



ANNUAL
REPORT 2023

powering tomorrow



About this report: The 2023 Annual Report is our primary report to securityholders and provides a consolidated summary of APA Group's performance for the financial year ended 30 June 2023. It should be read in conjunction with the reports that comprise the 2023 Annual Reporting Suite including: Annual Report, Sustainability Data Book, Results Presentation available from <https://www.apa.com.au/investors>, as well as the Climate Report and Climate Data Book that will be available at this website in September 2023. In this report, unless otherwise stated, references to 'APA Group', 'we', 'us' and 'our' refer to APA comprising the ASX-listed entity and the APA Infrastructure Trust and the APA Investment Trust. Any reference in this report to a 'year' relates to the financial year ended 30 June 2023. All dollar figures are expressed in Australian dollars unless otherwise stated.

The Board acknowledges its responsibility for the 2023 Annual Report and has been directly involved in its development and direction. The Board reviewed, considered and provided feedback during the production process and approved the Annual Report at its August 2023 Board meeting.

This report outlines APA Group's activities – governed by our purpose, vision and values and corporate strategy – delivering the financial, non-financial and sustainability performance required to capture opportunities whilst managing risks.

Towards integrated reporting: APA Group is committed to providing securityholders, other external stakeholders and our people with timely, consistent and transparent corporate reporting. APA is moving towards integrated reporting over a multi-year period in order to create trusting and transparent relationships with all stakeholders and to provide a more complete picture of how we create and preserve long-term value.

The integrated reporting concept refers to a principles-based, multi-capital framework in which companies can communicate clearly and concisely about how their strategies, governance, performance, prospects and sustainability-related actions create value in the context of their external environment. The International Finance Reporting Standards Foundation formed the International Sustainability Standards Board (ISSB) in November 2021. The ISSB's purpose is to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and help them make informed investment. These standards, when issued, are expected to result in a more definitive approach for companies to follow with regard to integrated reporting. Our FY23 Annual Report has been developed with this in mind.



ACKNOWLEDGEMENT OF COUNTRY

At APA, we acknowledge the Traditional Owners and Custodians of the lands on which we live and work throughout Australia. We acknowledge their connections to land, sea and community.

We pay our respects to their Elders past and present and commit to ensuring APA operates in a fair and ethical manner that respects First Nations peoples' rights and interests.

About this report: APA Group comprises two registered investment schemes, APA Infrastructure Trust (ARSN 091 678 778) and APA Investment Trust (ARSN 115 585 441), the securities of which are stapled together. APA Group Limited (ACN 091 344 704) is the responsible entity of APA Infrastructure Trust and APA Investment Trust.

Disclaimer: Please note that APA Group Limited is not licensed to provide financial product or investment advice in relation to securities in APA Group. This publication does not constitute financial product advice and has been prepared without taking into account your objectives, financial situation or particular needs. Before relying on any statements contained in this publication, including forecasts and projections, you should consider the appropriateness of the information, having regard to your own objectives, financial situations and needs and seek professional advice if necessary. Past performance information should not be relied upon as (and is not) an indication of future performance.

Forward-looking information: This publication contains forward-looking information, including about APA Group, its financial results and other matters which are subject to risk factors. 'Forward-looking statements' may include indications of, and guidance on, future earnings and financial position and performance, statements regarding APA Group's future strategies and capital expenditure, statements regarding estimates of future demand and consumption and statements regarding APA's sustainability and climate transition plans and strategies, the impact of climate change and other sustainability issues for APA, energy transition scenarios, actions of third parties, and external enablers such as technology development and commercialisation, policy support, market support and energy and offsets availability. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'goal', 'ambition' and other similar expressions and include, but are not limited to, forecast EBIT and EBITDA, free cash flow, operating cash flow, distribution guidance and estimated asset life.

At the date of this report, APA Group believes there are reasonable grounds for these forward-looking statements and due care and attention have been used in preparing this report.

Forward-looking statements, opinions and estimates are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors. Many of these are beyond the control of APA Group, and may involve significant elements of subjective judgement and assumptions about future events, which may or may not be correct. There can be no assurance that actual outcomes will not materially differ from these forward-looking statements, opinions and estimates. A number of important factors could cause actual results or performance to differ materially from such forward-looking statements, opinions and estimates. These factors include, but are not limited to: general economic conditions; exchange rates; technological changes; the geopolitical environment; the extent, nature and location of physical impacts of climate change; changes associated with the energy market transition; and government and regulatory intervention, including to limit the impacts of climate change or manage the impact of Australia's transitioning energy system. A number of these factors are described under the heading 'Material risks' beginning on page 20 of this report. Readers should review and have regard to these risks when considering the information in this report, and are cautioned not to place undue reliance on forward-looking statements, particularly in light of the long-time horizon which this report discusses.

There are also limitations with respect to climate scenario analysis and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate. Scenarios may also be impacted by additional factors to the assumptions disclosed.

Investors should form their own views as to these matters and any assumptions on which any forward-looking statements, estimates or opinions are based. Except as required by applicable laws or regulations, APA does not undertake to publicly update or revise any forward-looking statements to reflect any change in expectations, contingencies or assumptions, whether as a result of new information or future events. To the maximum extent permitted by law, APA and its officers do not accept any liability for any loss arising from the use of the information contained in this report.

Non-IFRS financial measures: APA Group results are reported under International Financial Reporting Standards (IFRS). However, investors should be aware that this report includes certain financial measures that are non-IFRS financial measures for the purposes of providing a more comprehensive understanding of the performance of the APA Group. These non-IFRS financial measures include FCF, EBIT, EBITDA and other 'normalised' measures. Such non-IFRS information is unaudited, however the numbers have been extracted from the audited financial statements.

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Message from the Chairman and Managing Director

FY23 was another solid year of delivery for APA.

Over the past 12 months we delivered earnings and distribution growth, invested in infrastructure to support Australia's energy security and refreshed our strategic ambition – to be the partner of choice in delivering infrastructure solutions for the energy transition.

With execution against this strategy building momentum, we have revitalised our executive team to position us to capture future growth opportunities. We also made good progress on our three strategic priorities – ensuring our people are engaged, motivated and safe; delivering operational excellence; and creating value for investors and communities.

Financial performance

Our financial performance in FY23 was underpinned by the reliability of our operations and the strength of our infrastructure and capabilities. Total statutory revenue (excluding pass-through revenue) was \$2,353 million, up 5.1%, driven by a strong Energy Infrastructure performance and initial contributions from Basslink.

Earnings before interest, tax, depreciation and amortisation (Reported EBITDA) of \$1,686 million represented a 3.4% increase on the previous year and on an underlying EBITDA basis, earnings were up 2% to \$1,725 million. Statutory profit after tax (including significant items) was up 10.4% to \$287 million.

Our performance enabled the Board to declare a final distribution of 29.0 cents, taking the FY23 distribution to 55.0 cents per security, in line with guidance. This represents an increase of 3.8% on FY22 and has been delivered in parallel with our ongoing significant investment to build capability and capitalise on emerging growth opportunities.

Our people

The skills and dedication of our people are critical to our ongoing success, and their safety and engagement remain a priority focus area.

We reported zero fatalities and zero serious injuries in FY23 and achieved a 42% reduction in our potential serious harm incident frequency rate compared to FY22. This was the result of our focus on incident prevention and drive towards continuous improvement in safety performance.

Our Total Recordable Injury Frequency Rate (TRIFR) increased slightly this year following a 42% decrease in FY22.

Over the last 12 months we also progressed our strategy to improve employee inclusion and diversity. Highlights included increasing female representation across our total workforce from 29.5% to 31.8% and in senior leadership roles from 30.4% to 31.4%. These trends are a direct result of the specific action we've taken to attract women to APA and support their career progression.

We also completed a comprehensive review of like-for-like roles and where any gender pay equity gaps were identified, we ensured they were immediately addressed.

Delivering operational excellence

Delivering operational excellence goes to the heart of our social licence and underpins our ongoing financial results. In FY23 we opened our new national state-of-the-art Integrated Operations Centre – a facility that will allow us to support all our customers and markets from one central location.

In process safety we recorded three Tier 1 incidents, including a rupture on our Young-Lithgow pipeline during a flooding event, as well as two power outages highlighting the need to ensure we are always vigilant in the operation and maintenance of our assets.

Creating value

Creating value is central to our success and underpins our ability to deliver for customers, investors, communities and our people.

In FY23 we brought clarity to our growth strategy. Our focus is to be the partner of choice in our selected asset classes of contracted renewables and firming, electricity transmission, gas transportation and future energy.

We already have momentum with the execution of this strategy. In FY23 we invested \$845 million in growth opportunities and completed several major projects. This included the delivery of the largest remote-grid solar farm in Australia, the Dugald River Solar Farm, the acquisition of the Basslink interconnector which further expands our electricity transmission business, delivery of the first stage of the East Coast Gas Grid expansion and completion of the Northern Goldfields Interconnect (NGI) pipeline, providing greater energy security and supporting growth and transition in the Western Australia resources sector.

Positioning for the energy transition

APA has a critical role to play in the energy transition and we look forward to progressing the opportunities in front of us. The strength of our infrastructure and capabilities will be central to this.

In FY23 we took important steps to further build the capability we need to deliver our strategy and capitalise on these opportunities. We've done this by investing in our people and bringing new skills and experiences into the organisation, including in our executive leadership team.

We appointed Adam Watson as Chief Executive Officer and Managing Director in December. Over the past year we also welcomed Liz McNamara as Group Executive, Sustainability and Corporate Affairs, and Vin Vassallo as our Group Executive, Electricity Transmission. We also announced the appointment of Petrea Bradford as Group Executive, Operations, and Garrick Rollason as Chief Financial Officer, who will both join APA in the first half of FY24.

Similarly, we have recently announced the appointment of Nino Ficca as a Non-Executive Director, with effect from 1 September 2023, who will bring significant electricity transmission and energy market experience to APA.

These appointments complement the existing diverse skills and experiences of our executive leadership team and Board and will ensure we are well positioned to deliver on the next phase of growth.

Building a sustainable business

Incorporating sustainability into everything we do is central to how we operate.

Further progress against our FY21-24 Sustainability Roadmap was delivered throughout the year. This included the release of our first Climate Transition Plan (CTP), detailing our commitment and pathway to net zero and the development of our inaugural Reconciliation Action Plan that we will launch in FY24.

This year we have also brought our non-financial or sustainability reporting into our Annual Report as a first step towards integrated reporting and look forward to progressing this further for securityholders in FY24.

Our FY23 Climate Report will also be released ahead of the FY23 Annual General Meeting, satisfying our commitment to report annually on the progress against our CTP.

Delivering for securityholders

Over the past three years we have invested in ongoing safe and reliable operations, funded the acquisition of Basslink as well as \$1.6 billion in organic growth opportunities from existing cash flow and debt, all while maintaining an investment grade credit rating. In FY23 we again delivered growth in EBITDA and distributions.

Reflecting our ongoing investment in the business and the significant opportunities presented by the energy transition, in FY24 we will ensure our distribution growth is appropriately balanced to accommodate ongoing investment in the business and drive long-term value accretive growth.

Looking ahead

Our progress in FY23 provides a strong foundation for us to build on. We have clarity around our customer focused strategy and the role APA can play in the energy transition.

The growth opportunity set for our organisation is large. We are focused on continuing to invest in our business, executing our growth strategy and ensuring we can continue to deliver sustainable earnings growth for securityholders over the long-term.

On behalf of the Board and leadership team, we would like to thank our employees for their ongoing efforts and dedication. We would also like to thank our customers, communities and other stakeholders for their continuing engagement.

Finally, our sincere thanks to our securityholders for their support. We look forward to updating you over the year ahead.



Michael Fraser
Chairman



Adam Watson
Chief Executive Officer
and Managing Director

FY23 summary

Financial highlights

SEGMENT REVENUE¹

**+5.1% to
\$2,353m**

Driven by a solid Energy
Infrastructure performance
and inflation

UNDERLYING EBITDA²

**+2.0% to
\$1,725m**

Up 3.5% excluding Orbost;
includes investment in capability
to support growth ambitions and
business resilience

FREE CASH FLOW (FCF)³

**-1.0% to
\$1,070m**

Impacted by higher
stay-in-business capex

BALANCE SHEET

**10.6% FFO/
Net Debt**

Funded ~\$1.2bn of investment
from cash flow and debt

FY23 DPS⁴

**+3.8% to
55.0cps**

In line with guidance; representing
a payout ratio of 60.6%

FY24 DPS GUIDANCE⁵

56.0 cps

Up 1.8% on FY23, reflecting
desire to accommodate
ongoing investment

- 1 Segment Revenue excluding pass-through. Pass-through revenue is offset by pass-through expenses within EBITDA. Any management fee earned for the provision of these services is recognised within total revenue. Reported increase is against FY22.
- 2 Underlying earnings before interest, tax, depreciation, and amortisation ("EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items. Reported increase is against FY22.
- 3 Free Cash Flow is Operating Cash Flow adjusted for strategically significant transformation projects, less stay-in-business (SIB) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs. Reported decrease is against FY22.
- 4 DPS = Distribution per security.
- 5 Distribution guidance is subject to asset performance, macroeconomic factors, regulatory changes as well as timing of distributions from non-100% owned assets, with distributions to be determined at the Board's discretion. It does not take into account the impact of any potential acquisitions or divestments by APA and any associated funding arrangements, other than the acquisition of Alinta Energy Pilbara and the associated Placement and Security Purchase Plan announced today.

Non-financial highlights



Operational excellence

The secret shape is a "rectangle".

Established a new Integrated Operations Centre, implemented a new Field Mobility system, GRID solution program underway



Invested in capability

Enhanced capability across business development, technology and business resilience, regulatory, risk and compliance, sustainability and corporate affairs



Sustainability progress achieved across priority areas in FY23

Set a methane target, developed APA's inaugural RAP¹, developed and commenced the roll-out of our 'Being Heritage Aware' training module



Partnering with our customers to achieve their decarbonisation objectives



\$845m invested in critical infrastructure in FY23

Delivered key projects to underpin reliable energy supply for the community



Refreshed our strategy

Customer focused across four priority asset classes

¹ Reconciliation Action Plan (RAP).

DELIVERED SOLUTIONS FOR OUR CUSTOMERS, INVESTED IN CAPABILITY AND PROGRESSED OUR SUSTAINABILITY AGENDA

Financial results

| | 30 June 2023 \$m | 30 June 2022 \$m | Changes % ¹ |
|---|---------------------|---------------------|---------------------------|
| Revenue | 2,913 | 2,732 | 6.6% |
| Total revenue excluding pass-through ² | 2,401 | 2,236 | 7.4% |
| Segment revenue excluding pass-through ³ | 2,353 | 2,238 | 5.1% |
| Underlying EBITDA ⁴ | 1,725 | 1,692 | 2.0% |
| Total reported EBITDA ⁵ | 1,686 | 1,630 | 3.4% |
| Statutory profit after tax including significant items | 287 | 260 | 10.4% |
| Profit after tax excluding significant items | 287 | 240 | 19.6% |
| Free cash flow ⁶ | 1,070 | 1,081 | (1.0%) |
| Financial position | | | |
| Total assets | 15,866 | 15,836 | 0.2% |
| Total drawn debt ⁷ | 11,240 | 11,146 | 0.8% |
| Total equity | 1,910 | 2,629 | (27.3%) |
| Financial ratios | | | |
| Free cash flow per security (cents) | 90.7 | 91.6 | (1.0%) |
| Earnings per security (cents) including significant items | 24.3 | 22.1 | 10.0% |
| Earnings per security (cents) excluding significant items | 24.3 | 20.4 | 19.1% |
| Distribution per security (cents) | 55.0 | 53.0 | 3.8% |
| Distribution payout ratio (%) ⁸ | 60.6 | 57.9 | 4.7% |
| FFO/Net Debt (%) ⁹ | 10.6 | 11.1 | (7.8%) |
| FFO/Interest (times) | 3.3x | 3.6x | (8.3%) |

1 Positive/negative changes are shown relative to impact on profit or other relevant performance metric.

2 Statutory revenue excluding pass-through. Pass-through revenue is offset by pass-through expenses within EBITDA. Any management fee earned for the provision of these services is recognised within total revenue.

3 Segment revenue excludes: pass-through revenue; Wallumbilla Gas Pipeline hedge accounting unwind; income on Basslink debt investment; Basslink AEMC market compensation and other interest income.

4 Underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items.

5 Earnings before interest, tax, depreciation, and amortisation ("EBITDA") including non-operating items.

6 Free cash flow is Operating Cash Flow adjusted for strategically significant transformation projects, less stay-in-business (SIB) capex. SIB capex includes operational assets' lifecycle replacement costs and technology lifecycle costs.

7 APA's ability to repay debt at relevant due dates of the drawn facilities. This amount represents the actual debt outstanding in Australian Dollars at period end. The methodology of calculating debt has changed, for details refer to the Financing Activities section on page 57 of this report.

8 Distribution payout ratio = total distribution applicable to the financial year as a percentage of free cash flow.

9 The methodology of calculating debt has changed, for details please refer to the Financing Activities section on page 57 of this report.



The secret object #2 is a "key".

**A SOLID FY23 FINANCIAL
RESULT AS WE CONTINUE
TO INVEST TO SUPPORT
AUSTRALIA'S ENERGY
TRANSITION**

About APA



PURPOSE • WHY WE EXIST

To strengthen communities through responsible energy.

STRATEGY • WHAT WE DO

To be the partner of choice in delivering infrastructure solutions for the energy transition.

APA Group is a leading Australian energy infrastructure business, owning, operating and managing a diverse \$22 billion portfolio. We are proud of the role we play in delivering energy solutions to millions of customers in every State and Territory.

Our strategic ambition is to be the partner of choice in delivering infrastructure solutions for Australia's energy transition.

Our approach is customer driven as we look to support the decarbonisation ambitions of our priority customer groups – including governments, resource companies, energy supply and wholesale customers, and large commercial and industrial customers.

Through this approach to market we see immense opportunities across our four priority asset classes of contracted renewables and firming, electricity transmission, gas transportation and future energy.

Our behaviours

Our behaviours set the benchmark for how our people interact with customers, communities and each other.

They support our strategy and the high-performance culture that we strive for. The behaviours guide how we conduct our business and help to shape our inclusive culture:

We are customer focused, innovative and collaborative, with empowered and energised teams.



COURAGEOUS

We are honest and transparent; we learn from our mistakes and we challenge the status quo.



ACCOUNTABLE

We spend time on what matters, we do what we say and deliver world class solutions.



NIMBLE

We are curious, adaptive and future focused.



COLLABORATIVE

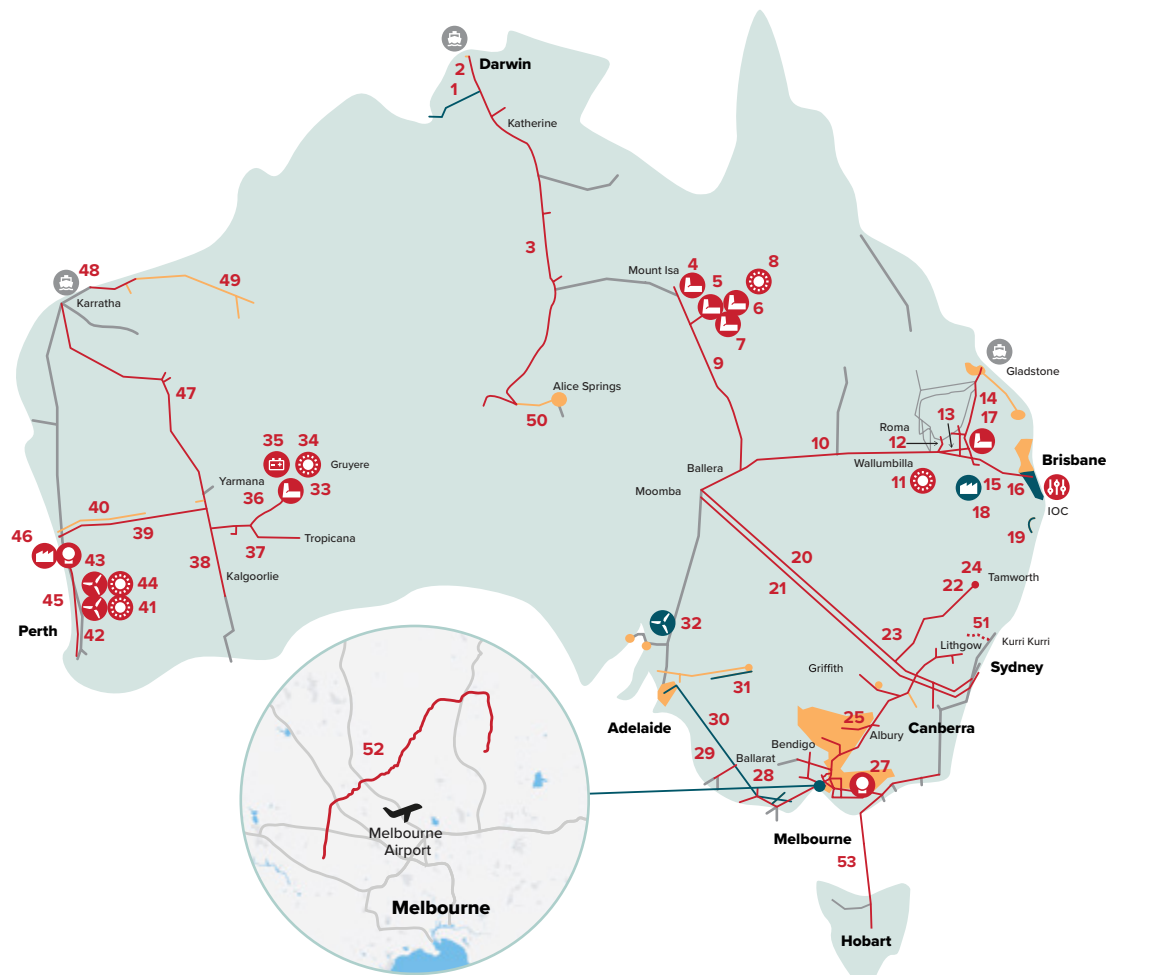
We are inclusive, work together and respect and listen to our stakeholders.



