

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

Safety

- All leading HSE indicators ⁽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.

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.

Actions for FY2019

Safety

- 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.

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.

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.

Key Sustainability Risks

- Failure to provide a safe workplace resulting in serious or fatal injuries (Safety).

Risk Management

- 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.

- Potential for legal proceedings for failure to comply with Health, Safety and Environmental legislative obligations.

- 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.

- Employee capability, recruitment and engagement – Failure to develop, attract and retain talented employees.

- 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.

- Failure to focus on the health and wellbeing of our people impacting productivity, absenteeism and culture/behaviour.

- 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.

- Failure to comply with Employment, Discrimination (sex, race, disability, age, gender), EEO and Diversity regulations resulting in potential fines or negative publicity.

- 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.

- Potential for a Process Safety incident at an APA asset resulting in a major accident or explosion.

- 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.

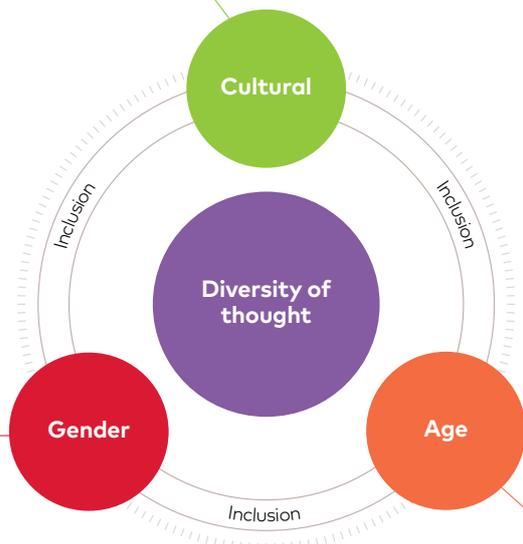
We also successfully piloted a new leadership program to build core people management skills expected of all leaders at APA: **Leading at APA**. It is aimed at new and frontline leaders in particular, and covers such topics as:

- 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.



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.

- 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

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.

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%



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

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.

