for FY2019 include:

- Recognising and celebrating the National Aboriginal and Islanders Day of Celebration with our partners The Fred Hollows Foundation and Clontarf Foundation.
- Launching an Inclusive Leadership Program for all people leaders, alongside Unconscious Bias training for employees, commencing in FY2019.

An Employer of Choice

APA is aiming to increase the female participation in its workforce and set targets in FY2017 to be achieved by 2022. The targets and our progress to achieving them are set out below:

Area	Female % Target by 2022	FY18 status against Target	FY17 status against Target
Total Workforce	30%	27%	27%
Senior Leaders ⁽³⁾	25%	17%	17%
Talent Pipeline ⁽⁴⁾	>30%	30%	22%

The “Employer of Choice” working group has carriage of the Gender Targets. During FY2018 we completed the Gender Targets Action Plan, which was approved by the Board. The Plan sets out APA’s actions for the next four years to achieve its gender targets including:

- *Attraction of females to APA* – ensuring APA has a positive image and is attracting diverse talent (e.g. improved advertising and promotion; external partnerships).
- *Recruitment /Selection* – increasing the quantity of females recruited in line with APA’s merit/quality requirements (e.g. improved recruitment capability and policies).
- *Development* – ensuring our development efforts are effective for women and men at all levels in APA (e.g. revised Talent Review process, coaching, networking, and technical development opportunities).
- *Retention* – improving retention of females at all points of their career (e.g. senior sponsorship; pay equity)
- *Performance and Metrics* – what gets measured, gets done (e.g. KPIs for senior leaders; regular reporting; recruitment targets).

This working group has also undertaken work on reviewing how our recruitment companies “sell” the benefits of APA to external candidates as well as completing an internal survey on what APA’s Employee Value Proposition should be. This will be a key input into the development of our Employer of Choice program in FY2019.

Flexibility

The “Flexibility” working group analysed how many people are on flexible working agreements and has also liaised with external organisations on what flexibility they are offering to their employees. It is currently redefining flexibility for APA and educating leaders through a new initiative on how to manage flexibly. APA provides primary carers with 14 weeks of parental leave at full pay, or 28 weeks at half pay. In 2017 – 2018, APA achieved a return-to-work rate of 94% for those on parental leave and continues to pro-actively work with and support working parents with flexible work options. APA provides a supportive working environment for breastfeeding mothers and is accredited by the Australian Breastfeeding Association as a Breastfeeding Friendly Workplace.

⁽³⁾ Senior Leaders comprises “Other executives/general managers” and “senior managers” as reported to WGEA above.

⁽⁴⁾ Talent Pipeline refers to the pipeline of candidates in our talent pools

Cross-Generational

The “Cross- Generational” working group analysed the demographic composition of the workforce at APA. It identified a number of key areas of focus including, the development of new capabilities and bringing different generations into specific skill areas. During the Reporting Period, the focus has been on developing an apprenticeship program and revising and extending our current graduate program. An APA wide mentoring program and a phased retirement program has also been established.

APA’s Gender Diversity Profile

The following tables provide an overview of the percentage of women at APA, as well as the percentage of women in leadership roles, as reported to the Workplace Gender Equality Agency (WGEA) in 2018.

Table 1: Women profile (as reported to WGEA for the period 1 April 2017 - 31 March 2018)

Percentage of non-executive Directors who are women	42%
Percentage of workforce who are women	27%
Percentage of total leadership roles filled by women ⁽¹⁾	20%
Percentage of technical and trades roles filled by women	3%

⁽¹⁾ Leadership roles are defined in accordance with the WGEA occupational categories and comprise all levels of management (i.e. key management personnel, general managers, senior managers and other manager roles excluding team leader and supervisory roles.)

Table 2: Breakdown of women in leadership roles (as reported to WGEA for the period 1 April 2017- 31 March 2018)

CEO	0%
Executive Committee	29%
*Other executives/general managers	24%
Senior managers	14%
Other managers	22%

Developing Talent and Capability

APA’s leaders continue to participate in talent management sessions to identify and build a strong pipeline of critical capability to meet the organisation’s current and future requirements and ensure long-term continuation of core business activities.

All senior leaders have participated in the talent review process in 2018, to identify high potential and emerging talent as well as potential successors for key roles. The process was also to identify capability gaps across the organisation. This year employees were asked to submit a detailed employee profile that captured their career aspirations, mobility and their strengths and development needs. This information fed into the talent review process. Employees identified through this process receive development via a talent program ranging from structured assessments and feedback, on-the-job training, secondments, coaching and tailored development. Approximately 150 employees were assessed using a new structured talent review process.

APA continues to focus on building its internal development tools. It will be launching an APA mentoring program in August 2018 to proactively develop talent and potential successors for key roles.

Work has also been ongoing in establishing key technical and functional capability frameworks and learning environments to continue to improve and deepen APA's technical expertise. During the reporting period areas of focus included establishing a broad, company-wide Engineering Capability framework, improved competency development at our LNG facility in Dandenong, a learning framework for our Transmission Market Services functions and improved training and assessments for permit issuing.

Developing and celebrating APA's culture

Employee Survey

During the Reporting period, APA conducted its two yearly employee survey, *Your Voice*, aimed at gaining a better understanding of the organisation's culture, identifying strengths and opportunities.

78% of APA's employees participated in the survey with the top results including:

- Safety approach (90% favourable)
- Diversity & Inclusion (77% favourable)
- Employee Engagement (71% favourable)
- Business Alignment and Collaboration (both 69% favourable)

The key areas identified for improvement across the company were Agility, Personal Growth and Development, and Process Efficiency. Corporate and divisional action plans are in place and being regularly monitored to look to address areas of concern.