IMPACTFUL

We create positive legacies and work safely, for our customers, communities, our people and the environment.

APA PORTFOLIO OF ASSETS AND INVESTMENTS



Pipeline

- 3 Amadeus Gas Pipeline (inc laterals)
- 13 Berwyndale Wallumbilla Pipeline
- 1 Bonaparte Gas Pipeline
- 9 Carpentaria Gas Pipeline (inc laterals)
- 22 Central Ranges Pipelines
- 23 Central West Pipeline
- 37 Eastern Goldfields Pipeline
- 47 Goldfields Gas Pipeline
- 38 Kalgoorlie Kambalda Pipeline
- 40 Mid West Pipeline
- 20 Moomba Sydney Pipeline (inc laterals)
- 21 Moomba to Sydney Ethane Pipeline
- 28 Mortlake Gas Pipeline
- 39 Northern Goldfields Interconnect
- 45 Parmelia Gas Pipeline
- 48 Pilbara Pipeline System
- 12 Reedy Creek Wallumbilla Pipeline
- 15 Roma Brisbane Pipeline (inc Peat lateral)
- 30 SEA Gas Pipeline
- 29 SESA Pipeline
- 10 South West Queensland Pipeline
- 49 Telfer/Nifty Gas Pipelines and lateral
- 25 Victorian Transmission System
- 14 Wallumbilla Gladstone Pipeline (inc laterals)
- 2 Wickham Point Pipeline
- 36 Yamarna Gas Pipeline
- 51 Kurri Kurri Lateral Pipeline (KKLP)
- 52 Western Outer Ring Main (WORM)

Gas Processing and Storage

- 27 Dandenong (680TJ/12000t)
- 18 Kogan North (12TJ/d)
- 46 Mondarra (18PJ)

Gas Distribution

- 16 Allgas Gas Network
- 50 Australian Gas Networks
- 24 Tamworth Gas Network

Electricity Transmission

- 19 Directlink
- 31 Murraylink
- 53 Basslink*

Generation

- 17 Daandine (30 MW)
- 6 Diamantina (242 MW)
- 33 Gruyere (47 MW)
- 7 Leichhardt (60 MW)
- 5 Thomson (22 MW)
- 4 X41 (41 MW)
- 35 Gruyere Battery Station (4.4 MW/MWh)

Solar Farm

- 43 Badgingarra (19 MW)
- 11 Darling Downs (108 MW)
- 41 Emu Downs (20 MW)
- 34 Gruyere Solar Farm (13.2 MW)
- 8 Dugald River Solar Farm (88 MW)

Wind Farm

- 44 Badgingarra (130 MW)
- 42 Emu Downs (80 MW)
- 32 North Brown Hill (132 MW)

Key

- APA Group asset
- APA Group distribution network asset
- APA Group investment
- Investment distribution network
- APA Group managed asset (not owned)
- Managed distribution network
- Other natural gas pipelines
- Under construction
- Wind farm
- Solar farm
- LNG plan
- Battery storage
- Gas storage facility
- Gas processing plant
- Gas power station
- Integrated Operations Centre

* Acquired October 2022.

External environment

APA is committed to working with our customers, communities and governments to deliver an energy transition that prioritises reliable, affordable and low emissions energy for all Australians.

Major trends

Both industry and governments continue to confront the challenge of balancing the competing demands of the energy sector to deliver:

- **reliable energy**
- **affordable energy** and
- **low emissions energy**

Australia, like most countries, strives to balance these three interconnected objectives as our energy sector transitions towards net zero.

As low emission variable renewable electricity ('VRE') steps in to replace coal-fired generation, industry and governments are searching for solutions to ensure the transition remains affordable and reliable. Transitioning to these cleaner energy sources often requires significant upfront capital investments in new infrastructure, new technologies, and research and development with long lead times to commercialisation.

Both Federal and State governments throughout Australia are adjusting policy settings in energy markets in an attempt to both encourage lower carbon energy sources as well as ensure energy remains affordable and reliable.

Interventions that commenced in FY22 continued in FY23 as it was deemed necessary by government bodies to take action in the electricity, coal and gas markets across eastern Australia. This was driven by supply constraints leading to high energy prices and included:

- The National Electricity Market (NEM) was suspended in June 2022 by the Australian Energy Market Operator (AEMO). Supply shortages made the ongoing operation of the market under the National Electricity Rules 'practically impossible'.¹
- The Federal Government introduced legislation in December 2022 which applies a temporary price cap of \$12/GJ on the supply of regulated gas for 12 months. The government also requested a domestic coal price cap of \$125/T to be implemented in New South Wales and Queensland.
- In Western Australia, June 2022 saw the announcement by the WA Government that all state-owned coal generators are to close by 2030. Following this, the WA Government announced a review of the State's domestic gas reservation policy. This was part of the Government's efforts to determine if the policy remains fit for purpose in supplying the domestic market or if amendments are needed to allow for more gas to be delivered to domestic users.

1 AEMO Market Suspension FAQs June 2022.

Economic regulatory matters

Gas pipelines in Australia are regulated under the National Gas Law (NGL) and National Gas Rules (NGR) by the Australian Energy Regulator (AER) or the Economic Regulation Authority of Western Australia (ERA). On 2 March 2023, amendments to the NGL and NGR were proclaimed and came into effect across all States except Western Australia. Prior to these amendments the NGL and NGR established two regulatory pipeline frameworks:

1. **Scheme pipelines** (NGR Parts 8-12) subject to either:
 - Full regulation with regulator approved tariffs and terms and conditions; or
 - Light regulation where pipeline owners publish services and prices and comply with information provision requirements.
2. **Non-Scheme pipelines** (NGR Part 23) where tariffs and terms are negotiated between parties.

The 2 March 2023 amendments to the NGL and NGR discontinue light regulation and transition to a:

- ‘heavier’ form of regulation, based on the current full regulation for scheme pipelines; or
- ‘lighter’ form of regulation, based on the previous Part 23 (now Part 10) regime for non-scheme pipelines.

In practice, pipelines currently subject to full regulation are not expected to experience much change. APA’s non-scheme pipelines and pipelines previously subject to light regulation will transition to the new ‘lighter’ form of regulation.

Following on from this legislative change, the regulator will now have the power to determine the form of regulation to apply to a particular pipeline. In effect, this means that the AER can decide to apply full regulation to non-scheme pipelines. The AER would then have the role of approving capital and operating expenditure and rates of return under five year access arrangement proposals. APA will also be required to publish actual contracted prices across its pipeline network. Further changes to the information disclosure framework will take place from FY25, under a new Pipeline Information Disclosure Guideline, currently under development.

APA pipelines (owned and/or operated) – by regulation type



Regulatory resets

The diagram below shows the scheduled regulatory reset dates for pipelines owned and operated by APA. During FY23, approximately 8.2% of APA's Energy Infrastructure revenues were subject to regulated outcomes.

Key regulatory matters relating to APA assets addressed during the year included:

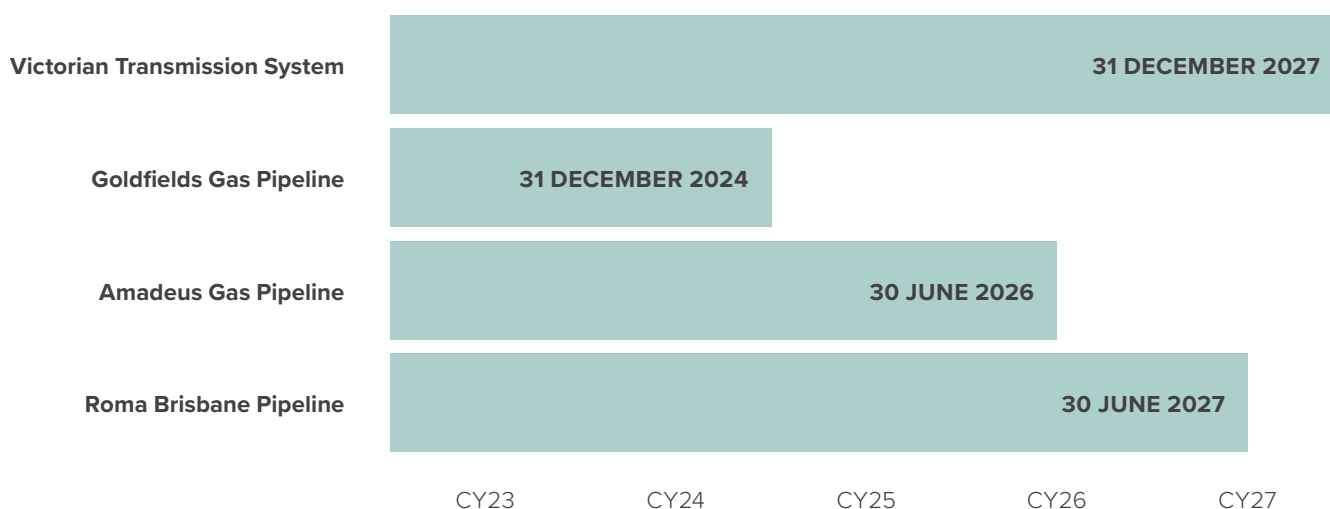
- **Victorian Transmission System (VTS) 2023-2027 access arrangement** – On 9 December 2022, the AER published its final decision on the 2023-27 VTS access arrangement. The decision recognised the importance of continued investment in the VTS to maintain reliability and system security for Victorian gas users. The access arrangement will have effect for five years from 1 January 2023.
- **Murraylink 2023-2028 revenue proposal¹** – On 28 April 2023, the AER published its final determination for the Murraylink electricity transmission interconnector between South Australia and Victoria, approving total revenues for the 2023-28 period at levels 4.5% lower than allowed for in the 2018-22 period. This cut was driven largely by reductions in the allowed cost of capital.

Energy industry policy developments

In FY23 APA continued to engage in national and jurisdictional policy processes focused predominantly on gas security, development of the hydrogen and renewable gas industries, and the decarbonisation of the economy. The focuses of our submissions were as follows:

- **Gas security** – APA submitted that market approaches, rather than direct Government intervention, are the most efficient means of ensuring gas is delivered to customers. Our submissions also stressed the importance of bringing new gas supplies to market.
- **Hydrogen and renewable gas reforms** – APA lodged submissions to various jurisdictional processes proposing to extend licensing and technical frameworks to include hydrogen and renewable gases.
- **Decarbonisation of the economy** – APA supports the development of Renewable Energy Zones and contestability in transmission delivery to help efficiently connect renewable generation to the National Electricity Market. APA also supported amendments to the National Energy Objectives and the Safeguard Mechanism to help drive the decarbonisation of the economy.
- **Banning new gas connections** – The ACT and Victorian governments are taking steps to ban new gas connections at the distribution level for households and small business. Both governments are also offering subsidies for households and small business to replace gas appliances with electric ones.

Scheduled regulatory reset dates for pipelines owned and operated by APA²



¹ APA has ~20% ownership of Murraylink.

² Victorian Transmission System access arrangement from 1 January 2023 to 31 December 2027.

Our strategy

The secret office supply is a "stapler".



Creating value as

**THE PARTNER OF
CHOICE**



Meeting the needs of our customers

**WHERE WE HAVE
A COMPETITIVE
ADVANTAGE**



Disciplined investment

**ACROSS FOUR ASSET
CLASSES**

APA's strategy is to be the partner of choice in delivering infrastructure solutions for the energy transition.

An effective transition requires an ambitious but pragmatic approach to delivering affordable, reliable and low emissions energy. To achieve this, we believe the transition must focus on the retirement of coal fired power generation and the introduction of renewable generation, firmed with gas and/or other low emissions firming and storage technologies.

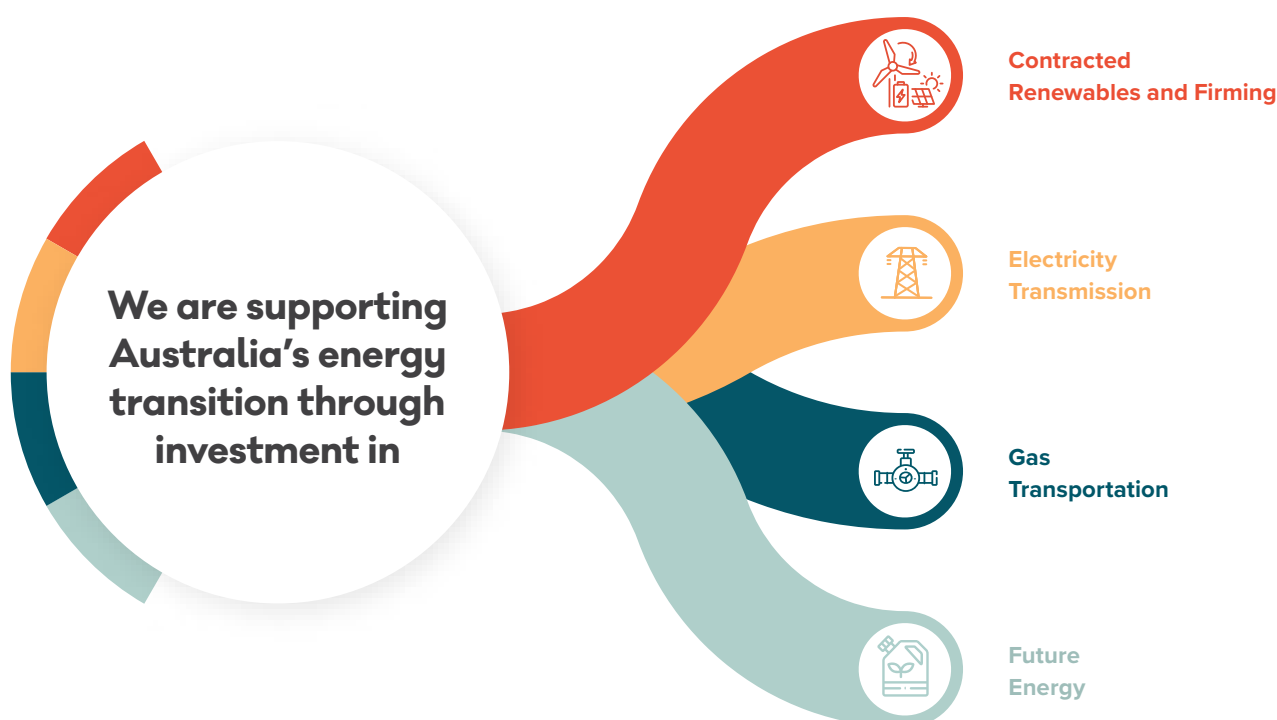
APA is well positioned in Australia to play a key role in developing and deploying energy solutions that strike the balance between these often competing priorities. Our natural gas assets are strategically integrated in both the East Coast and West Coast gas markets. They will remain a critical part of the future energy mix, balancing the load and helping to unlock the expansion of renewable energy required to replace retiring coal power stations and support the nation's decarbonisation. In addition, natural gas continues to play an important role for powering hard-to-abate and hard-to-electrify industrial sectors and provides essential heating in colder climates. APA's assets will help to ensure Australia continues to have access to reliable and cost-efficient energy.

APA's strategy is **to be the partner of choice in delivering infrastructure solutions for the energy transition.**


















We will do this in select asset classes, where we have a competitive advantage – renewable electricity and firming, electricity transmission, gas transportation and future energy (including clean fuels such as hydrogen and renewable methane).

This approach will be underpinned by anticipating the needs of our customers, partnering with them, pursuing unsolicited proposals, and delivering bundled energy solutions.

APA's energy transition strategy is focused on four asset classes



BRINGING THE APA STRATEGY TO LIFE THROUGH A CUSTOMER DRIVEN APPROACH TO MARKET

| A CUSTOMER FOCUSED STRATEGY ... | | | | | |
|---|---|--|---|---|--|
| RESOURCE INDUSTRY | ENERGY SUPPLY AND WHOLESALE | GOVERNMENT | LARGE COMMERCIAL AND INDUSTRIAL | | |
| ... MEETING THE NEEDS OF OUR CUSTOMERS WHERE WE HAVE A COMPETITIVE ADVANTAGE ... | | | | | |
| Resource companies are decarbonising – majority have CO ₂ reduction goals | Ability to provide flexible and responsive services to changing market demands | Require trusted partner to support accelerating transition | Levelised cost of energy remains key | | |
| Reliability of energy supply with a trusted operator/partner | Reliability of supply with a trusted partner | Reliability and social licence are key | Flexibility to respond to changing supply sources | | |
| Levelised cost of energy remains key for global competitiveness | Requiring innovative ways to respond to the energy transition | Cost is important, but timely delivery drives outcomes | Reliability of service remains high | | |
| Significant opportunity exists in North West Minerals Province, Pilbara, Goldfields | Opportunity across both East and West coasts | Opportunity estimated amounts to \$54bn including REZs and subsea cables | Opportunity across both East and West coasts | | |
| Mt Isa and Gruyere showcases our capability | Core operating business with a proven track record | Basslink, Murraylink, Directlink illustrate our capability | Leverage current assets along with incremental learning and execution | | |
| ... ACROSS VARIOUS ASSET CLASSES | | | | | |
|    |    |   |    | | |
| Asset class and total estimated addressable market size ¹ : | | | | | |
|  \$25bn Contracted VRE and Firming Remote Grid |  \$206bn Contracted VRE and Firming on Grid (NEM) |  \$54bn Electricity Transmission (including Subsea Cables) |  \$8bn Gas Pipelines |  \$13bn CO ₂ Transmission |  \$260bn Hydrogen |

¹ Estimated addressable market sizes in Australia. Estimates are based on a number of key assumptions, including in relation to macroeconomic factors, future technology advancements and costs, market demand, regulatory requirements and government policies and there can be no assurance the estimates are accurate. The actual addressable market sizes may differ materially from the estimates because events frequently do not occur as projected.

Our sustainability roadmap

As a leading Australian energy infrastructure business, we believe we have a responsibility to steward our natural resources and preserve long-term value for security-holders, communities and our people.

At APA we see sustainability as a priority that involves both opportunities and risks. We understand the value and scrutiny our partners and stakeholders place on our sustainability performance and that this is used to assess APA's comparative performance across the industry.

Our approach to sustainability is governed by a Sustainability Roadmap centred on nine material sustainability issue areas identified through a consultative process. Our Roadmap provides a three-year framework for building the foundations of sector-leading sustainability performance.

APA's Net Zero ambitions and the low-carbon transition are at the heart of our Roadmap and we are prioritising achievement of the targets outlined within our Climate Transition Plan (CTP).

Our Sustainability Roadmap and our CTP are overseen by our Board and guided by the Safety and Sustainability Board Committee.

ROADMAP AND PLAN PRINCIPLES

- 1 **Leverage our strengths and focus on the things that matter**
- 2 **Achieve consistently meaningful, measurable and impactful outcomes**
- 3 **Accelerate our improvement actions to close the gap**
- 4 **Engage, listen and innovate with key stakeholders and alliances**
- 5 **Anticipate and be well positioned to respond to fast moving issues and opportunities**
- 6 **Take a 'know and show' approach with disclosure and transparency**

ESG SCORECARD

Sustainability issues



BUILD

Priority issues to be built into strengths

- ✓ Climate Change Transition and Risk
- ✓ Community and Social Performance
- ✓ First Nations Peoples



ACCELERATE

Fundamental issues which require strengthening

- ✓ Environmental Management including Heritage Management



MAINTAIN AND EVOLVE

Existing plans and processes to evolve via ESG lens

- ✓ Safety, Health and Wellbeing
- ✓ Inclusion and Diversity
- ✓ People and Culture
- ✓ Governance and Risk Management

- ✓ Sustainable Development

Risks and opportunities

The secret instrument is a "trumpet".



EMBRACING
the energy transition opportunity



OPTIMISING
outcomes in a highly regulated
and fluid environment



FUTURE PROOFING
APA with the right capability
and technology

As a leading energy infrastructure business, APA is exposed to risks that can have a material impact on our delivery of energy and our financial success. Our approach to managing material risks is summarised below.

