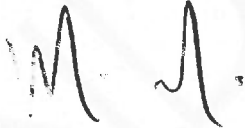




20/11/2018

# Executive Remuneration Clawback Policy

<b>Policy Owner:</b>	Board of APA	
<b>Policy Authorised by:</b>	Chief Executive Officer and Managing Director as delegated by the Board of APA	
<b>Policy Approved by:</b>	 Chief Executive Office and Managing Director	23/11/18
<b>Changes to be approved by:</b>	Chief Executive Office and Managing Director	
<b>Direct questions on Policy to:</b>	Group Executive - People Safety & Culture	
<b>Next Review of Policy:</b>	August 2019	

<b>Version control</b>	
<b><u>Date</u></b>	<b><u>Changes</u></b>
20/2/2013	New Policy
19/4/2016	Policy review
20/11/2018	Policy update



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## 1 Purpose

The Executive Remuneration Clawback Policy aims to align the remuneration outcomes of the Chief Executive Officer and Managing Director (CEO/MD) and the Executive Committee with the experiences of the Security Holders of APA and to provide the Board the ability to claw back incentives paid in relation to a material misstatement in group financial statements.

## 2 Coverage

The policy applies to the (CEO/MD) and their direct reports, collectively known as the Executive Committee (Executive).

This policy does not form part of the contract of employment for employees and does not impose legally binding obligations on APA. This policy may be varied or withdrawn at any time in APA's sole discretion.

## 3 Guiding principles

Developing "best practice" in corporate governance is moving towards requiring listed entities to include in executive employment agreements a provision allowing the employer company's board to "clawback" certain elements of an executive's remuneration if there has been a misstatement of the company's or group's financial statements on the executive's watch. These "clawback" provisions are designed to further align the interests of key management personnel with the long-term interests of their company or group and to ensure that excessive risk taking is not rewarded.

## 4 Policy statement

In keeping with this developing best practice in corporate governance, the APA Group has adopted the following clawback policy.

If:

- A. the APA Group becomes aware of any misstatement in its financial statements for any of the immediately preceding three financial years (Relevant Financial Year) due to:
  - (i) a material non-compliance with any financial reporting requirement;
  - (ii) the misconduct of any Executive; or



(iii) the misconduct of any of its other employees, contractors or advisers as a result of the direction (or lack of direction) by any Executive; and

- B. as a result, the actual metrics and outcomes used to determine the short-term incentive (STI) and/or long-term incentive (LTI) entitlement of any Executive of the APA Group for all or part of the Relevant Financial Year under the APA Group's 'Total Package Remuneration Incentive Plan' (Incentive Plan), where that entitlement was or is to be determined after the date of this policy (respectively, relevant STI award and relevant LTI award), exceeds the metrics and outcomes that would have been used had the misstatement not been made,

the board of directors of Australian Pipeline Limited (APA Board) on advice from the APA Group People & Remuneration Committee (if any) may:

- a) require the Executive to repay all or a part of their relevant STI award and/or relevant LTI award (to the extent such award has vested in accordance with the Incentive Plan), to their (then) employing company in the APA Group;
- b) forfeit the reference units representing all or a part of that Executive's relevant LTI award to the extent such award remains unvested; and/or
- c) withhold the payment or allocation of all or a part of that Executive's relevant STI award or relevant LTI award to the extent such award has not been paid or given to that Executive.

The APA Board have adopted this Executive Remuneration Clawback Policy with a view to further aligning the interests of the APA Group's Executives with the long-term interests of the APA Group. This policy, on adoption by the APA Board, will constitute an amendment to the Incentive Plan which will apply to all LTI awards made after the date of this policy.

The APA Group considers that, at the present time, this Executive Remuneration Clawback Policy will apply to the MD/CEO of the APA Group and Executives. Any STI and LTI awarded to an Executive on and after the date of this policy will be deemed to be made, and taken by that Executive, subject to the terms of this policy. Each Executive must, on request by or on behalf of the APA Board, at any time:

- (a) agree to repay all or any part of any relevant STI Award and/or relevant LTI award which has been paid to that Executive; and
- (b) acknowledge and agree to the APA Board's right to:



- (i) forfeit all or any part of that Executive's relevant LTI Award to the extent such award remains unvested; and
- (ii) withhold all or any part of that Executive's relevant STI award or relevant LTI award to the extent such award has not been paid or given to that Executive,

as required by the APA Board and in accordance with this policy.

## **5 Policy review**

The People & Remuneration Committee will review the policy at least every two years, and make recommendations to the APA Board as to any changes it considers should be made.

## **6 Disclosure**

APA Board will make appropriate disclosure of this Policy to Securityholders in APA's Annual Report. This will include outlining specific objectives regarding the clawback of executive remuneration. The policy will also be placed on the APA web site for public display.

## **7 Contact**

Any questions relating to the interpretation of this Policy should be directed to the Group Executive People Safety & Culture.