Employee Awards

As part of continuing to strengthen the implementation and articulation of APA's values, the APA Excellence Awards for 2017-18 were redesigned and structured around the STARS values. There were six awards – five individual awards, one for each value, namely Safety, Trustworthy, Adaptable, Results and Service, and a sixth Team award for the team displaying at least 3 of the 5 values. There were an unprecedented 135 nominations for this year's Awards with winners announced across Australia in April 2018, through a series of presentations recognising all nominees as well as winners.

Case study – Health and Safety program bounces into action

APA's three-year Health Safety and Environment (HSE) Strategic Plan aims to promote employee wellbeing and progress our HSE



framework, systems, culture and initiatives to prevent harm to our employees and the broader community. One of FY2018's key HSE highlights was the introduction of an employee Health and Wellbeing program 'Bounce' that has the tagline Aspire, Participate, Achieve (APA). This online Health and Wellbeing portal was launched in August 2017 and provides employees with up-to-date information on topical health and wellbeing subjects such as exercise tips, healthy recipes and managing stress, as well as offering access to confidential online health assessments. An extension of the program will be rolled out in FY2019 across the company, with specific target areas identified from the platform driving next year's initiatives.

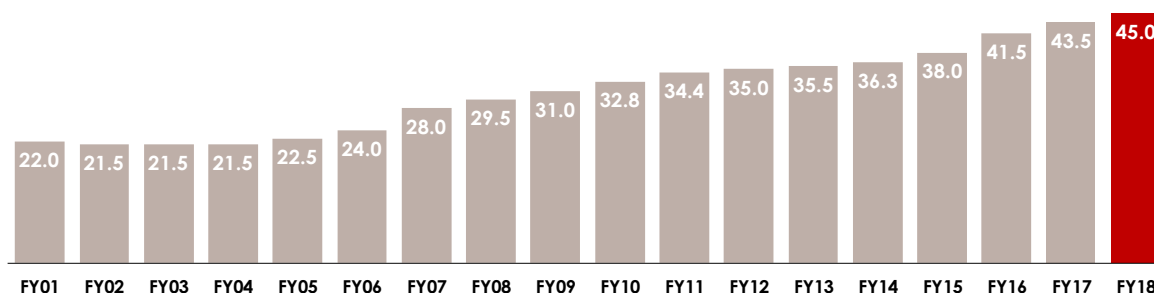
Investors

We will continue to be a reliable and attractive investment which delivers solid returns for securityholders by:

- Achieving reliable and sustainable earnings growth by focusing on long-term revenue and reduced costs.
- Maintaining a strong and robust balance sheet.
- Identifying and evaluating additional attractive infrastructure style investments in related energy businesses.
- Providing clarity and transparency of the business through appropriate and timely reporting and communication

FY2018 Performance	Actions for FY2019
<ul style="list-style-type: none"> • Total securityholder return of 11.2% for FY2018 (FY2017, 4.1%). • Delivered investors a 3.4% increase in distributions. • Maintained investment grade credit ratings (BBB/Baa2). • Raised ~\$500 million through a fully underwritten pro-rata accelerated institutional tradeable retail renounceable entitlement offer in Feb 2018. New Securities were offered at a 6.8% discount to the last closing price on 20 February 2018. Both the Institutional and Retail campaigns were well supported by investors. ~65.6 million new securities were issued in March 2018. • Redeemed the \$515 million Subordinated Notes at the first call date in March 2018, reducing net interest by \$4.1 million to \$509.7 million. (FY2017, \$513.8 million) • Maintained corporate costs as a proportion of EBITDA (continuing business) at 4.3% in FY2018 (FY2017, 4.3 %). • APA remains on track in delivering \$1.4 billion plus of growth opportunities between FY2017-2019, which will contribute incremental annual revenue of ~\$215 million of revenue from FY2020. • \$875.5 million of capital and investment expenditure during FY2018. • Voluntarily published APA's third Tax Transparency Report (available on APA's website). The Federal Government with support of the Australian Board of Taxation were seeking greater public disclosure of tax information by businesses and endorsed the Tax Transparency Code as part of the 2017-2018 Budget announcements. 	<ul style="list-style-type: none"> • Ensure APA's communications with investors regarding the current CKI Consortium takeover proposal are clear and timely. • Progress or complete current growth capital projects underway. • Continue to evaluate and develop additional revenue streams in related energy infrastructure businesses. • Maintain investment grade credit ratings.

APA's historical annual distributions (cents per security), has continued to increase



Key Sustainability Risks	Risk Management
<ul style="list-style-type: none"> • Debt and equity - Ensuring continued support from debt and equity markets for ongoing capital requirements. Inability to secure new debt facilities at appropriate quantum and price may adversely affect APA's operations and/or financial position and performance. 	<ul style="list-style-type: none"> • APA's investment decisions are made and its balance sheet is utilised with a continuous focus on maintaining long-term investment grade credit ratings. • A diverse portfolio of long-life assets underpinned by regulated and long-term bilateral agreements, underscores APA's ability to service debt and sustain steady equity distributions. • Maintain diversified funding base and access to deep and liquid global debt capital and banking markets. • APA has a long-term sustainable distribution policy having regard for the capital needs of the business and economic conditions. Distributions are fully covered by operating cash flow. • Financial results and other salient developments are communicated regularly to investors in a timely manner.

As at 30 June 2018, APA had over 77,000 securityholders holding 1.2 billion securities, with the top 20 investors holding 68.7% of securities. Currently, approximately 74% of APA's investors are based in Australia and/or New Zealand.