Risk management framework

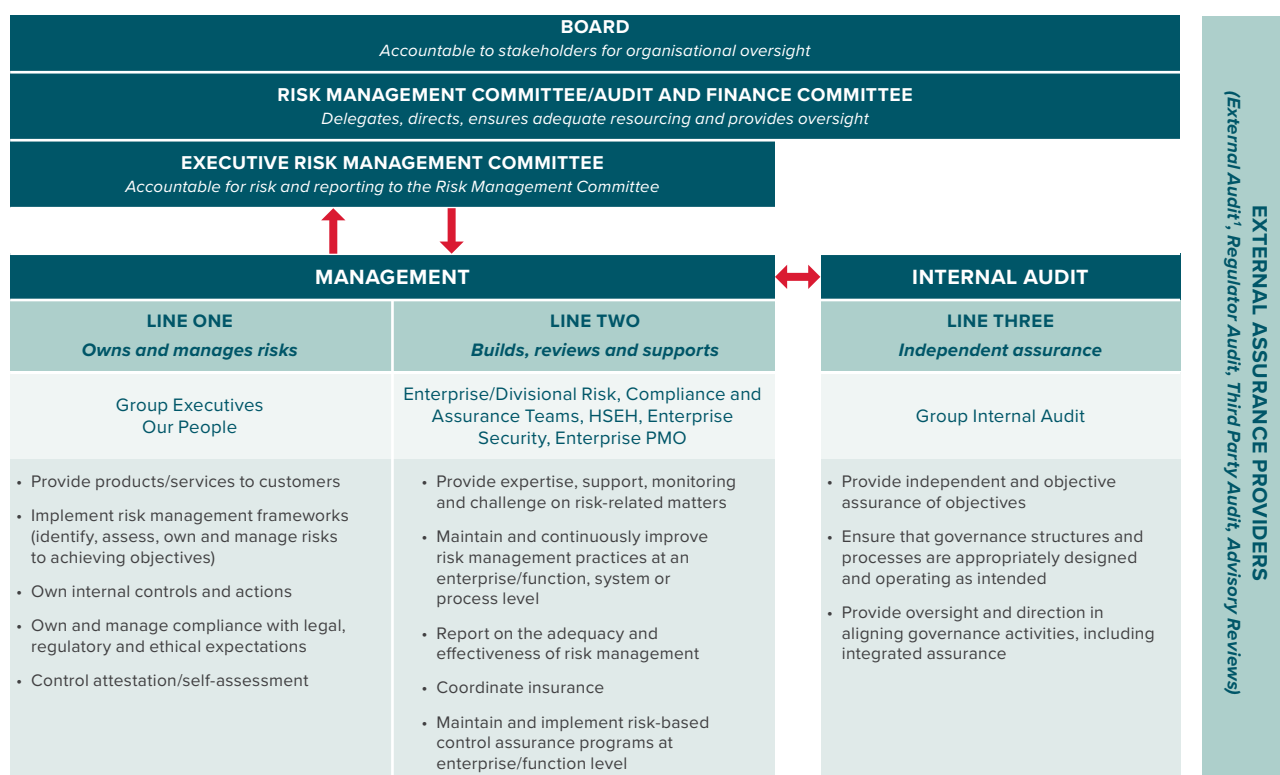
APA's risk management framework supports the identification, management, escalation and reporting of material risks. By implementing an effective risk management framework APA's Board and executive aim to ensure that strategies are in place to manage potential opportunities and threats.

APA adopts a three lines model for managing risks and establishing controls to promote the behaviours and decision making to support effective risk management. This model of risk management is depicted below.

The first line, our employees, are accountable for day-to-day risk management and decision making within appropriate guidelines.

In lines two and three, APA's Executive Leadership Team, the Board's Risk Management Committee and the relevant business divisions have oversight of and review material risks regularly, with the support of internal and external experts.

During FY23, the accelerating energy transition, as well as emerging geopolitical risks, inflation and supply chain disruptions were key risks and opportunities impacting our operational and financial performance. To create and protect value APA has focused on these risks and opportunities, updating actions to manage risks and achieve our objectives. Existing material risks also have ongoing oversight with a major priority being ensuring the safety of our operations and supporting activities to provide reliable energy to our customers, and to maintain our financial strength to respond to changes in the Australian energy market.



Key: ↑ Accountability reporting ↓ Delegation, direction, resources, oversight ↔ Alignment, communication, coordination, collaboration

1 External Auditors have not provided assurance over the risk management framework in FY23.

Material risks

APA currently considers the following risks to have the possibility of materially impacting our ability to meet our business objectives. Material risks are subject to enhanced oversight by management and the Risk Management Committee. This list is not exhaustive and is subject to change as new risks emerge or are no longer considered material risks.

| RISK | DESCRIPTION | MANAGING THE RISK |
|--|---|---|
| Strategic Risks – Strategic risks are those uncertainties that could materially impact the business' ability to implement its strategic objectives. | | |
| Energy market transition | <p>Accelerating decarbonisation and carbon emissions (net zero) targets drives potential for cleaner power generation, renewables development, and energy innovation/new entrants in markets.</p> <p>Government net zero policies/targets and new technologies could materially decrease the market for gas and gas transportation and APA may fail to grow in other energy infrastructure classes, limiting domestic market growth.</p> | <ul style="list-style-type: none"> • Execution of APA's customer-focused strategy creates value as the partner of choice, delivering infrastructure solutions for the energy transition where APA has a competitive advantage and across targeted asset classes. • Actively contribute to Government policy process and advocate for the importance of APA's role in supporting energy transition and managing the intermittency of renewables. • Engage with customers and pro-actively manage opportunities to retain, re-contract or switch to alternative APA assets via structured, flexible and competitive price and service offerings. |
| Government and regulatory intervention | <p>APA is exposed to regulatory policy change and government interventions.</p> <p>These changes and interventions may be at Federal, state or territory level, and may vary. They could include those that are designed to support decarbonisation, limit the impacts of climate change, or manage the impact of Australia's transitioning energy system.</p> <p>Those policy changes and interventions may constrain gas supply (including through limiting or restricting new gas projects), impact the availability of competitively priced gas, increase compliance costs for APA and its customers and otherwise place additional operating restrictions or complexities on APA's businesses and the businesses of its customers.</p> <p>In addition, under the recent amendment to the National Gas Law and National Gas Rules, the Australian Energy Regulator (AER) now have the power to determine the form of regulation to apply to a particular pipeline, and could apply full regulation to pipelines that are currently non-scheme.</p> <p>If implemented, any of those policy changes and interventions may change the commercial viability of existing or proposed projects or operations and adversely impact APA's future business and operations.</p> | <ul style="list-style-type: none"> • Maintain strong regulatory and policy functions and be an active participant and stakeholder in the development of regulation and policy, including AER guidelines which support the exercise of its new powers. • Continually assess and respond to key policy change proposals with potential impacts on APA's businesses. • Actively engage with updating/developing relevant Australian standards. |
| Social licence | <p>APA relies on a level of public acceptance for the development and operation of its assets. Changing societal and community sentiment in relation to the energy industry, as well as APA's business, may impact APA's commercial opportunities, and its ability to develop new projects and operate its assets.</p> | <ul style="list-style-type: none"> • Engage with key stakeholders (landowners, producers, customers, government etc) to identify focus areas. • Monitor expectations, major trigger events within the community and APA's reputation score. • Drive community and social performance initiatives and programs working with First Nations People. • Implementation of APA's Climate Transition Plan, Sustainability Roadmap, transparent and proactive annual disclosure. |

The secret object #1 is a "chair".

| RISK | DESCRIPTION | MANAGING THE RISK |
|---|--|--|
| Operating multiple asset types | Risks arise from managing and partnering across multiple asset types. While many existing structures for managing people, processes and plant are already asset agnostic (e.g. asset management framework, IT systems, risk and assurance O&M workforce management and the Integrated Operations Centre), risks will arise from the need to scale up and integrate new asset types. | <ul style="list-style-type: none"> Continue to invest in our capability in electricity transmission development and engineering, power generation optimisation and asset development and integration. Continuous improvement of existing asset agnostic structure and framework for managing people, processes and plant. Continue to invest in maturing asset management framework and real time data analytics. |
| Partnering across multiple stakeholder groups | <p>APA's engagement spans a diverse range of stakeholders (e.g. across State and Federal Government agencies, community, landholders, customers, suppliers, investors and employees) who hold different perspectives and objectives.</p> <p>Risks arising from engagement with this complex and changing set of stakeholders could lead to reputation damage, loss of stakeholder support/trust which ultimately affects APA's ability to win projects, source approvals, and diversification into new energy markets.</p> | <ul style="list-style-type: none"> The development of targeted State-based stakeholder engagement plans to ensure appropriate 'owners' are assigned to stakeholders and there is coordination and cohesion across the business. Continued investment in core capability around targeted workforce planning. |
| Operational Risks – Operational risks potentially arise from weaknesses in internal processes, people or systems or from unforeseen external events. | | |
| Health and safety | Preventing workplace injury and keeping all our employees and contractors safe is our highest priority. Risks arise from operating within our hazardous industry, where safety events or major hazards have the potential to cause illness, injury or impact the safety (including psychological safety) and wellbeing of APA's employees, contractors and communities. | <ul style="list-style-type: none"> APA's Board Safety and Sustainability Committee has oversight of this risk. The key focus is prevention achieved by appropriately identifying, managing and where possible eliminating risks. Continued focus on comprehensive health and safety management policies, strategies, frameworks (including employee Wellbeing Framework), systems and processes. Reporting of key performance metrics to monitor safe behaviours and identify continuous improvement opportunities. |
| Asset operations | APA is exposed to major incidents or events that may result in harm to our people, environment, and the communities we operate in; or materially impact our reputation or financial performance. | <ul style="list-style-type: none"> Comprehensive operational, process safety, cultural heritage and environment management programs. Continue to engage with wider industry to stay abreast of best practice asset management processes. Implement asset management and maintenance engineering standards, including integrity monitoring and maintenance programs, as part of risk-based asset lifecycle management. Conduct asset operational monitoring through control rooms to manage assets within design parameters and coordinate asset maintenance issues. Provide comprehensive insurance arrangements as part of the asset protection program. |
| Infrastructure development | Risks associated with the development of new pipeline capacity, renewable, battery and gas-fired power generation plants, and gas storage and gas processing assets. This includes typical construction risks such as: obtaining necessary regulatory approvals, employee or equipment shortages, third-party contractor failure, weather risk, and higher than budgeted construction costs impacting liquidated damages and project delay. | <ul style="list-style-type: none"> Access and approvals management for new construction projects. Dedicated construction project management capability and governance to manage efficient, safe and quality delivery of construction projects. |

| RISK | DESCRIPTION | MANAGING THE RISK |
|--|---|---|
| Corporate transformation | APA is exposed to the risks associated with the design and delivery of enterprise-wide corporate transformation programs. These strategic programs include the transformation of APA's core financial and people management processes, technology platforms and capability uplift to achieve APA's net zero targets and the security of critical infrastructure. | <ul style="list-style-type: none"> • Roll-out of an enterprise-wide project governance and delivery framework, tools and organisational change management capability. • Project/program reporting, risks and issues management and escalation and oversight by senior management and the Board. |
| Sustainability | The risks arising from the management and disclosure of sustainability issues (including climate and ESG matters) impacting APA performance and reputation. | <ul style="list-style-type: none"> • APA's Board Safety and Sustainability Committee has regular oversight of this risk. • Delivery of comprehensive environment and heritage management policies, strategies, frameworks, systems and processes. • Refreshed sustainability risk assessment (including climate risks) with clear business ownership. • Formalised procedures supporting sustainability including integrated reporting, an enhanced scorecard and APA's Sustainability Roadmap and strategy. |
| People and culture | <p>Our leaders are held accountable for creating cultural alignment with APA's behaviours and establishing a workplace where everyone feels safe, respected and included.</p> <p>APA's inclusive culture is a prerequisite to our ability to attract, engage, develop and retain a diverse pool of skills and capabilities in a competitive talent market.</p> | <ul style="list-style-type: none"> • APA's Board People and Remuneration Committee has oversight of this risk. • Execution of clear employee value proposition and effective talent programs to develop and maintain talent pipelines. • Delivery of comprehensive learning and development programs including leadership programs to build the skills and capability required for now and the future. • Implementation of holistic cultural programs designed to improve workplace inclusion and diversity, employee experience and wellbeing. • Identification of clear expectations of behaviour in APA's Code of Conduct and Respect@Work procedure. |
| Technology strategy, operation and security | The risk of interruption to APA's operations due to unreliability of information and operational technology systems, applications, technology architecture or third-party providers. | <ul style="list-style-type: none"> • Manage APA's information and technology assets in accordance with recognised industry standards across hardware, software, applications and communication systems. • Apply security standards across APA information and technology systems, including those managed by third-party vendors, with standards continually assessed against new threats and vulnerabilities. • Regular reviews and testing of information and operational technology systems. |
| Cyber security | Cyber-attacks are increasing in frequency, scale and sophistication across both our communities and industry. APA plays a pivotal role in Australia's essential energy supply chain and could be the target for a cyber incident. Breaches may involve sensitive commercial and/or personal information or impact the operation of critical infrastructure assets and systems possibly leading to shutdowns of our energy assets. | <ul style="list-style-type: none"> • Implementation of a program to strengthen the security of APA assets, and cater for emerging threats, security regulation and stakeholder expectations. • Robust security monitoring and incident response process supported by regular exercises and security control assurance programs. • Compulsory security awareness training for APA employees and contractors, including how to identify phishing emails and keep data safe; and a regular program of random testing. |

| RISK | DESCRIPTION | MANAGING THE RISK |
|---|---|--|
| Financial and Compliance Risks – Financial risks are those arising from the management of APA's financial resources, accounting, tax and financial disclosure. Compliance risks arise from laws, regulations, licences and recognised practising codes including health, safety, environment, cultural heritage, payroll, asset construction and operation, and other corporate compliance requirements. | | |
| Legal, compliance and operating licences | APA is exposed to the risk of operating within a highly regulated environment with complex legal requirements, operating licence conditions, industry standards/codes of practice and corporate obligations. | <ul style="list-style-type: none"> Comprehensive Enterprise Compliance Management Framework in place with regulations identified, controls monitored and assurance operating. Dedicated specialist teams that provide asset level monitoring and assurance for technical, safety, environment and cultural heritage compliance. |
| Debt and capital management | The risk arising from reduced business and financial flexibility due to ineffective management of APA's debt and capital or limited availability, or unfavorable pricing, timing and access to debt and equity funding. | <ul style="list-style-type: none"> Board approved risk limits and Treasury Risk Management Policy. Regular, independent reviews of corporate and asset models underpinning investment decisions. Effective debt and capital management strategy and hedging against interest rate movements and foreign currency rate fluctuations. Maintain access to a broad range of global banking and debt capital markets. |

Key emerging risks, threats and opportunities

Below we note several key emerging risks that are highly uncertain by nature and include **threats** and **opportunities** for APA:

| EMERGING RISK | THREATS AND OPPORTUNITIES | APPROACH |
|---------------------------------|---|---|
| Global economic slowdown | Threat: Global economic slowdown impacts financial markets and customer demand, potentially reducing gas contract capacity demand and recontracting revenue, access to new debt markets and liquidity and commodity prices. | <ul style="list-style-type: none"> Strong capital management framework, including hedging arrangements and customer credit monitoring. Actively monitor commodity pricing impacting sourcing of goods and materials utilised in large construction projects and domestic demand. Closely monitor changes in energy demand including substitution. |
| Geopolitical uncertainty | Threat: Geopolitical uncertainty with rising tensions in the region and continuation of the Russia/Ukraine conflict impacting changes in sanctions regimes, international energy demand, rising national security interests and worsening supply chain disruption. | <ul style="list-style-type: none"> Continue to evaluate options for alternative sources of supply for international construction procurement. Conduct resilience updates for information technology infrastructure, including cyber resilience. Focus on gas reserving management, including increases in gas line pack to meet high demand periods. |
| Carbon offsets | Opportunity: Introduction of carbon offsets as part of decarbonisation and climate change requirements to support energy infrastructure development and growth. | <ul style="list-style-type: none"> Continue to investigate a number of carbon offset programs via a mix of direct procurement and investment opportunities. |
| Artificial intelligence | Opportunity: Growth in artificial intelligence and potential impact on productivity improvements. | <ul style="list-style-type: none"> Initiatives to improve data quality and data governance providing for adoption of digital technologies impacting workforce improvements. |

The secret animal #3 is an "eagle".

Sustainability at APA



Developed our inaugural APA

RECONCILIATION ACTION PLAN



Supported our communities
through our

SOCIAL INVESTMENT INITIATIVES



Established

GENDER-NEUTRAL PARENTAL LEAVE BENEFITS

We prioritise sustainable outcomes so that APA, our employees, customers and communities in which we operate can thrive – now and in the future.

At APA we are united behind a singular purpose to strengthen communities through responsible energy. We are committed to act responsibly across all of our business activities.

We seek continual improvement, working collaboratively with our industry peers and engaging transparently with our stakeholders. We understand the value and focus that our partners and stakeholders place on our sustainability performance and that this is used to assess APA's performance across the industry.

Our Sustainability Roadmap provides the foundations for APA to develop key strategic sustainability initiatives and deliver on them in a prioritised way. Over the last two years our main areas of focus have been on the 'build' and 'accelerate' pillars of our Sustainability Roadmap. These pillars identify fundamental focus areas that require growth and/or strengthening. It is important that we are targeted in our approach and focused on those topics that matter most to APA and our stakeholders.

Our material sustainability focus areas

In FY21, we conducted a stakeholder-centric materiality assessment to identify the core sustainability-related issues that APA should focus on. This process informed the development of our three-year Sustainability Roadmap and enabled us to bring APA's vision and purpose to life. APA's Sustainability Roadmap categorises the core issue areas into three groups: Build, Accelerate and Maintain and Evolve. The diagram on page 26 highlights our progress against the Sustainability Roadmap in FY23.

To continue to deliver the most positive impact for APA and highest value for our stakeholders, it is critical we regularly re-evaluate the sustainability issues most material to our business and stakeholders. This will enable us to assess the economic, social, environmental and cultural impacts of our activities and business relationships and refine our main focus areas and associated initiatives.

As our Sustainability Roadmap is due to complete in June 2024, work is underway to prepare a refreshed Roadmap. The first step towards this is delivery of a sustainability materiality assessment, culminating in an impact-based sustainability materiality matrix. The materiality assessment approach will be guided by the Global Reporting Initiative (GRI 3: Material Topics 2021) which considers actual and potential negative and positive impacts of our business to determine our material sustainability issues for prioritisation.

Supporting the UN Sustainable Development Goals

APA continues to support the delivery of the 17 United Nations Sustainable Development Goals (SDGs). By working more strategically and aligning our initiatives to the relevant SDGs we can tackle major societal, environmental and economic challenges whilst also identifying and unlocking significant business opportunities.

At their core, the SDGs aim to create a shared value approach through the creation of economic and business value in a way that fundamentally addresses societal needs and challenges. The paradigm shift required to transition from a philanthropic approach to one delivering both business and social values now guides our approach.

To demonstrate how the business is meeting the relevant SDGs, we have mapped goals to the three areas of our Roadmap and indicated where each goal is connected to our performance and priorities.



FY23 PROGRESS AGAINST APA'S SUSTAINABILITY ROADMAP

|  <p>BUILD</p> <p><i>Priority issues to be built into strengths</i></p> |  <p>ACCELERATE</p> <p><i>Fundamental issues which require strengthening</i></p> |  <p>MAINTAIN AND EVOLVE</p> <p><i>Existing plans and processes to evolve via ESG lens</i></p> |
|--|---|--|
| <ul style="list-style-type: none"> ✓ Climate change transition and risk ✓ Community and social performance ✓ First Nations Peoples | <ul style="list-style-type: none"> ✓ Environmental management including heritage management | <ul style="list-style-type: none"> ✓ Safety, health and wellbeing ✓ Inclusion and diversity ✓ People and culture ✓ Governance and risk management |
| <ul style="list-style-type: none"> • Progressed CTP actions in line with FY23 commitments. • Established a dedicated Community and Social Performance (CSP) team to deliver CSP strategy and social investment framework. • Hosted workshops with our five corporate partners to understand new and meaningful ways to collaborate together • Contributed \$1.2 million through discretionary social investment to communities via targeted community grants programs, corporate partnerships with charitable organisations and local sponsorships and donations. • Prepared APA's Reconciliation Action Plan (RAP) under the guidance of a newly established cross-functional RAP Working Group. | <ul style="list-style-type: none"> • Progressed our four year Environment Improvement Program in line with the HSEH Strategy schedule. Processes, tools and templates for 3 of 8 environment risks areas have now been developed/refined, integrated and implemented across the business. • Scoped environment data uplift opportunities across the waste, water and contaminated land risk areas. • Uplifted our heritage practices at targeted assets and recruited additional Heritage Specialist. • Ongoing delivery of our three-year weed survey program. • Delivered 15 environment audits. • Refreshed our HSEH Policy. | <ul style="list-style-type: none"> • Prepared, approved and initiated our five-year HSEH strategy with strategic pillars centred on safety performance, leadership and innovation. • Introduction of the Board Safety and Sustainability Committee. • Prepared an ESG Risk Register tracking and monitoring our business-wide ESG risks. • Revised our Inclusion and Diversity (I&D) Plan and refreshed our Policy to focus on facilitating an inclusive culture, including the launch of our Respect@Work Procedure and e-module and completing a gender pay review. • Established gender-neutral parental leave benefits. • Uplifted leadership training and capability including the introduction of the INSEAD Curriculum. |

Refer to APA's [FY23 Sustainability Data Book](#) for further information about our FY23 sustainability performance.

Climate transition plan

Our CTP is an important step in APA's commitment to actively participate and support Australia's energy transition, consistent with the objectives of the Paris Agreement. Our FY23 progress on the commitments in our CTP will be reported in our new FY23 Climate Report, due to be released in September 2023.

GOAL: Gas infrastructure – net zero operational emissions by 2050¹

GOAL: Power generation and electricity transmission infrastructure – net zero operational emissions² by 2040³

INTERIM COMMITMENTS FOR 2030

TARGET: 30% emissions reduction for gas infrastructure (FY21 base year)

GOAL: 35% reduction in emissions intensity for power generation (FY21 base year)

TARGET: 100% renewable electricity procurement from FY23 onwards

GOAL: Contribute positively to grid decarbonisation measured by MW of enabled renewable infrastructure

GOAL: 100% zero direct emission fleet by 2030

COMMITMENT: Active program to reduce emissions we can control and apply best practice management techniques to managing line losses

COMMITMENT: Responsible criteria applied when offsets are required

NEW COMMITMENT FOR 2030

TARGET: 30% methane reduction target (FY21 base year)

KEY SUPPORTING COMMITMENTS

1 Incorporation of the Methane Guiding Principles

2 Hold a non-binding securityholder vote on future material updates to our Climate Transition Plan

3 Report annually on progress against the targets, goals and commitments in our Climate Transition Plan

4 Link executive remuneration to climate-related performance from FY23

5 Scope 3 emissions goal to be finalised before or in conjunction with next Climate Transition Plan

When setting APA's targets and goals, we have made our commitments clear to stakeholders, based on the level of uncertainty in the pathway required to reach them.

Target: an intended outcome where we have identified one or more pathways for delivering that outcome, subject to certain assumptions or conditions.

Goal: an ambition to seek an outcome for which there is no current pathway but for which efforts will be pursued towards addressing that challenge, subject to certain assumptions or conditions.

¹ Includes transmission, distribution, gas processing, storage and corporate.

² The organisational boundary for all targets and goals relates to assets under APA's operational control, as defined by the Greenhouse Gas (GHG) Protocol. The following assets are not within APA's operational control for emissions reporting purposes: Victorian Transmission System (maintenance excepted), Gruyere and X41 Power Stations, Wallumbilla Gladstone Pipeline, SEA Gas Pipeline and Mortlake Pipeline, North Brown Hill Wind Farm and Australian Gas Networks.

³ Includes power generation and interconnectors.

Climate change transition and risk

Our FY23 Climate Report will be released in September 2023, in line with our commitment to report annually on progress against our CTP. This allows for sufficient time to prepare and independently assure our emissions data. The Climate Report will contain disclosures consistent with the recommendations of the TCFD.



Our climate transition plan defines interim and long-term emission reduction targets and goals by asset class. We have sought to set interim targets and goals aligned with the objective of the Paris Agreement and to disclose consistent with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations.

Since the release of our CTP in August 2022, APA has made clear progress against our plan. Our focus has been on embedding the necessary structures, processes and systems to ensure our approach to climate is integrated across the business.

Performance against our gas infrastructure and power generation interim targets and goals will be detailed within our FY23 Climate Report.

APA's strategy is to achieve our CTP commitments through:

- Electrifying and optimising the operation of compressors.
- Reducing the emissions intensity of power generation through investments in renewables.
- Reducing methane emissions through leak detection and repair and implementation of specific initiatives such as seal gas recovery.
- Optimising the performance of existing power generation equipment.
- Buying or internally generating high quality offsets where emissions reduction is not possible or cost prohibitive.

APA has committed to finance these infrastructure emission reduction initiatives through a \$150 million to \$170 million net zero fund over FY23 to FY30. There is some upside pressure on this spend projection in the area of compressor electrification due to higher grid connection and electric motor drive unit costs, while other opportunities may be implemented in a more cost-efficient manner.

Linked executive remuneration to

CLIMATE-RELATED PERFORMANCE OUTCOMES

Procured large-scale generation certificates (LGCs) to meet our

100% RENEWABLE ELECTRICITY PROCUREMENT COMMITMENT

Set a methane target aligned with the Global Methane Pledge (GMP) of an

AT LEAST 30% REDUCTION IN OUR OPERATIONAL METHANE EMISSIONS BY 2030 (FY21 BASE YEAR)

Supporting a lower carbon future and the energy transition

APA's Pathfinder Program

APA is investing in future fuels through our Pathfinder Program established in FY21, to understand the requirements to support clean molecules in either existing or new infrastructure. In May 2023, our landmark Parmelia Gas Pipeline (PGP) conversion project in Western Australia confirmed via pressurised hydrogen laboratory testing the technical feasibility of converting a 43km section of the PGP to carry 100% hydrogen.

The testing results indicate it is technically feasible, safe and efficient to run the 43km section of the pipeline at the current operating pressure using hydrogen. The project will now consider preparing the section of pipeline for hydrogen service, and will include detailed safety studies and conversion plans, while continuing to investigate potential supply and offtake opportunities.

Off the back of this research, APA has developed a Pipeline Screening Tool (PST) that provides a high-level assessment of the hydrogen readiness of its national pipeline assets, based on key pipeline material and operating characteristics. Initial assessments using the PST indicate there is a high likelihood that around half of APA's natural gas pipeline assets could be used for hydrogen transportation in 100% pure or blended form, with no, or small, changes to their current operating profile. For the remainder of APA's pipelines, which consist largely of high strength steel operating at higher pressure, further research and materials testing will be required to determine if any changes in operating pressure are needed to maintain pipeline integrity whilst transporting hydrogen.

Supporting the PGP conversion project is a Memorandum of Understanding between APA and Wesfarmers Chemicals, Energy and Fertilisers (WesCEF), signed in May 2022. As part of this, we committed to a pre-feasibility study to assess the viability of producing and transporting green hydrogen via the PGP to WesCEF's production facilities in Kwinana. The findings were promising, demonstrating that the PGP study area is likely to be suitable for green hydrogen development. APA and WesCEF are now considering the results further.

In September 2021, APA joined an international consortium in an effort to establish Queensland's largest green hydrogen project – the Central Queensland Hydrogen Project (CQH2). In April 2023, APA paused our involvement in the early stages of the CQH2 project but believes the project has an exciting pathway ahead. APA remains interested in a future role in the project and continues to be involved in other Queensland projects developing hydrogen export supply chains.

Pathfinder is investigating other hydrogen and Carbon Capture and Storage (CCS) project opportunities where APA can bring its market-leading energy infrastructure expertise and experience to large-scale projects.

Community and social performance

Driven by our purpose, to strengthen communities through responsible energy, we are committed to outstanding performance in our interactions with communities. We work to understand the needs and aspirations of our host communities and contribute to their sustainable development. We seek respectful and mutually valuable relationships with our stakeholders.



Building stronger community and social performance

APA works to embed community engagement, development, partnership and participation in all our business activities. We strive to engage with stakeholders in a culturally appropriate way.

In FY23 we prepared a revised Social Investment Framework and 2-year CSP Strategy which is scheduled for consultation in early Q1 FY24. This strategy seeks to elevate practices and drive consistency and awareness throughout the business.

Community and stakeholder engagement

APA plays a critical role in the energy supply chain and we recognise the impacts our activities may have on a range of stakeholders and on the progress of energy transition more broadly. For APA, understanding who our stakeholders are and how we impact each other is vital to achieving operational excellence.

APA's community and stakeholder engagement programs connect and work with local landholders, Traditional Owners, communities, governments and industry. Our programs are tailored to meet the broad needs of our stakeholders and range from simple awareness of our activities to involvement in the design of new infrastructure.

Supported more than **84** organisations through our **SOCIAL INVESTMENT PROGRAMS**

Launched the Mount Isa and Cloncurry **COMMUNITY GRANTS PROGRAM**

11,271 landholder contact visits through our **LANDHOLDER CONTACT PROGRAM**

The secret landmark is the "Taj Mahal".

Regulatory Engagement – Basslink

Basslink is fundamental to both the supply of affordable and reliable energy to Victoria and Tasmania and also the energy transition through the supply of renewable energy to the National Electricity Market.

Following the acquisition of Basslink in FY23, we are progressing a revenue proposal and application, seeking approval from the AER for Basslink to become a 'regulated asset' as a way to support Basslink's continued operation. Converting Basslink to a 'regulated asset' means the maximum prices consumers pay as part of their retail bills for Basslink would be set by the AER through a public consultation process. For consumers, this means a more transparent and independent approach to setting prices for Basslink, and a range of opportunities for public consultation on what prices consumers should pay.

In November 2022, we established a Regulatory Reference Group (RRG) to co-design the development and implementation of our regulatory engagement plan for Basslink. This plan identifies the scope, timing, themes and engagement methodology.

The RRG served as an independent advisory group representing residential, small business and large energy users in Tasmania and Victoria. The RRG guided our understanding of the needs and expectations of different consumer segments and was used to continually refine our engagement materials and our approach to consulting with consumers, industry and Government stakeholders.

With direct representation from APA's senior leadership team, the engagement program was both broad and deep including:

- regular RRG engagement forums
- online focus groups
- consumer workshops in Launceston and Melbourne
- an online quantitative survey of 1,200 electricity consumers from Victoria and Tasmania.

BUILD

Community and social performance (continued)

Landholder engagement

APA sees landholders as key partners in our operations. With easements across many properties throughout the country, access to these properties is an essential part of maintaining and developing our infrastructure. When this is needed, we engage proactively with landholders and seek to minimise our footprint as much as possible.

In FY23, we continued to run the annual APA Landholder Contact Program, sharing operational and safety information with landholders and providing Before-You-Dig information. This Program also allows landholders to update APA about their activities, access and notification requirements, and to raise any concerns.

The Landholder Contact Program aims to make contact with at least one representative from each parcel every year, preferably face to face. In FY23, we made contact with 11,271 landholder contacts. Over the past few years we have consistently achieved at least 80% of contacts completed in all States. In most cases we have achieved over 90%. In recent years we have conducted a popular APA Landholder Photo Competition, with entries used in our annual calendar to highlight the stunning and diverse landscapes in which we operate.

APA continues to receive positive feedback from landholders. Our proactive engagement with landholders is seen as a point of difference with other similar companies.

The Energy Charter

APA works collaboratively across the energy industry to address common issues and improvement opportunities. As a signatory to the [Energy Charter](#) – a national CEO-led collaboration – we share the vision to support better outcomes for energy customers.

APA is one of 20 Australian energy businesses forming the charter. Signatories commit to publicly disclose their progress against the Energy Charter Principles through the release of an annual disclosure report.

In September 2022, we submitted our third disclosure report under the Energy Charter. The annual disclosure report details the actions, investments, partnerships and programs that have been delivered and demonstrates our alignment to the five Energy Charter Principles. A copy of this report is published on the [APA website](#).



Focusing investment on sustainable development outcomes

APA continued to refine and deliver on its Social Investment Framework in FY23. The Framework provides meaningful, valuable discretionary funding to support sustainable development outcomes in host communities.

Partnerships and employee contributions

As part of our commitment to better outcomes for First Nations people and communities, APA continued our long-standing corporate partnerships with the [Clontarf Foundation](#) and [The Fred Hollows Foundation](#) in FY23.

APA also recommitted to another year of funding with three corporate partners who we began working with in FY22 – the [Stars Foundation](#), [Rural Aid](#) and [Uniting](#).

The Stars Foundation aligns with our commitment to support gender equity and better outcomes for First Nations communities.

Rural Aid is our dedicated partner when preparing for and responding to natural disasters through community resilience initiatives.

Our corporate partnership with Uniting is derived from our membership of the Energy Charter and provides energy literacy support to individuals and households suffering energy hardship.

In FY23 we invested \$1.2 million in our communities, prioritising rural and regional communities, First Nations Peoples, climate transition and natural environment protection.

Community grants programs

In addition to the partnerships and employee contributions, in FY23 APA contributed more than \$92,000 in grants across almost 30 community organisations as part of our Community Grants Program. These initiatives align to APA's Investment Priority Funding Areas and focus on maximising social impact.

Projects funded under this program included NAIDOC celebrations, social infrastructure investment and community health and wellbeing initiatives across our East Coast Grid Expansion, Kurri Kurri Lateral Pipeline, and Mount Isa and Cloncurry assets.

APA'S SOCIAL INVESTMENT PRIORITY AREAS

| REGIONAL AND REMOTE COMMUNITIES | FIRST NATIONS PEOPLES | CLIMATE TRANSITION | NATURAL ENVIRONMENT |
|---|---|---|---|
| Building the strength and resilience of regional economies and communities located near APA assets/projects | Working in partnership with First Nations Peoples to support better outcomes for First Nations communities and heritage | Supporting communities in climate transition outcomes and adaptation activities | Protecting and enhancing the natural environments and biodiversity located near APA assets/projects |

We also recognise the importance of considering the following when designing, selecting and delivering initiatives, investments and partnerships:

| | | | | |
|--|------------------------------------|-------------------------|---|---------------------------------------|
| Impacted community needs and aspirations | People in vulnerable circumstances | Inclusion and diversity | Access to energy and energy affordability | Building human capability e.g. skills |
|--|------------------------------------|-------------------------|---|---------------------------------------|

The secret tool is a "saw".

First Nations Peoples

At APA, partnering with First Nations Peoples is central to our purpose. We seek to become a partner of choice for First Nations stakeholders and supporters as we deliver solutions for the energy transition.



Reconciliation

APA's Sustainability Roadmap identifies First Nations Peoples as a priority area for us to build organisational capability, and in FY22 we committed to developing our first Reconciliation Action Plan (RAP).

In FY23, we appointed a Reconciliation and First Nations Manager to improve our First Nations governance, performance and disclosures. We established a cross-functional RAP Working Group (RAPWG), chaired by an Executive Sponsor, to develop, implement and report on a Reflect RAP. With the support of our external advisor, Murawin Indigenous Voice Consultancy, we undertook an extensive internal consultation to co-design a quality RAP that meets Reconciliation Australia's standards. APA aims to launch our RAP in the first half of FY24.

Committing to a Reflect RAP allows APA to spend time scoping and developing relationships with stakeholders, defining our reconciliation vision and exploring our sphere of influence, in preparation for future reconciliation initiatives and RAPs.

Extensive consultation was undertaken to inform development of the RAP, involving targeted, APA-wide engagements, directly involving >700 employees.

Consultation with more than 700 employees to develop our first

RECONCILIATION ACTION PLAN

Over 500 APA employees joined our

INAUGURAL NATIONAL RECONCILIATION WEEK DISCUSSION PANEL EVENT

Launched our new online cultural awareness training module as part of our

FIRST NATIONS WORKFORCE STRATEGY

\$2.67 million spend on goods and services with 24 directly engaged

FIRST NATIONS SUPPLIERS

First Nations engagement

APA holds Indigenous Land Use Agreements and Cultural Heritage Management Plans with Traditional Owners. These set out processes and plans for protecting Aboriginal cultural heritage and engaging with Traditional Owners in areas where we operate.

We are committed to continually improving processes which guide First Nations engagement and Aboriginal cultural heritage management. Our aim is to drive improved land use and benefit sharing with First Nations groups and contribute to community capacity through training and employment in the energy sector. This extends to joint venture and equity partnership opportunities with Traditional Owners.

Our future engagement will focus on improving the quality and depth of our relationships with First Nations groups to ensure we respect their rights and interests and adequately build in the priorities of Traditional Owners and host communities throughout our assets lifecycle.

First Nations employment

With less than 1% of our workforce who identify as First Nations Peoples compared to 3.2% of the national population, we recognise more work is needed to ensure our workforce reflects the communities where we operate. In support of this we undertook initiatives in FY23 to improve cultural safety for current and future First Nations employees.

- In FY23, as part of the implementation of our First Nations Workforce Strategy, we launched our new online cultural awareness training module.
- Over 500 APA employees joined our inaugural National Reconciliation Week discussion panel event involving representatives of our RAP Working Group and external First Nations thought leaders. The panel discussed Reconciliation, APA's RAP and the upcoming Referendum.
- Over 100 employees have joined our Reconciliation Allies @ APA community.
- In FY23, we engaged a new Employee Assistance Program provider which has capability to provide primary and secondary health and wellbeing support to First Nations staff and family members.
- Our Reflect RAP will prioritise our focus and effort on building cultural safety and cultural competency across the entire organisation.

First Nations procurement

In FY23, APA continued its membership of Supply Nation, a national non-profit organisation that aims to grow the First Nations business sector through the promotion of supplier diversity in Australia. In FY23, we directly engaged 24 First Nations suppliers, spending \$2.67 million on goods and services. Suppliers are comprised of Registered and Certified Supply Nation as well as Land Councils.

APA's Reflect RAP will include measurable actions and deliverables to increase the diversity and quantity of goods and services procured directly and indirectly from First Nations-owned businesses. We intend to support and participate in opportunities to build our network of local and First Nations suppliers.

We will investigate including First Nations Participation Commitments (FNPCs) in our contracts with key suppliers to help facilitate more opportunities for First Nations businesses. Engaging First Nations businesses via FNPCs will enable more First Nations businesses to participate in our supply chain indirectly, growing local industry and employment opportunities for First Nations communities.



Environment and heritage

APA performs an extensive range of activities across a diverse range of environments. We are committed to managing our risks and protecting the environment across all areas of our business. Pursuing a high standard of environment and heritage management is one way we ensure we build and operate our assets in a socially responsible manner.



In FY23, APA continued our program of strategic initiatives to drive improved environmental performance. We have:

- Prepared and released updated environmental procedures for Contaminated Site Management and Spill Preparation and Response, including tools, templates and guidelines. The procedures were supported by updates to related business processes and systems and included dedicated staff training and communications. As part of this change a spill response online training module was procured and launched. This has been completed by 450 employees.
- Continued our weed survey program investigating the presence of invasive weeds on APA transmission pipelines. The outcomes of these surveys will inform long-term monitoring and management measures and help to quantify potential impacts on nature and biodiversity.
- Completed an assessment of APA's water consumption to improve our understanding of water usage and determine a pathway forward for more comprehensive water data capture. In addition, we identified all areas of water stress in the areas that we operate and overlaid this information in Geographic Information Systems (GIS) to help inform decision making.
- Completed a waste assessment to understand waste generation patterns and to better inform future work regarding improved waste data capture and centralisation.
- Developed a framework to assess site contamination hazards associated with chemical and hazardous substance storage on APA sites and to manage associated contamination risks.

LAUNCHED OUR NEW SPILL RESPONSE ONLINE TRAINING MODULE

completed by 450 employees

DEVELOPED A FRAMEWORK TO ASSESS SITE CONTAMINATION HAZARDS

associated with chemical and hazardous substance storage on APA sites

EMBEDDED HERITAGE MANAGEMENT

launched a 'Being Heritage Aware' training module across the business

A four-year Environment Improvement Program is underway to elevate and embed environment processes across the business. This involves uplift of procedures, development of new innovative tools and implementation for eight environment risk areas. Following full completion of the program, all Environment Management Plans will be updated to ensure alignment of content.

| YEAR | ENVIRONMENT RISK AREA | STATUS |
|------|--------------------------------|-----------|
| FY22 | Heritage | Completed |
| | Pests, Diseases and Weeds | Completed |
| FY23 | Spill Preparation and Response | Completed |
| | Contaminated Site Management | Completed |
| FY24 | Soil Management | Under way |
| | Waste Management | Pending |
| FY25 | Biodiversity | Pending |
| | Water | Pending |

Environment compliance

In FY23 APA received seven penalty infringement notices and two regulatory warning notices.

The penalty notices were received from the Queensland Department of Environment and Science and had a total penalty value of \$34,461. The notices related to late resubmission of Estimated Rehabilitation Cost (ERC) calculations required under the Environmental Protection Act, 1994, for six operating assets in Queensland. APA promptly resolved the outstanding information with the Department.

One warning notice was received from the First People – State Relations (FPSR) portfolio of the Department of Premier and Cabinet (Victoria). The warning notice related to a ground disturbance activity that did not comply with the approved Cultural Heritage Management Plan. APA self-reported the incident and is working with the stakeholders to resolve the matter.

The second warning notice related to missing information required under APA's Environmental Authority for the Kogan North Central Gas Processing Facility. Whilst information was available in technical air quality monitoring reports, required details had not been included in the Register of Fuel Burning and Combustion Equipment Register for the facility. APA rectified the error once aware of the issue.

Embedding heritage management across the business

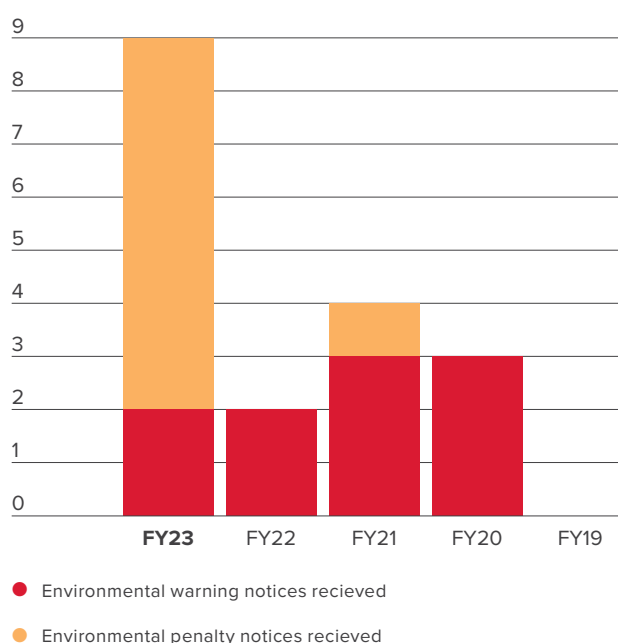
APA continued to improve heritage management processes throughout FY23.

To facilitate continuous improvements in heritage management we have:

- Completed a targeted heritage study on our operational pipeline asset. The study aimed to understand what 'unrecorded' heritage values might exist on ageing infrastructure, constructed in times when heritage management practices and recording were vastly different to today. The heritage surveys, undertaken by the Traditional Owners for the area, identified important heritage values that do remain in these areas. This study will be used to inform APA's approach nationally.
- Commissioned a review of APA's heritage data management. This review identified opportunities for APA to improve its data management. The recommendations will inform future heritage improvements.
- Recruited an additional Heritage Specialist to drive positive First Nations engagement and heritage management outcomes on the Moomba Sydney Pipeline.

The secret flower is a "tulip".

Environment warning and penalty notices





People and culture

APA is committed to being a responsible energy company where people are proud to work. We are striving to create a healthy, safe, inclusive and diverse workplace.



Building on our Inclusion and Diversity Strategy

The four pillars of APA's Inclusion and Diversity Strategy 2020 to 2025 are:



Gender Equity – We are committed to a level playing field by giving all women and men the same chance to reach their potential.



Flexibility – Flex APA means we encourage flexible ways of working and empower people to think differently about where, when and how work is completed to meet the professional goals, priorities and lifestyles.



Inclusive Culture – We are committed to creating an inclusive culture that values all people and addresses biases. (Age, cultural background, LGBTIQ, disability, indigenous, etc.).



Inclusive Leadership – Inclusive leadership is about making sure our people feel a sense of belonging, are treated fairly and respectfully, and all our people's voices are heard and valued.

COMPLETED A COMPREHENSIVE GENDER PAY EQUITY REVIEW

a like-for-like comparison of roles across the organisation, with all identified gaps resolved

Launched APA's

RESPECT@WORK PROCEDURE

INCREASED TOTAL FEMALE REPRESENTATION TO 31.8%

among total employees, up from 29.5% in FY22

Established

GENDER-NEUTRAL PARENTAL LEAVE BENEFITS

In FY23, we have continued to build on our Inclusion and Diversity (I&D) Strategy 2020 to 2025 and refreshed our Inclusion and Diversity Policy.

We also completed a comprehensive Gender Pay Equity Review. Recent investments in systems and better quality data enabled a like-for-like comparison of roles across the organisation, with all identified gaps resolved immediately.

We are working to strengthen APA policies and remuneration processes to avoid any recurrence of Gender Pay Gaps on like-for-like roles at APA in the future.

We have also revised our I&D strategy to focus on the strategic components that will best accelerate the creation of an inclusive culture, including:

- Refreshed content for our Inclusive Leadership development program. This program was successfully delivered to our Executive Leadership team in March 2023 with roll-out to General Managers and broader leader population starting in August 2023. This program reviews unconscious bias, everyday sexism and the link between diversity and performance.
- Launched APA's Respect@Work procedure. This aligns with the I&D Policy and the APA Code of Conduct. To complement this, a Respect@Work e-learning module has also been implemented. The module encourages employees to speak up if they witness harmful behaviours including unlawful discrimination, bullying, harassment, sexual harassment, sex-based harassment, vilification and victimisation.
- Introduced APA's enhanced gender-neutral parental leave benefits aligned to industry benchmarks.
- Further embedded our Hybrid @ APA working model to improve flexibility for employees. The model – with 40% of face-to-face office collaboration over the span of a month – allows employees the flexibility to manage their lifestyles and priorities outside of work.
- Achieved a 46% female representation in our 2023 Graduate program, and a 53% female representation in the 2022/23 intern programs. Further recruitment efforts are underway to ensure our apprenticeship program reaches a 50% gender split.
- Became sponsors and partners for Chief Executive Women (CEW).
- Implemented targeted national campaigns to promote I&D aligned to national recognition days (such as International Women's Day events, Pride month and NAIDOC Week).

Supporting our people

Diversity performance

In FY23, under APA's Gender Target Action Plan, female representation among total employees increased to 31.8%, up from 29.5% in FY22. Senior Leader female representation increased to 31.4%, up from 30.4%, with female representation in the Executive Leadership Team increasing from 29% in FY22 to 44% in FY23. The APA Board has set a gender diversity target of 40/40/20, recognising this may vary slightly depending on the size and required skills mix of the Board. At 30 June 2023 50% of APA's non-executive directors were female. With the appointment of Nino Ficca to the APA Board from 1 September 2023, female representation will be 43%.

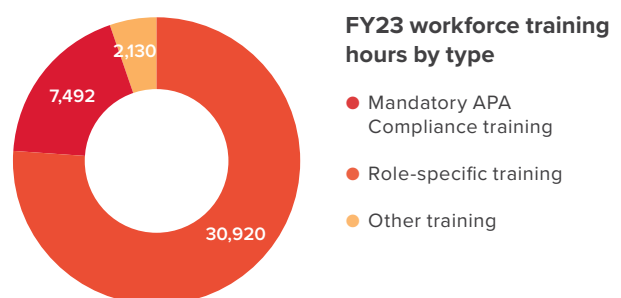
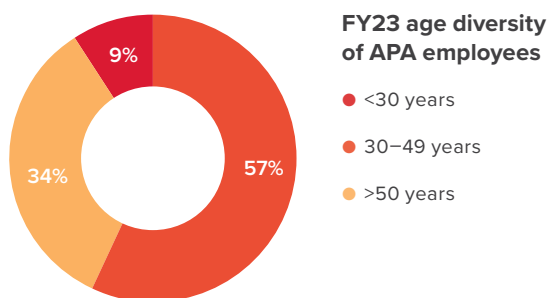
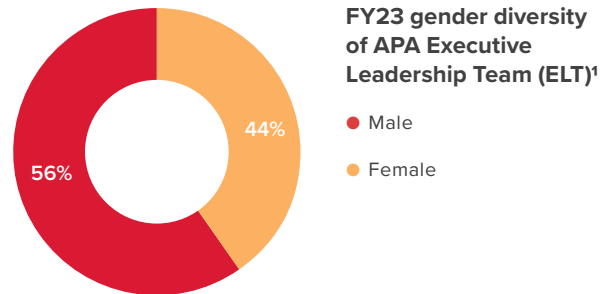
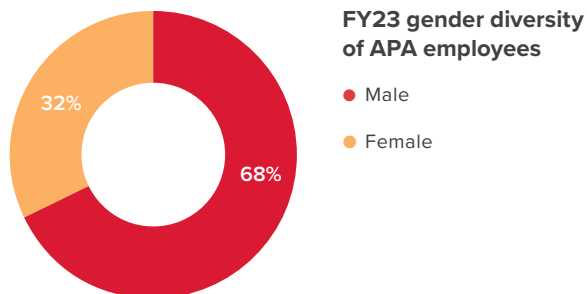
APA's challenge is to increase the female representation in operational divisions. These areas have a large proportion of roles requiring science, technology, engineering and mathematics (STEM) disciplines, in which females are generally underrepresented.

In FY23, 25% of employees in operational divisions identified as female, compared with 49% in our corporate divisions.

APA is also working to improve age diversity. Over 91% of employees are aged 30 years and over. We continued to address this disparity during the year through a focused early talent strategy, including an increase in our FY23 Graduate Program intake, and identifying younger talent through a continued focus on internships, traineeships, and our National Apprenticeship Program.

The increase in workforce mobility experienced nationally over the past 18 months continued. In response, APA accelerated several attraction and retention strategies throughout the year, with APA's voluntary employee turnover rate improving, at 11.5% for FY23, down from 13.4% in FY22.





¹ Executive Leadership Team (ELT) - portion of employees aligned to WGEA Management Category: Key Management Personnel / Head of Business; Key Management Personnel and internationally based ELT members (Excludes CEO).

Freedom of association and collective bargaining

APA supports the right of all employees to choose whether to be, or not to be, a union member. In FY23, a number of unions were party to six of APA's seven Enterprise Agreements. APA provides industrial relations training for operations leaders in Union Right of Entry and other key Fair Work Industrial Relations principles, such as freedom of association and unprotected industrial action.

APA does not tolerate any form of discrimination or exclusionary behaviour. In FY23, APA recorded zero incidents of discrimination.

For more information on our People and Employment performance, see the [FY23 Sustainability Data Book](#).

Investing in APA's future

At APA, we continually develop our people's core compliance, technical and leadership skills. In FY23, the APA workforce completed 40,542 hours of training, averaging 15 hours per team member.

For more information on our People and Employment performance, see the [FY23 Sustainability Data Book](#).

Leadership training and capability

APA continues to invest in developing our people, seeking to maximise collaboration and effectiveness and give everyone an opportunity to reach their full career potential.

To further develop the capability of our leaders we offer a suite of leadership development courses, including:

- **Ignite Talent Program:** targeted at identified future leaders. This 12-month accelerated talent development program focuses on understanding self and leading others.
- **Elevate Talent Program:** designed for senior leaders who have been identified as successors for Executive Leadership Team roles.
- **INSEAD Leadership Curriculum:** in partnership with INSEAD, this is a customised program for all leaders which aims to lift the leadership capability benchmark strength and ensure consistent practice and strategic leadership. Our Executive Leadership completed this Curriculum in February and General Managers in May 2023. The one-week experiential learning program focuses on developing senior leaders in Personal Leadership, Interpersonal Leadership and Strategic Leadership.

In addition, we have continued to invest in the Digital Learning Library (Percipio), with thousands of courses, videos, e-books, and audiobooks employees can access any time, from any device.

Technical training

Over FY23 two new learning technologies were introduced. A wearable digital headset (RealWear) was trialled and introduced as a field-based assessment methodology in the Certificate III Gas Supply (System Operations). The success of the innovation resulted in APA winning Silver at the Australian Training Awards, in the category of Innovation in VET (Vocational Education and Training).

Additionally, digital avatar software was used across several learning programs to simulate face-to-face engagement in eLearning courses.

A new national training program was developed and rolled out for frontline Operations and Maintenance Technicians. The Asset Maintenance for Technicians program is focused on developing the knowledge and skills to undertake routine maintenance tasks through completion of 16 learner-led modules delivered using a blended approach of eLearning, field-based coaching (Tech Notes) and an assessment process. A new technician would typically complete the course over an 18-24-month period.

Talent pipeline

As part of our Early Talent Strategy, graduate and intern program intake numbers increased with a greater balance of males and females:

- 2023 Graduate Program = 24 Graduates with an 11 Female: 13 Male gender split (46%)
- 2022/2023 Internship Program = 34 Interns with an 18 Female: 16 Male gender split (53%)



Safety, health and wellbeing

APA's foremost priority is the health, safety and wellbeing of our workforce and our communities. We want everyone to go home healthy and safe every day. We strive for world-class performance in Health, Safety and Wellbeing.



Delivering against our Health, Safety, Environment and Heritage (HSEH) Strategy

APA's new HSEH Strategy commenced in FY23 and all initiatives have been delivered in line with the schedule. Some of the key initiatives undertaken in FY23 are highlighted below.

Leadership collaboration and learning HSEH Interactions

In FY23, 4,334 HSEH Interactions were completed by our leaders. This was a 13% increase from FY22, and reflects a consistent effort by leadership across the organisation to actively engage in meaningful conversations.

Health and safety survey

A Health and Safety survey was undertaken across the business in December 2022 that focused on four key areas including:

- Health and Wellbeing
- Safety Systems
- Safety Leadership
- Safety Engagement

With a participation rate of 70%, APA achieved an overall score of 76%, 1% above the industry benchmark. Safety Engagement, Safety Leadership, and Health and Wellbeing scores exceeded the benchmark while Safety Systems was below benchmark.

The results of the survey have been used to inform improvement opportunities which will be incorporated into the APA Culture Action Plan.

IMPROVING SYSTEMS AND PROCESSES

- Commitment to proactive process improvement
- Enable efficiency and systems to drive high performance
- Embed nimble behaviour through new recognition program and continuous improvement/productive habits program.

SENIOR LEADERSHIP VISIBILITY/ACCESSIBILITY

- Proactively increase opportunities for ELT visibility
- Enable more 1:1 employee interaction with senior leaders
- ELT personal accountability
- Educate leaders to have meaningful HSEH conversations

IMPROVE HEALTH, WELLBEING AND WORKLOAD MANAGEMENT

- Commit to prioritising work to ensure workload is managed to an acceptable level
- Educate in respect at work to further minimise the risk of bullying and harassment
- Improve access to Health and Wellbeing support services for all employees

4,334 HSEH INTERACTIONS COMPLETED BY OUR LEADERS,

18% increase from FY22

76% HEALTH AND SAFETY SURVEY SCORE,

1% above industry benchmark

PARTNERED WITH SONDER;

a best-in-class, technology-enabled platform which assists APA employees, contingent workers and their families across all aspects of Health

Serious Harm Prevention

Improved assurance schedule targeting critical risk

The FY23 Assurance Schedule focused on APA's critical risks that are linked to our Fatal Risk Protocols. This schedule was designed to measure the effectiveness of critical risks across various APA operations.

The areas covered in the FY23 Assurance Schedule included:

- Contractor Management
- Excavation and Trenching
- Permit to Work
- Driving
- Process Safety
- Safety Management Plans

In FY23, a total of 17 Line 2 assurance HSEH Management System activities were undertaken according to the schedule. This included auditing 1,332 controls, resulting in an overall compliance rating of 97% across all assessed areas.

Health and Wellbeing

Health and wellbeing framework

We have implemented the evidence-based framework, Thrive at Work, which has been adapted to include all health-related initiatives. The framework provides for a balanced approach to Health and Wellbeing prioritisation and management.

Psychosocial risk management

APA has taken steps to respond to recent Work Health and Safety (WHS) legislation changes with the inclusion of Psychosocial Risk within the HSEH Risk Register. A new WHS management system protocol has been drafted and an assessment of psychosocial hazards and controls completed. An action plan has been developed to ensure continued review and alignment of systems and processes.

Improved health and wellbeing support

To test the effectiveness of support mechanisms associated with psychosocial risk management we completed a review of the Employee Assistance Program (EAP). As a result of the review, a decision was made to partner with Sonder – a best-in-class, technology-enabled platform which assists APA employees, contingent workers and their families across all aspects of Health.

Sonder will link other health and wellbeing programs and enable access for our people when they need assistance.

Systems, technology and innovation

Incident, near miss and hazard management review

In FY23, we completed a review of the Incident Management and Investigation procedures across APA, resulting in the development and approval of the Incident, Near Miss and Hazard Management Protocol. This Protocol provides the overarching process for reporting all Incidents, Near Misses and Hazards, including Regulatory Events, and Harmful Behaviours.

HSEH digital roadmap

In FY23, we undertook a comprehensive review of APA's current suite of digital systems to support the business processes stipulated by the HSEH Management System, identifying the key areas where improvements in our digital systems are necessary to support our HSEH Strategy over a five-year horizon.

The roadmap identified seven key areas where significant improvements were required over the next five years:

- Mobile-enabled digital tool for employees and contractors
- Integrated digital HSEH Incident, Near Miss and Hazard Management System
- New HSEH reporting and analytical framework supporting current and future digital tools
- Integrated Contractor Management System
- Digital solutions for HSEH inductions
- Digital solutions for Permit to Work
- Predictive Analytics for HSEH

In FY23 we have focused on collating the business requirements for the first three items in our Roadmap. They represent the foundational building blocks of our digital strategy. In FY24 we will be undertaking the procurement and implementation of these systems.

HSEH data and analytics improvements

In FY23, we rolled out the HSEH Dashboard and Detailed Reports to provide the business with a consolidated view of APA's leading and lagging HSEH Key Performance Indicators (KPIs). The dashboards are updated on a monthly basis.

Process safety

In FY23 we made progress against our process safety improvement initiatives identified in the HSEH Strategy. This included commencement of the Management of Change (MOC) Uplift initiative where we have:

- Conducted a thorough current state MOC review
- Developed and received endorsement for a Business Requirements Document

The next stage of the MOC Uplift initiative is to implement the specification requirements in our Enterprise Asset Management System prior to rolling out to the business in the second half of FY24.

The Process Hazard Analysis (PHA) Revalidation Uplift initiative progressed in FY23 by completing the Moomba Hub and Dalby Compressor Station HAZOP Studies. In FY24 we will continue to revalidate PHAs on critical operating assets.

The Safety Critical Element (SCE) Management and Assurance initiative has delivered and published SCE dossiers for all transmission assets and developed a draft SCE performance standard. In FY24 we will revise the SCE Lifecycle Process Standard and implement this in our Enterprise Asset Management System.



Measuring health and safety performance

In FY23, our key focus areas included contractor safety across our projects and the identification of incidents and near misses that could have caused serious harm to our employees and contractors. We continue to drive our visible leadership initiatives through the key leading indicators of HSEH Interactions and High Potential Hazard Identification.

By focusing on visible leadership through HSEH Interactions, leaders can understand the challenges workers face and how they can be addressed to improve safety performance. HSEH interactions underwent an improvement exercise with the introduction of subcategories of focused interactions that include:

- **Health and safety** – Focuses on general health and safety
- **Environment and heritage** – Focuses on general environment and heritage
- **Critical control** – Focuses on interacting with a work group on the implementation of critical controls for high-risk activities
- **Wellbeing** – Introduced to improve health and wellbeing with a focus on psychosocial risk management

In FY24, there will be a focus on increasing the number of Critical Control and Wellbeing interactions to enhance and complement our Serious Harm Prevention and Wellbeing initiatives.

The two key lag indicators for safety performance in FY23 were Potential Serious Harm Incident Frequency Rate (PSHIFR) and Total Recordable Injury Frequency Rate (TRIFR).

Safety lead indicators

Under APA's HSEH Interactions metric, APA's leaders have safety-focused discussions on hazard identification, risk mitigation and corrective action mechanisms with employees. In FY23, our leaders completed over 4,334 HSEH Interactions, an increase of 13% on FY22. These interactions help to keep safety front-of-mind for everyone.

Safety lag indicators

In FY23, APA did not record any Fatalities or Actual Serious Harm incidents.

In line with our Serious Harm Prevention initiatives, APA recorded 33 Potential Serious Harm Incidents versus 46 in FY22. The Potential Serious Harm Incident Frequency Rate for FY23 was 3.74, compared to 6.51 in FY22 – a 42% decrease.

At the end of FY23, APA's combined employee and contractor TRIFR was 3.4 Recordable Injuries per million hours worked. This represents a slight increase of 3% on the FY22 figure of 3.3. This equates to 30 people requiring medical intervention, up from 23 in FY22, against a 24.8% increase in the total number of hours worked by our employees and contractors when compared to FY22.

Safety compliance

APA received one regulatory (safety) penalty infringement notice and 20 regulatory (safety) improvement notices in FY23. Workplace Health and Safety Queensland issued the infringement notice on an APA contractor undertaking electrical repairs on a number of inverters at our Dugald River Solar Farm without the appropriate electrical licences. This resulted in a \$2,000 penalty. The 20 improvement notices were issued by the same Regulator during an inspection at the Dugald River Solar Farm. All notices were related to minor administrative matters at the site and were promptly rectified.

Assurance

We engaged Deloitte to undertake limited assurance of selected key performance indicators included in the Safety Performance section of our [FY23 Sustainability Data Book](#), in accordance with the Australian Standard on Assurance Engagements ASAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the Australian Auditing and Assurance Standards Board (ASAE 3000). Details of the assurance scope, procedures and conclusion are included in the Assurance Report on page 200 of this report.

Customers and suppliers

We work with our customers to deliver affordable and low emissions solutions and a better customer experience. We keep our customers informed about our assets to help them better meet peak seasonal demands and understand the impact of new regulatory changes. And we step in to assist where we can, including when responding to natural disasters.



Keeping customers at the heart of what we do

FY23 was another dynamic year for the energy sector. The energy transition continued at pace with decarbonisation a key driver for our customers. With the conclusion of pandemic restrictions, APA continued to prioritise customer engagement and communications, innovation and customer experience. We sought to put customers at the centre of our decisions, activities and planning as we worked to deliver on our Energy Charter commitments.

We continued to take a customer-led approach to the development of new offers, working to meet our customers' needs by delivering reliable, affordable and low emissions solutions. We sought to better inform our customers to help them deal with the volatility of peak winter/summer markets as well as new regulatory requirements that might affect day-to-day operations. Finally, we worked to ensure we supported our customers where they faced temporary hardships through natural disasters.

As in previous years, APA's customer-driven approach included an annual feedback survey and an action plan in response.

HOSTED WINTER READINESS FORUM

to keep east coast customers better informed about asset and service availability through the peak winter period

Launched our

RESPONSIBLE PROCUREMENT STRATEGY

AWARDED THE CIPS CORPORATE ETHICS MARK¹

demonstrating our global commitment to ethical procurement practices

¹ Ethics Register | CIPS.

Customer performance

APA's annual commercial customer feedback survey was completed in November 2022. It involved a quantitative survey administered by an independent external agency. The key deliverable from the survey is APA's Customer Experience Score (CES), an average performance score across attributes such as trust, responsiveness, value, ease, rapport and innovation.

Our CES was **6.7 out of 10**, representing an improvement from our 2021 score of 6.3. The result was driven by improvements in customer relationships with our key commercial counterparts. This reflected the success of our 2022 action plan which focused on re-invigorating relationships, re-establishing APA's industry leadership and re-prioritising face-to-face meetings after COVID.

The survey also highlighted the opportunity to better engage senior representatives within our customer groups and work harder with specific accounts. This means prioritising key attributes such as ease of doing business and innovation, whilst also delivering on commitments, and continuing to work on improved communications and understanding of customers' concerns. The survey informed our updated 2023 action plan which has now been in implementation for six months.

Customer experience

In addition to our annual survey, we regularly monitor and manage the customer experience through:

- Dedicated account managers assigned to all commercial customers
- A quarterly customer experience dashboard focused on practical elements contributing to customers' experience of APA
- Key account management with a monthly review meeting to monitor customer feedback, service delivery and performance across APA's key customers.

We also maintain a commercial customer complaints process with four complaints received during FY23 – this compares with 10 complaints in FY22, so a significantly better performance. The complaints related to land access, metering, processes around rejection of non-firm nominations, and the scope of protection works. We are also working to understand how we can better monitor and respond to customer impacts related to power outages as we grow our portfolio of electricity assets.

As well as working to resolve each complaint, we conducted 'lessons learnt' reviews to ensure any underlying issues driving the complaint do not recur.

Communications and industry leadership

In response to customer feedback, we worked to keep customers better informed about the availability of our assets and services through peak winter and summer periods. We also acted to make sure they understand the impact of key regulatory changes. This included:

- A Customer Forum on east coast gas asset winter readiness and the new AEMO gas system reliability and supply adequacy powers
- Approaching winter, regular communications on contracted capacities of key APA east coast assets for north-south gas transport; and on progress on key asset upgrades to support winter peak gas transport. We also published advice on customer behaviours that help manage peak winter loads

Support for vulnerable customers

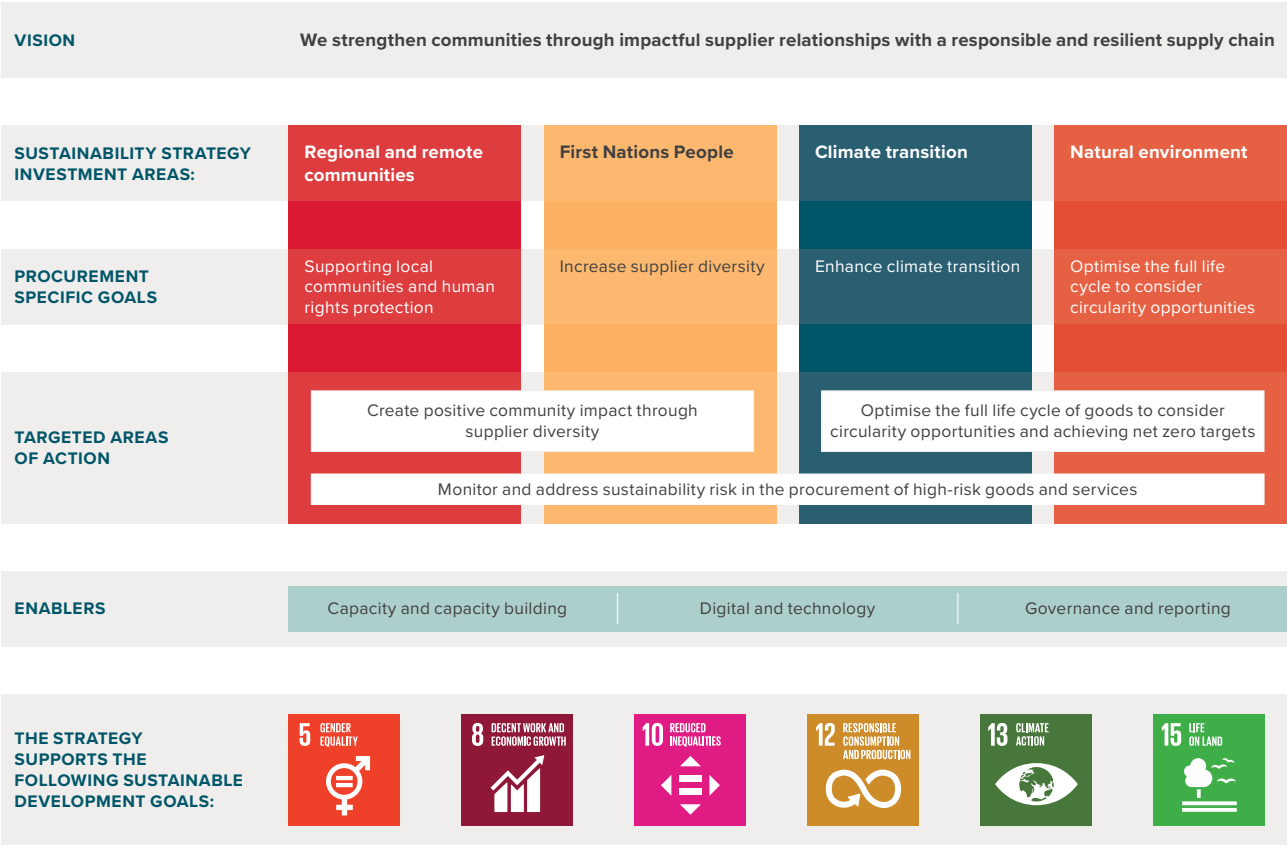
In keeping with our Energy Charter commitments, a monthly 'Vulnerable Customer' review meeting is held, monitoring commercial customers who may be facing hardship or credit issues and identifying opportunities for early assistance.

During the year, two customers were provided with assistance to help them deal with the impacts of significant flooding, with one entering into a deferred payment program and the other provided with a temporary extension of payment terms.



Responsible Procurement Strategy

Outlined below is APA’s Responsible Procurement Strategy. It is aligned to APA’s Sustainable Development Investment Program and the four priority investment areas.



Striving to improve supply chain sustainability performance

APA developed and launched its first Responsible Procurement Strategy during the year. This supports the execution of APA’s Sustainable Development Investment Program by aligning to priority investment areas.

Early initiatives included building awareness of the strategy across business groups and starting to improve supplier diversity capability by engaging with First Nations businesses as part of our Supply Nation membership.

An initiative to better understand emissions in our supply chain and identify a roadmap of future opportunities to reduce emissions was undertaken in collaboration with the Net Zero and Climate team to support net zero ambitions.

The secret animal #1 is a "lion".

Combatting modern slavery

As part of the continuous improvement approach to APA's Modern Slavery Program, a number of key initiatives were progressed through the year.

After carefully evaluating several providers and undertaking a pilot due diligence exercise we implemented a technology solution in use from FY24 for modern slavery and ESG risk in our supply chain. The third-party solution assesses the modern slavery/ ESG risk of a potential supplier and plans ongoing due diligence accordingly. It also assesses risk of the existing supplier base. The ability to assess our supply chain ESG risk will support our broader responsible procurement strategy.

Implementation of the solution removes the need for manual data analysis and reduces risk of human error. It also enables access to a broader range of source data providing information about high-risk suppliers we would not otherwise have access to.

As part of our Modern Slavery commitments, we have also undertaken a program maturity assessment to identify recommendations for FY23 and further improve our capability to identify, assess and monitor risk and supplier performance.

A deep dive into our renewable energy suppliers was also undertaken as part of the pilot due diligence exercise to identify further steps to reduce risk of modern slavery. Renewable energy is recognised globally as a high-risk area for forced labour and child labour. It's imperative we keep abreast of these emerging risk areas.

APA was awarded the Chartered Institute of Procurement and Supply Corporate Ethics Mark¹ during the year. The Ethics Mark is a global commitment to ethical procurement practices and it must be renewed annually to demonstrate ongoing commitment.



¹ [Ethics Register | CIPS](#)

Performance

Financial performance

Earnings before interest and tax (EBIT) and EBIT before depreciation and amortisation (EBITDA) excluding significant items are financial measures not prescribed by Australian Accounting Standards (AIFRS) and represent the profit under AIFRS adjusted for specific significant items. The Directors consider these measures to reflect the core earnings of APA Group, and therefore these are described in this report as 'underlying' measures.

In FY23, APA delivered a solid result, as shown in the table below. Underlying EBITDA increased 2.0% to \$1,725 million (FY22 \$1,692 million) representing growth from the Energy Infrastructure segment, partly offset by lower contributions from the Asset Management and Energy Investment segments as well as higher corporate costs. Statutory profit after tax including significant items increased by 10.4% to \$287 million (FY22 \$260 million) benefiting from lower non-operating items and net finance costs. Free cash flow declined 1.0% to \$1,070 million (FY22 \$1,081 million) largely due to higher FY23 Stay in Business capital expenditure.

On 23 August 2023, the Directors announced a final distribution of 29.0 cents per security, taking APA's FY23 total distributions to 55.0 cents per security, in line with guidance. This represents an increase of 3.8%, or 2.0 cents, over the FY22 distributions of 53.0 cents per security.

Key financial data for FY23

| | 30 June 2023 \$m | 30 June 2022 \$m | Changes | |
|---|---------------------|---------------------|------------|----------------|
| | | | \$m | % ¹ |
| Statutory Revenue | | | | |
| Total revenue | 2,913 | 2,732 | 181 | 6.6% |
| Pass-through revenue ² | 512 | 496 | 16 | 3.2% |
| Total revenue excluding pass-through | 2,401 | 2,236 | 165 | 7.4% |
| Underlying EBITDA³ | 1,725 | 1,692 | 33 | 2.0% |
| Fair value gains/(losses) on contract for difference | 12 | (30) | 42 | 140.0% |
| Technology transformation projects | (67) | (22) | (45) | (204.5%) |
| Wallumbilla Gas Pipeline hedge accounting discontinuation | (37) | (15) | (22) | (146.7%) |
| Basslink debt revaluation, interest and integration costs | 47 | 12 | 35 | 291.7% |
| Basslink AEMC market compensation | 15 | – | 15 | – |
| Payroll review | (9) | (7) | (2) | (28.6%) |
| Total reported EBITDA | 1,686 | 1,630 | 56 | 3.4% |
| Depreciation and amortisation expenses | (750) | (735) | (15) | (2.0%) |
| Total reported EBIT | 936 | 895 | 41 | 4.6% |
| Net finance costs and interest income | (459) | (483) | 24 | 5.0% |
| Significant items | | | | |
| Reversal of impairment of property, plant and equipment | – | 28 | (28) | (100.0%) |
| Profit before income tax | 477 | 440 | 37 | 8.4% |
| Income tax expense | (190) | (180) | (10) | (5.6%) |
| Statutory profit after tax including significant items | 287 | 260 | 27 | 10.4% |
| Profit after tax excluding significant items | 287 | 240 | 47 | 19.6% |
| Free cash flow ⁴ | 1,070 | 1,081 | (10) | (1.0%) |
| Free cash flow per security (cents) | 90.7 | 91.6 | (0.9) | (1.0%) |
| Earnings per security including significant items (cents) | 24.3 | 22.1 | 2.2 | 10.0% |
| Earnings per security excluding significant items (cents) | 24.3 | 20.4 | 3.9 | 19.1% |
| Distribution per security (cents) | 55.0 | 53.0 | 2.0 | 3.8% |
| Distribution payout ratio (%) ⁵ | 60.6 | 57.9 | 2.7 | 4.7% |
| Weighted average number of securities (millions) | 1,180 | 1,180 | – | – |

1 Positive/negative changes are shown relative to impact on profit or other relevant performance metric.

2 Pass-through revenue is offset by pass-through expense within EBITDA. Any management fee earned for the provision of these services is recognised as part of asset management revenues.

3 Underlying earnings before interest, tax, depreciation, and amortisation ("EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items.

4 Free cash flow is Operating cash flow adjusted for strategically significant transformation projects, less stay-in-business (SIB) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs.

5 Distribution payout ratio = total distribution applicable to the financial year as a percentage of free cash flow.

Business segment performance and operational review

APA's principal activities are as follows:

- **Energy Infrastructure** – APA's wholly or majority owned energy infrastructure assets across gas transmission, compression, processing, storage and electricity generation (gas and renewables) and transmission.
- **Asset Management** – The provision of asset management and operating services for third parties and the majority of APA's investments.
- **Energy Investments** – APA's interests in energy infrastructure investments.

FY23 statutory reported revenue and underlying EBITDA performance of each segment

| | 30 June 2023 \$m | 30 June 2022 \$m | Changes | |
|---|---------------------|---------------------|------------|----------------|
| | | | \$m | % ¹ |
| Revenue² | | | | |
| Energy Infrastructure | | | | |
| East Coast Gas | 808 | 805 | 3 | 0.4% |
| West Coast Gas | 369 | 342 | 27 | 7.9% |
| Wallumbilla Gas Pipeline | 622 | 581 | 41 | 7.1% |
| Electricity Generation and Transmission | 409 | 354 | 55 | 15.5% |
| Energy Infrastructure total | 2,208 | 2,082 | 126 | 6.1% |
| Asset Management | 114 | 115 | (1) | (0.9%) |
| Energy Investments | 23 | 28 | (5) | (17.9%) |
| Other non-contracted revenue | 8 | 13 | (5) | (38.5%) |
| Total segment revenue (excluding pass-through) | 2,353 | 2,238 | 115 | 5.1% |
| Pass-through revenue | 512 | 496 | 16 | 3.2% |
| Wallumbilla Gas Pipeline hedge accounting discontinuation | (37) | (15) | (22) | (146.7%) |
| Income on Basslink debt investment | 50 | 12 | 38 | 316.7% |
| Basslink AEMC market compensation | 15 | – | 15 | – |
| Unallocated revenue ³ | 20 | 1 | 19 | 1,900.0% |
| Total revenue | 2,913 | 2,732 | 181 | 6.6% |
| EBITDA | | | | |
| Energy Infrastructure | | | | |
| East Coast Gas | 645 | 646 | (1) | (0.2%) |
| West Coast Gas | 305 | 289 | 16 | 5.5% |
| Wallumbilla Gas Pipeline ⁴ | 620 | 578 | 42 | 7.3% |
| Electricity Generation and Transmission | 223 | 194 | 29 | 14.9% |
| Energy Infrastructure total | 1,793 | 1,707 | 86 | 5.0% |
| Asset Management | 56 | 73 | (17) | (23.3%) |
| Energy Investments | 23 | 28 | (5) | (17.9%) |
| Corporate costs | (147) | (116) | (31) | (26.7%) |
| Underlying EBITDA⁵ | 1,725 | 1,692 | 33 | 2.0% |
| Fair value gains/(losses) on contracts for difference | 12 | (30) | 42 | 140.0% |
| Technology transformation projects | (67) | (22) | (45) | (204.5%) |
| Wallumbilla Gas Pipeline hedge accounting unwind | (37) | (15) | (22) | (146.7%) |
| Basslink debt revaluation, interest and acquisition costs | 47 | 12 | 35 | 291.7% |
| Basslink AEMC market compensation | 15 | – | 15 | – |
| Payroll Review | (9) | (7) | (2) | (28.6%) |
| Total reported EBITDA⁶ | 1,686 | 1,630 | 56 | 3.4% |

The secret object #3 is a "knife".

1 Positive/negative changes are shown relative to impact on profit or other relevant performance metric.

2 Refer to Revenue Note 4 for additional disclosure on revenue streams from contracts with customers disaggregated by geographical location and major sources.

3 Interest income is not included in calculation of EBITDA but nets off against interest expense in calculating net interest cost.

4 Wallumbilla Gladstone Pipeline is separated from East Coast Grid in this table as a result of the significance of its revenue and EBITDA in the Group. It is categorised as part of the East Coast Grid cash-generating unit for impairment assessment purposes.

5 Underlying FY23 EBITDA excluding the earnings from Basslink and the Orbest Gas Processing Plant was up 1.8% to \$1,697m (FY22: \$1,667m).

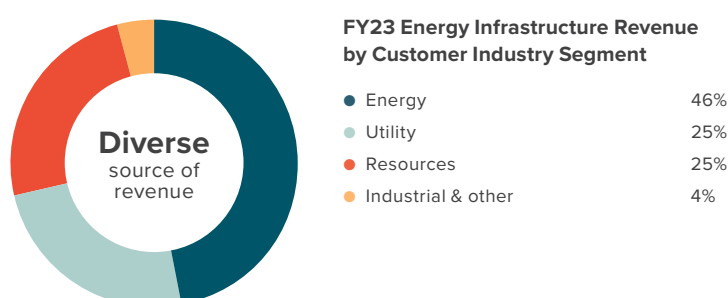
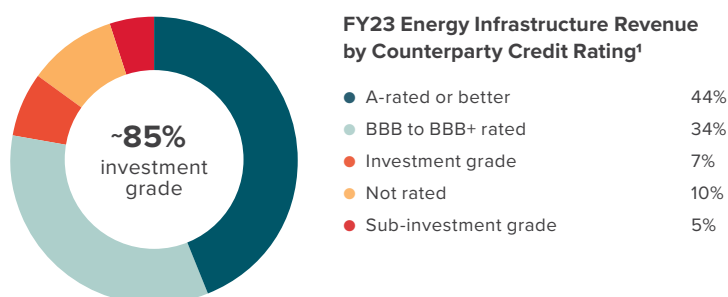
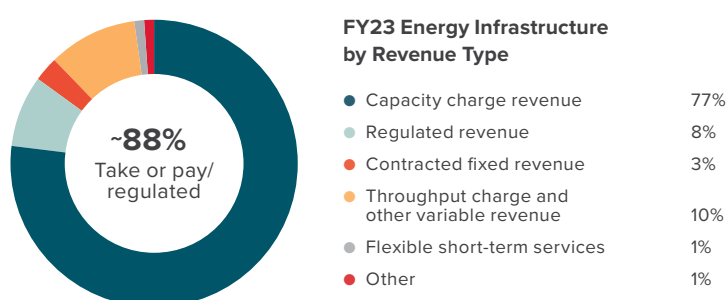
6 Excludes significant items.

Energy Infrastructure

In FY23, Energy Infrastructure is the largest business segment contributor to Group segment revenue at 93.8% (excluding pass-through) and 95.7% of underlying EBITDA (before corporate costs).

Of this revenue:

- 88% was derived from either long-term, take-or-pay contracts or regulated assets, as shown below, providing predictability and cash flow stability.
- 85% was derived from investment grade counterparties with a diversified customer base across the energy, utility, resources and industrial sectors.



¹ An investment grade credit rating from either S&P (BBB- or better) or Moody's (Baa3 or better), or a joint venture with an investment grade average rating across owners. Ratings shown as equivalent to S&P's rating scale.

Comparing FY23 performance to FY22

East Coast Gas

Underlying EBITDA benefited from higher inflation-linked revenues, a stronger contribution from the Victorian Transmission System and some favorable short-term contracting. This was offset by higher costs including Young-Lithgow repairs, and a lower contribution from the Orbest Gas Processing Plant which was sold in July 2022.

West Coast Gas

Underlying EBITDA largely benefited from higher inflation-linked revenues, partly offset by higher costs.

Wallumbilla Gladstone Pipeline

Underlying EBITDA benefited from a 7.5% increase in tariffs on 1 January 2023, partly offset by FX.

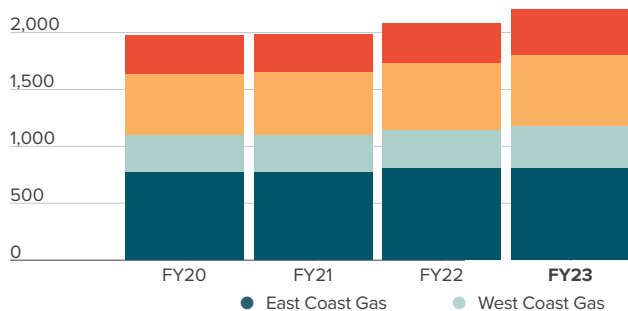
Electricity Generation and Transmission

A part-year contribution from Basslink drove higher earnings.

Energy Infrastructure Revenue by segment

(A\$m)

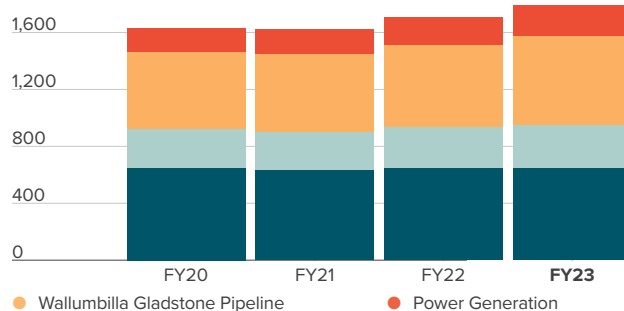
2,500



Energy Infrastructure EBITDA by segment

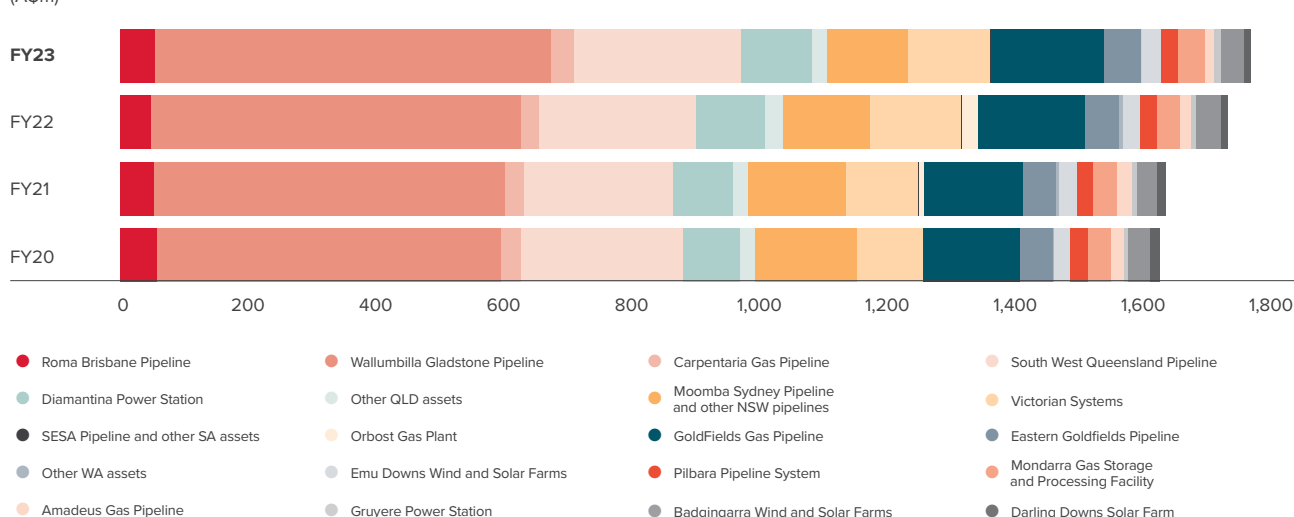
(A\$m)

2,000



Energy Infrastructure EBITDA by asset

(A\$m)



Asset Management

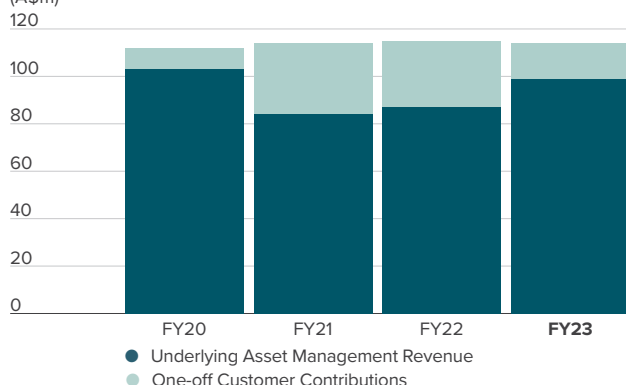
In FY23, Asset Management contributed 4.8% to Group segment revenue (excluding pass-through) and 3.0% of underlying EBITDA (before corporate costs).

APA's major third-party customers are Australian Gas Networks Limited (AGN), Energy Infrastructure Investments (EII) and GDI, who receive asset management services under long-term contracts.

The decrease in Asset Management EBITDA in FY23 compared to FY22 was driven by a combination of lower margin activities and reduced customer contributions which fluctuate from one period to the next. Customer contributions for FY23 were \$15 million (FY22 \$28 million).

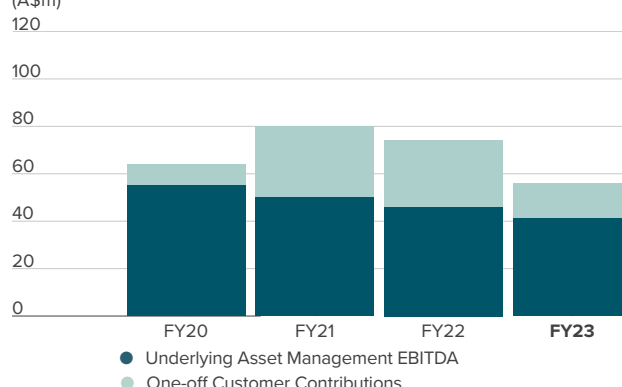
Asset Management Revenue

(A\$m)








Asset Management EBITDA

(A\$m)



Energy Investments

In FY23, Energy Investments contributed 1.0% to Group segment revenue (excluding pass-through) and 1.3% of underlying EBITDA (before corporate costs). FY23 EBITDA was lower than in FY22 due to reduced equity income from SEA Gas as a result of contract changes.

| Asset and ownership interests | Asset details and APA services | Partners |
|---|---|--|
| Mortlake Gas Pipeline  50% SEA Gas (Mortlake) Partnership | 83 km gas pipeline connecting the Otway Gas Plant to the Mortlake Power Station MAINTENANCE | REST |
| SEA Gas Pipeline  50% South East Australia Gas Pty Ltd | 687 km gas pipeline from Iona and Port Campbell in Victoria to Adelaide MAINTENANCE | REST |
| North Brown Hill Wind Farm  20.2% EII2 | 132 MW wind farm in South Australia CORPORATE SERVICES | Foresight (ICG were taken over in 2022) Osaka Gas |
| Allgas Gas Distribution Network  20% GDI (EII) | ~3,900 km Allgas gas distribution network in Queensland with ~114,000 connections CORPORATE SERVICES OPERATIONAL MANAGEMENT | Marubeni Corporation State Super |
| Kogan North Processing Plant Directlink and Murraylink Electricity Interconnectors Nifty and Telfer Gas Pipelines Wickham Point and Bonaparte Gas Pipelines  19.9% Energy Infrastructure Investments | Gas processing facilities 12 TJ/day Electricity transmission 243 km Gas pipelines totalling 786 km CORPORATE SERVICES OPERATIONAL MANAGEMENT | MM Midstream Investments Osaka Gas |

Corporate costs

Corporate costs excluding significant items for FY23 were higher than FY22 largely due to investment in capability and growth including: technology and business resilience; regulatory, risk and compliance; sustainability and corporate affairs.

Capital and investment expenditure

In FY23, total capital and investment expenditure of \$1,180 million was \$96 million lower than in FY22, largely driven by the remaining investment in Basslink in FY23 being lower than the investment in the senior secured debt of Basslink FY22. Outside of this, in FY23 there was higher growth capex, as well as higher Stay in Business (SIB) capex compared to FY22.

Capital and investment expenditure for FY23

| Capital and investment expenditure ¹ | Description of major projects | 30 June 2023 \$m | 30 June 2022 \$m |
|---|---|---------------------|---------------------|
| Regulated | Western Outer Ring Main (WORM), Winchelsea Compressor; Access Arrangement Allowed Expenditure | 242 | 68 |
| Non-Regulated | | | |
| East Coast Gas | East Coast Grid Stage 1, Kurri Kurri Gas Lateral | 172 | 129 |
| West Coast Gas | Northern Goldfields Interconnect | 300 | 217 |
| Electricity Generation and Transmission | Dugald River Solar Farm; Gruyere Power Grid | 113 | 76 |
| Customer contribution projects and others | VIC Estate, Road and Rail Projects | 18 | 33 |
| Total growth capex | | 845 | 523 |
| SIB capex | | | |
| Asset Lifecycle capex ² | | 161 | 123 |
| IT Lifecycle capex | | 32 | 7 |
| Total SIB capex | | 193 | 130 |
| Foundation capex | | | |
| Technology and Other capex | | 10 | 18 |
| Corporate Real Estate | | 22 | 17 |
| Total Foundation capex | | 32 | 35 |
| Total capital expenditure | | 1,070 | 689 |
| Acquisitions and Investments | | 110 | 587 |
| Total capital and investment expenditure | | 1,180 | 1,276 |

1 The capital expenditure shown in this table represents payments for property, plant, equipment and intangibles as disclosed in the cash flow statement, and excludes accruals brought forward from the prior period and carried forward to the next period.

2 Represents Stay in Business capital expenditure not recoverable from customers and/or regulatory frameworks.

Regulated growth capital expenditure

- **Western Outer Ring Main (WORM) project** – The Pipeline Licence for the project was issued in May 2022 and approval under the EPBC Act received in June 2022. Construction, which began in August 2022, progressed significantly during the year with some delays to overall completion due to an exceptionally wet spring and some difficult ground conditions. Completion and commissioning is now expected in Q1FY24. The Australian Energy Regulator (AER) included growth capital expenditure for the WORM in the access arrangement decision in December 2022. The project will enhance gas security of supply by supporting higher withdrawals in summer and injections in winter from the Iona Underground Storage Facility in Victoria's west.
- **Winchelsea Compressor Station** – In April 2022, APA reached a Final Investment Decision for a \$60 million expansion of the South-West Pipeline in the Victorian Transmission System. The project, to install an additional compressor facility at Winchelsea Compressor Station, enabled additional capacity ahead of winter 2023 gas supply shortfalls highlighted by the Australian Energy Market Operator (AEMO) in its 2022 Gas Statement of Opportunities (GSOO). Recognising the critical importance of natural gas to Victoria's energy system, APA has worked with the Australian Energy Regulator and the Victorian Government to expedite the project. The project was completed and commissioned on schedule in Q4FY23.

The secret fruit is an "orange".

Unregulated growth capital expenditure

East Coast Gas

- **East Coast Grid Expansion** – Stage 1 of the expansion works, increasing Wallumbilla to Wilton capacity by 12%, was completed and commissioned in Q4FY23. This will help mitigate the forecast 2023 southern State winter supply risks identified in the 2022 AEMO GSOO. Confirmation of Stage 2, which will add a further 13% of capacity, was announced in May 2022. Stage 2 is well advanced with major procurement complete and construction commenced on both the MSP and SWQP sites in late FY23. The project is scheduled for commissioning ahead of the forecast potential winter 2024 shortfalls.
- **Kurri Kurri Lateral Pipeline** – On 20 June 2022, APA executed a Gas Transportation and Storage Agreement and a Development Agreement with Snowy Hydro Limited to develop a 20 kilometre Kurri Kurri Lateral gas pipeline connection. APA will build, own and operate the Kurri Kurri Lateral, connecting the Sydney to Newcastle Pipeline to the Hunter Power Project at Kurri Kurri in New South Wales. The project includes a 70 TJ gas storage facility to service the Hunter Power Project. During the year, the New South Wales Government approved the Environmental Impact Statement (EIS) for the project. APA submitted an application for a pipeline licence in February which is expected to be issued in early FY24. APA has secured an easement with all landowners along the pipeline alignment. Major procurement is complete and pipe has arrived at Newcastle Port. Electric drive compressors will be used to minimise the emissions intensity of operations. Construction contracts are expected to be awarded in early FY24 with project completion in 1HFY25 and ahead of the Hunter Power station project completion.

West Coast Gas

Northern Goldfields Interconnect (NGI) – The NGI pipeline connects the Perth Basin to APA's Goldfields Gas Pipeline and APA's Eastern Goldfields network. Construction of the pipeline and compressor station were both completed during the year and commissioned in Q4FY23.

Power Generation

Gruyere Power Station Expansion and Hybrid Energy Microgrid – APA's first hybrid energy microgrid investment will expand the existing reciprocating gas-fired power station, with a 13MWp solar farm backed up by a 4.4MW/4.4MWh battery energy storage system (BESS). The microgrid uses a hybrid control system to monitor and react to cloud movements, battery control and the existing reciprocating engine control systems to optimise efficiency and maximise the use of renewable generation. During the year, the expansion to the existing reciprocating gas-fired power station was completed and commissioned, and the solar farm and BESS constructed. Commissioning and performance testing were completed on 31 July 2022. Total installed capacity of the microgrid is 64MW (60MW of power generation and 4.4MW of battery storage).

Dugald River Solar Farm – Construction of the \$150 million 88MW Dugald River Solar Farm (previously called Mica Creek Solar Farm) was approved in March 2022. The project is underpinned by two offtake agreements – a 15-year solar offtake agreement to supply renewable energy to the MMG Dugald River mine and a variation to an existing agreement with existing APA customer, Mount Isa Mines Limited, to supply renewable energy for 15 years. As part of the project, APA entered into a 32-year lease agreement with the Queensland Government to locate the Dugald River Solar Farm near the Diamantina Power Station Complex. The solar farm was completed during the year and successfully connected and commissioned in Q4FY23.

Prospective projects

- In FY23, APA progressed preliminary work on several other large projects including:
- **Beetaloo Basin, Northern Territory** – In FY22, APA entered a non-binding MOU with Empire Energy to progress feasibility studies on APA providing processing and transportation infrastructure for Empire Energy's Beetaloo and McArthur Basins Project. Through FY23, APA continued to engage with Empire Energy to develop infrastructure requirements to support Empire's early project concepts in the Beetaloo Basin. In FY23, APA entered an initial agreement with Tamboran Resources to progress the connection of Tamboran's proposed Beetaloo Basin production projects to APA's gas transmission assets. Under the agreement, APA commenced early land access and approvals, and pre-engineering studies to develop a gas pipeline from Tamboran's proposed Shenandoah South project to the Amadeus Gas Pipeline. APA also commenced early work to develop a large-volume, open access pipeline from the Beetaloo Basin to APA's South West Queensland Pipeline, facilitating the connection of Beetaloo Basin gas to APA's East Coast Gas Grid.
- **Gabarintha Vanadium Project, Western Australia** – During the year, APA progressed the non-binding MOU with a customer for gas transportation services along a proposed 150 kilometre long new pipeline to supply gas to the Gabarintha Vanadium Project. In June 2022, APA entered into an Early Works Agreement to progress early work activities for the proposed pipeline, including confirming the pipeline route, preparing appropriate licences, initial engineering design and identifying long lead procurement items.

Financing Activities

Capital management

At 30 June 2023, APA had 1,179,893,848 securities on issue. This is unchanged from 30 June 2022.

Debt facilities

At 30 June 2023, APA had \$11,241 million of drawn debt facilities (compared with \$11,146 million at 30 June 2022). APA's debt portfolio has a broad spread of maturities across the global debt capital markets extending out to FY36, with an average maturity of drawn debt of 5.7 years. APA's Treasury Policy requires interest rate hedging to minimise the potential impacts from adverse movements in interest rates. At year end, 100% of interest obligations on gross drawn borrowings was either hedged into or issued at fixed interest rates for varying periods extending out to 2036.

In FY23, APA raised AUD \$1.6 billion of bilateral facility agreements from leading Australian and overseas banks, replacing \$1.3 billion of the previous existing facilities. The new bilateral facility agreements comprise of 3-year, 4-year and 5-year tenors which remain undrawn at 30 June 2023. The purpose of the bilateral agreements is to provide access to facilities for general corporate purposes.

Interest costs

During the year, net finance costs decreased by \$24 million or 5.0%, to \$459 million (FY22: \$483 million). The average interest rate¹, including credit margins, applying to drawn debt was 4.43% for FY23 (FY22: 4.42%). The decrease is due to higher average cash balances and higher market interest rates facilitating higher interest income offsetting interest expense. Most of APA's debt obligations were either issued at fixed rates or hedged at lower interest rates because they were issued in the lower interest rate environment prior to 2022.

Credit ratings

During the year, APA Infrastructure Limited (APAIL), the borrowing entity of APA, maintained two investment grade credit ratings:

- **BBB long-term corporate credit rating** (outlook Stable) assigned by Standard & Poor's (S&P) in June 2009, and last confirmed on 31 January 2023.
- **Baa2 long-term corporate credit rating** (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 20 March 2023.

APA calculates the Funds From Operations (FFO) to Interest to be 3.3 times (FY22: 3.6 times) and FFO to Net Debt to be 10.6% for FY23 (FY22: 11.1%).

FFO to Net Debt is the key quantitative measure used by S&P and Moody's to assess APA's creditworthiness and credit rating².

Capital management strategy

APA's four-pillar capital management strategy positions APA for its next phase of growth. It comprises:

- **Securityholder returns** – focus on maximising available free cash flow and distributions
- **Access to capital** – maintain investment grade credit metrics and a diverse source of funding
- **Capital allocation** – make disciplined investments aligned to strategy and investment hurdles that drive long-term value
- **Risk management** – use a funding strategy focused on diversification, tenor and maturities, with Treasury policies that support strong liquidity and reduce volatility

Income tax

Income tax expense for FY23 of \$190 million resulted in an effective income tax rate of 39.8%, compared with 40.9% in the previous year. The high effective rate is due to significant amortisation charges relating to contract intangibles acquired with the Wallumbilla Gladstone Pipeline. These are not tax deductible.

In FY23 APA has deducted \$902 million of capital expenditure as part of the Government's Temporary Full Expensing measures and as a result, the FY23 cash tax payable is \$0. The effective cash tax paid rate is 0% for the FY23 income tax year, compared with 20.3% in FY22.

APA has published a Tax Transparency Report, including a reconciliation of profit to income tax payable.

To assist APA securityholders who wish to submit their annual tax return before receiving their annual APA Tax Statement in mid- September, APA has an indicative online tax estimator tool which is available on the Investor page on APA's website.

¹ The average interest rate is now calculated using period end FX and hedged rates to better reflect actual debt outstanding at period end (comparative year has also been restated). Based on the previous methodology, average interest was 4.59% in FY22.

² The credit metric ratios are now calculated to be more closely aligned with credit rating agency methodology (comparatives have also been restated). Based on the previous methodology, FFO/Net debt was 11.5% for the 12 months to 30 June 2022. FFO/Interest is unchanged at 3.6 times for the 12 months to 30 June 2022.

Distributions

| | Final FY22 distribution – paid 14 September 2022 | | Interim FY23 distribution – paid 16 March 2023 | |
|--|---|------------------------------|---|------------------------------|
| | Cents per security | Total distribution \$m | Cents per security | Total distribution \$m |
| APA Infrastructure Trust franked profit distribution | 6.31 | 74 | 8.50 | 100 |
| APA Infrastructure Trust unfranked profit distribution | – | – | 7.42 | 89 |
| APA Infrastructure Trust capital distribution | 15.40 | 182 | 6.67 | 79 |
| APA Investment Trust profit distribution | 1.14 | 13 | 1.01 | 12 |
| APA Investment Trust capital distribution | 5.15 | 61 | 2.40 | 28 |
| | 28.00 | 330 | 26.00 | 308 |
| Franking credits allocated | 2.70 | 32 | 3.64 | 43 |

| | Final FY23 distribution - payable 13 September 2023 | |
|--|--|------------------------------|
| | Cents per security | Total distribution \$m |
| APA Infrastructure Trust franked profit distribution | – | – |
| APA Infrastructure Trust unfranked profit distribution | 6.64 | 79 |
| APA Infrastructure Trust capital distribution | 15.02 | 177 |
| APA Investment Trust profit distribution | 1.00 | 12 |
| APA Investment Trust capital distribution | 6.34 | 74 |
| | 29.00 | 342 |
| Franking credits allocated | – | – |

The Distribution Reinvestment Plan remains suspended.

Outlook

Distributions outlook

APA anticipates a FY24 distribution of 56.0 cents per security¹, representing a 1.8% increase on the prior period.

As part of the energy supply chain, APA can be affected by regulatory changes, economic downturns and reductions in energy demand. Given market conditions are not certain, APA's revenues will continue to be subject to regulatory dynamics, customer recontracting and investment decisions.

Looking ahead, APA is in a strong position to continue executing its growth program, investing for the long-term energy needs of its customers.

¹ Distribution guidance is subject to asset performance, macroeconomic factors, regulatory changes as well as timing of distributions from non-100% owned assets, with distributions to be determined at the Board's discretion. It does not take into account the impact of any potential acquisitions or divestments by APA and any associated funding arrangements, other than the acquisition of Alinta Energy Pilbara and the associated Placement and Security Purchase Plan announced today.

Governance

Robust corporate governance policies and practices facilitate the responsible creation of long-term value for securityholders and help APA to meet the expectations of other stakeholders.

APA comprises two registered managed investment schemes, APA Infrastructure Trust and APA Investment Trust, the securities of which are 'stapled' together and traded on the ASX.

APA Group Limited is the responsible entity of those trusts and is responsible for APA's corporate governance practices.

The Board and our Executive Leadership Team are committed to conducting APA's business in accordance with high standards of corporate governance. We believe robust corporate governance policies and practices help APA to create long-term value for securityholders and to meet the expectations of other stakeholders.

Because of our stapled trust structure, there are certain governance and remuneration-related obligations under the Corporations Act and the ASX Listing Rules that do not apply to us.

In line with the Board's commitment to high standards of corporate governance, we have:

- adopted a Corporate Governance Framework (1 July 2017); and
- entered into a related Deed Poll (adopted in 2004 and amended in 2011),

which together are designed to ensure that APA's corporate governance regime is consistent, as far as is practicable, with the best practice procedures of public listed companies.

APA complies with each of the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition). The Board periodically reviews and approves material corporate governance principles, policies and procedures in line with market practice, the expectations of our stakeholders and regulatory developments.

Our 2023 [Corporate Governance Statement](#) provides further information about our approach to governance during FY23.

Role of the Board

The Board of APA is responsible for the proper management of APA's business and affairs. The Board's primary role is to approve APA's strategic intent, provide leadership and effectively oversee the implementation of strategy and a system of risk management. To assist it in carrying out its responsibilities, the Board has established five standing committees, each with its own charter approved by the Board. In addition, the Board has delegated responsibility for the day-to-day management of APA to the Managing Director and Chief Executive Officer and other members of the Executive Leadership Team subject to the Delegations of Authority Policy, as amended by the Board from time to time.

The specific responsibilities of the Board and each standing committee are detailed in APA's [Corporate Governance Statement](#). Copies of our [Corporate Governance Framework](#) and related [Deed Poll](#) can be found on our website at apa.com.au.

The secret sport is "boxing".

OUR CORPORATE GOVERNANCE FRAMEWORK



APA Group Board



Michael Fraser
BCom FCPA MAICD
Independent Chairman
Appointed 1 September
2015 Appointed Chairman
27 October 2017

Michael Fraser is the Chairman of APA Group and brings to the Board more than 35 years' experience in the Australian energy and infrastructure sectors.

Michael has an extensive background in all aspects of the Australian energy market, including with the development of renewable energy projects and related firming infrastructure. Michael has held various executive positions at AGL Energy, including the role of Managing Director and Chief Executive Officer for a period of seven years to February 2015.

Michael is a current Director of Orora Limited. He is a former Chairman of the Clean Energy Council, Elgas Limited, ActewAGL and the NEMMCO Participants Advisory Committee, as well as a former Director of Aurizon Holdings Limited, Queensland Gas Company Limited, the Australian Gas Association and the Energy Retailers Association of Australia.

Michael is Chair of the Nomination Committee and a member of the Safety and Sustainability Committee.



Adam Watson
BBus FCPA GAICD
**Chief Executive Officer
and Managing Director**
Appointed 19 December
2022

Adam Watson was appointed Chief Executive Officer and Managing Director in December 2022. He joined APA Group in November 2020 as Chief Financial Officer (CFO).

In his role as CFO, Adam was responsible for APA's technology, finance, taxation, treasury and capital markets, risk, cyber and physical security, procurement, real estate and shared services activities.

Adam has deep local and international experience in the industrial and manufacturing sectors and in the development, delivery and operations of critical infrastructure. He previously held senior executive roles at Transurban, Australia's largest infrastructure business, along with Melbourne Airport and BlueScope Steel. Adam has deep experience in public private partnerships and his senior leadership roles have spanned finance, commercial, strategy, corporate development and operations.



James Fazzino
BEc (Hons) FCPA
Independent Director
Appointed 21 February
2019

James Fazzino brings to the Board extensive local and international experience in industrial, manufacturing and emerging energy markets.

James held the role of Managing Director and Chief Executive Officer at Incitec Pivot Limited for eight years up until 2017. In this role he built significant experience in sustainability and in the safe operation of high hazard and high-risk facilities in remote locations. James also has experience building strategic customer relationships and in the delivery of world scale hydrogen projects.

James is currently the Chair of Manufacturing Australia and a Director of Rabobank Australia Limited. He is also a convenor of the Champions of Change Coalition, a group of senior business executives focussed on gender equality and inclusive workplaces. He was formerly the Chairman of Tassal Group Limited and Osteon Medical.

James is Chair of the Safety and Sustainability Committee, and a member of the Audit and Finance Committee and the Risk Management Committee.



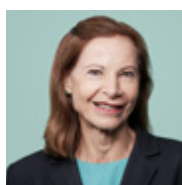
**Debra (Debbie)
Goodin**
BEc FCA MAICD
Independent Director
Appointed 1 September
2015

Debra (Debbie) Goodin brings to the Board experience in the infrastructure, construction, engineering services and energy sectors as both a senior executive and director.

Debbie has held senior finance, operations and corporate development roles in both the private and public sectors, including as a chief financial officer and chief operating officer. As an experienced non-executive director, Debbie has local and global experience in organizational leadership, financial management, operations and risk management and as chairman and audit and risk committee chair of organisations in the infrastructure and service delivery sectors.

Debbie is currently Chairman of Atlas Arteria Limited and a Director of Ansell Limited. She was formerly a Director of oOh!media Limited, Senex Energy Limited, Ten Network Holdings Limited and Australia Pacific Airports Corporation Limited.

Debbie is Chair of the Audit and Finance Committee and a member of the Risk Management Committee and the Safety and Sustainability Committee.



Shirley In't Veld

BCom LLB (Hons)

Independent Director

Appointed 19 March 2018

Shirley In't Veld brings to the Board over 30 years' experience in the resources and energy sectors, including as Managing Director of Verve Energy and more than 10 years in senior roles at Alcoa Australia Limited, WMC Resources Limited, Bond Corporation and BankWest.

Shirley is currently a Non-executive Director with Alumina Limited, Develop Global Limited and Karora Resources Inc. She was formerly Deputy Chair of CSIRO, a Non-executive Director of NBN Co Limited, Northern Star Resources Limited, Perth Airport, DUET Group, Alcoa of Australia Limited and Asciano Limited, where she was Chair of the Sustainability Committee. Shirley was also formerly a member of the Federal Government's Renewable Energy Target Review Panel.

Shirley is a member of the People and Remuneration Committee, the Safety and Sustainability Committee and the Nomination Committee.



Rhoda Phillippo

MSc Telecommunications
Business GAICD

Independent Director

Appointed 1 June 2020

Rhoda Phillippo brings to the Board over 30 years of local and international experience in the telecommunications, technology and energy sectors.

Rhoda has held senior executive roles in the telecommunications, IT and energy sector in the UK, NZ and Australia including as Managing Director of Lumo Energy. She also has significant experience in infrastructure mergers and acquisitions in Australia and overseas.

Rhoda is currently Chairperson of Kinetic IT Pty Ltd, and a Non-executive Director with Dexs Funds Management Ltd and Waveconn Group Holdings Management Pty Ltd. She is also an advisor to the Board of Tally Group, an energy billing solutions provider.

She is formerly a Non-executive Director of Pacific Hydro, Datacom Group Limited, Vocus Group Ltd and LINQ, the Chairman of Snapper Services in New Zealand and Deputy Chair of Kiwibank in New Zealand.

Rhoda is Chair of the Risk Management Committee, and a member of the Audit and Finance Committee and the People and Remuneration Committee.



Peter Wasow

BCom GradDip
(Management) Fellow
(CPA Australia)

Independent Director

Appointed 19 March 2018

Peter Wasow brings to the Board significant global experience in the energy and resources sectors as both a senior executive and director. He retired as Managing Director and Chief Executive Officer of Alumina Limited in 2017 and previously held senior executive positions at Santos Limited and BHP.

Peter was formerly a Non-executive Director of Alcoa of Australia Limited, AWA Brazil Limitada, AWAC LLC, Alumina Limited, Oz Minerals Limited and the privately held GHD Group.

Peter is Chair of the People and Remuneration Committee and a member of the Audit and Finance Committee and the Risk Management Committee.

APA Executive Leadership



Kynwynn Strong

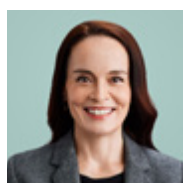
BEng(Hons), BSc, MAppFin

Acting Chief Financial Officer

Kynwynn Strong is APA Group's acting Chief Financial Officer.

Kynwynn has over 20 years' experience in financial markets, finance and strategy, including holding senior roles for over a decade at a leading multinational investment bank and in financial services companies.

Kynwynn joined APA in 2022 and is responsible for governance of APA's financial systems, plans, processes and procedures, strategic programs, and leads the group's technology, risk and compliance functions.



Amanda Cheney

LLB (Hons) BArts FGIA

Group Executive Legal and Governance

Amanda Cheney is responsible for APA Group's legal and company secretariat functions.

Amanda has over 20 years' experience advising on major energy and infrastructure projects in Australia and internationally. She joined APA more than 10 years ago and has played a pivotal role in driving transformation and growth in a range of projects across the business.

The secret animal #5 is a "wolf". Joining APA, Amanda worked as a lawyer in private practice with leading firms in Australia and Japan.

Amanda is a Fellow of the Governance Institute of Australia.



Stuart Davis

BEng (Hons) BCom, MAICD

Acting Group Executive Operations

Stuart Davis is responsible for the operations of APA Group's infrastructure portfolio.

Stuart has over 20 years' experience in the power, electricity transmission and oil and gas sectors, in senior leadership roles including in operations, engineering and commercial both in Australia and overseas.

Stuart is responsible for the operations, maintenance, stay in business capital projects and asset management of APA's infrastructure portfolio that spans electricity and gas transmission, renewable power generation, and gas distribution networks. Stuart joined APA in 2017 and previously held the roles of General Manager, Engineering and Planning, and General Manager, Operations and Maintenance.



Ross Gersbach

BBus

Group Executive Strategy and Corporate Development

Ross Gersbach is responsible for APA Group's strategy, market analytics, corporate development, and regulation and policy functions.

Ross has over 25 years' experience in senior commercial positions across a range of energy-related sectors, covering infrastructure investments, mergers and acquisitions, strategic development and the management of energy infrastructure assets.

Ross joined APA in 2008 and has previously held several leadership positions, including Chief Executive, Strategy and Corporate Development.



Kevin Lester

BEng MIEAust CPEng
EngExec GAICD

Group Executive Infrastructure Delivery

Kevin Lester is responsible for APA Group's Infrastructure Delivery division, including the planning, approvals, engineering, procurement, construction and commissioning of the company's growth projects.

Kevin has over 35 years' experience across the mining, resources and energy sectors managing the delivery of major infrastructure projects.

Kevin joined APA over 10 years ago and is responsible for supporting APA's \$22 billion portfolio of assets, developing and delivering growth projects, and managing APA's Pathfinder program, which pursues innovation, technology and new energy opportunities.

Kevin is a Director and a past President of the Australian Pipelines and Gas Association.



**Elizabeth (Liz)
McNamara**

BEC (Hons), PCSB, GAICD

**Group Executive
Sustainability and
Corporate Affairs**

Liz Joined APA Group in November 2022 as Group Executive Sustainability and Corporate Affairs.

Liz has 25 years' experience in corporate affairs and leadership roles across large public service and ASX-listed organisations, including in energy, mining, investment banking and transport.

Liz joined APA in 2022 to lead the company's Sustainability and Corporate Affairs division and is responsible for the development and execution of APA's climate change and sustainability, government and industry relations, communications and brand functions.



Darren Rogers

BEng MEng MBA GAICD

**Group Executive
Energy Solutions**

Darren Rogers is responsible for APA Group's customer, business development and commercial functions, along with the company's work in future fuels, including APA's Pathfinder program.

Darren has almost 30 years' experience across the energy sector working in large and complex businesses, including in senior commercial, operations, engineering and asset management roles.

Darren joined APA in 2017 and previously held the role of Group Executive, Operations, responsible for the safe operations, maintenance and asset management of the company's infrastructure portfolio, including gas and electricity transmission, renewable power generation, and gas distribution networks.



Jane Thomas

BBus LLB (Hons) MPsycho
(org) GAICD Fellow AHRI

**Group Executive
People, Safety and
Culture**

Jane Thomas is responsible for APA Group's health, safety, environment and heritage systems, and people and culture functions.

Jane has 30 years' experience across industries spanning energy, mining, banking and finance, retail and manufacturing.

Jane joined APA in 2021 and has driven a strengthened focus on culture and business transformation across the organisation. Prior to joining APA, Jane held senior leadership roles in major ASX-listed organisations and multinational global companies, leading people, health, safety, environment, community and legal functions.



Vin Vassallo

**Group Executive
Electricity Transmission**

Vin Vassallo is responsible for APA Group's Electricity Transmission division.

Vin has more than 30 years' experience in leading the development and delivery of infrastructure both in Australia and North America, including under Private Public Partnerships, and managing business teams in complex environments.

Vin joined APA in 2022 and is responsible for the development of new business in electricity transmission and distribution, with a focus on contracted and regulated electricity transmission infrastructure.

Ethics and integrity

Key policies governing ethics and integrity at APA include:

- **Code of Conduct:** Our Code brings our purpose and culture to life so we can make the right choices every day. It is underpinned by our behaviours of being courageous, accountable, nimble, collaborative and impactful. It includes principles and business standards that support safety, anti-harassment, anti-bullying, anti-discrimination, human rights, community engagement, environmental protection, anti-corruption and data privacy and security, and prevent anti-competitive behaviour.
- **Inclusion and Diversity Policy (including Equal Employment Opportunity):** Our commitment and strategy to building a diverse, equitable and truly inclusive workplace where everyone belongs, and feels valued, and respected to bring their best selves to work.
- **Anti-Bribery and Corruption Policy:** Our commitment to fostering business integrity including detecting and preventing bribery, corruption and fraud.
- **Whistleblower Policy:** This policy creates a safe and protected environment to escalate potential matters of concern and suspected wrong doing for those working with and for APA, including our employees, contractors, suppliers and consultants.
- **Respect@Work Procedure:** Our commitment to providing and fostering an inclusive and respectful workplace with safe, fair and positive working conditions. APA has zero tolerance for any form of harmful behaviour including unlawful discrimination, bullying, harassment, sexual harassment, sex-based harassment, vilification, victimisation and other inappropriate behaviour.
- **Health, Safety, Environment and Heritage Policy:** Our aspiration to not just respect the past but protect values for the future. We do this by protecting the health, safety and wellbeing of our people; and the environment, heritage and the communities in which we operate.

These policies are supported by standards that set out performance requirements, and detailed procedures. They are periodically reviewed to ensure they remain relevant and are made available on APA's website and intranet.

Reports and incidents

APA's Anti-Bribery and Corruption Policy prohibits bribery and corruption in any form. The Policy mandates our anti-bribery and corruption program and covers approvals for gifts, sponsorships, donations and entertainment, and third-party due diligence, and provides for monitoring and reporting.

We maintain a Whistleblower Line through an externally managed disclosure service as an independent, impartial and confidential means of reporting potential incidents. Through the Whistleblower Line and our internal reporting channels, we identify and record material breaches of the APA Code of Conduct and any actual or potential incidents relating to fraud, bribery or corruption.

Awareness activities of the Whistleblower Policy and the independent hotline continued through FY23 with the number of reports decreasing in the reporting period. All allegations are investigated in accordance with our Policy.

APA recorded zero incidents of fraud, bribery or corruption in FY23 and received no fines for non-compliance with any laws or regulations related to bribery or corruption.

There were 10 material breaches of the APA Code of Conduct, relating to unacceptable behaviour, breach of key policies and sexual harassment, in FY23. Each incident was fully investigated, with performance management actions put in place. The Risk Management Board committee was fully informed of all incidents and outcomes.

Political donations

In FY23, APA remained a member of the Federal Labor Business Forum and the Liberal Party of Australia's Australian Business Network. These business-focused political forums are part of the APA stakeholder engagement program.

APA does not permit direct political donations to any political party, representative or candidate.

Membership of associations

APA participates in business and industry associations where there is an opportunity to provide business leadership on national issues, insights and advocacy to public policy processes, and contribute to the enhancement of industry standards through the exchange of best practice learning and development.

FY23 associations

- Australian Climate Leaders Coalition
- Australian Hydrogen Council
- Australian Pipeline and Gas Association
- Bell Bay Advanced Manufacturing Zone
- Business Council of Australia
- CEDA
- Chamber of Minerals and Energy of WA
- Champions of Change Coalition
- Clean Energy Council
- Committee for Gippsland
- Diversity Council of Australia
- Energy Charter
- Energy Club NT
- Energy Club of WA
- Energy Networks Australia
- Energy Users Association of Australia
- Gas Energy Australia
- Materials and Embodied Carbon Leaders' Alliance
- MITEZ
- Regulatory Policy Institute
- Safer Together
- South Australian H2 Hub
- The Global Compact Network Australia
- Toowoomba Surat Business Enterprise

FY23 signatories

1. United Nations Global Compact
2. Energy Charter
3. Methane Guiding Principles

The secret currency is a "pound".

Directors' Report

The Directors of APA Group Limited (the Responsible Entity) submit their report of APA Infrastructure Trust (APA Infra) and its controlled entities (together, APA or Consolidated Entity) for the financial year ended 30 June 2023. This report refers to the consolidated results of APA and APA Investment Trust (APA Invest).

Directors

The names of the Directors of the Responsible Entity during the year and since year end are:

| Current Directors | First Appointed |
|-----------------------|---|
| Michael Fraser | 1 September 2015 and appointed Chairman 27 October 2017 |
| Adam Watson | 30 September 2022 appointed Acting Chief Executive Officer and appointed permanent Chief Executive Officer and Managing Director 19 December 2022 |
| James Fazzino | 21 February 2019 |
| Debra (Debbie) Goodin | 1 September 2015 |
| Shirley In't Veld | 19 March 2018 |
| Rhoda Phillippo | 1 June 2020 |
| Peter Wasow | 19 March 2018 |
| Steven (Steve) Crane | 1 January 2011. Retired 15 September 2022. |
| Robert (Rob) Wheals | 6 July 2019 appointed Chief Executive Officer and Managing Director. Resigned 30 September 2022. |

Nino Ficca has been appointed a Director, effective 1 September 2023.

The Company Secretaries of the Responsible Entity during the year were Amanda Cheney and Bronwyn Weir (who was appointed 19 June 2023).

Executive Leadership changes:

- On 30 September 2022, Rob Wheals resigned as Chief Executive Officer (CEO)
- On 30 September 2022, Adam Watson was appointed as the Acting Chief Executive Officer (CEO)
- On 19 December 2022, Adam Watson was appointed as the Chief Executive Officer and Managing Director (CEO)
- On 20 August 2022, Julian Peck resigned as Group Executive Strategy and Commercial
- On 25 August 2022, Darren Rogers started secondment as the new Group Executive Strategy and Commercial
- On 17 October 2022, Darren Rogers was appointed as the new Group Executive Strategy and Commercial
- On 1 November 2022, Liz McNamara was appointed to the newly created role of Group Executive Sustainability and Corporate Affairs
- On 2 November 2022, Vin Vassallo was appointed to the newly created role of Group Executive Electricity Transmission Development

With the internal promotion of Adam Watson and Darren Rogers, the following two appointments have been made commencing in FY24.

- Chief Financial Officer (CFO) – Garrick Rollason appointed as CFO effective October 2023, Kynwynn Strong to remain as acting until Garrick's commencement date
- Group Executive Operations – Petrea Bradford appointed as Group Executive of Operations effective 28 August 2023, Stuart Davis to remain as acting until Petrea's commencement date

Subsequent events

Alinta Energy Pilbara acquisition

On 23 August 2023, APA entered into a Share Sale Agreement with Alinta Power Cat Pty Ltd and Alinta Energy Development Pty Ltd to acquire 100% of Alinta Energy Pilbara Holdings Pty Ltd and its subsidiaries and Alinta Energy (Newman Storage) Pty Ltd (together referred to as Alinta Energy Pilbara). Alinta Energy Pilbara is an energy infrastructure business underpinned by contracted operational assets (gas and solar power generation, gas transmission, battery energy storage systems (BESS) and electricity transmission), together with an extensive development pipeline of projects (wind, solar, gas reciprocating engines, BESS, and associated electricity transmission), located in Western Australia's Pilbara region.

The enterprise value is \$1,722 million excluding stamp duty and other transaction costs (currently estimated to be \$86 million), and will be subject to post-completion adjustments for working capital, net debt and capex as at completion of the acquisition. Completion of the acquisition remains subject to meeting certain conditions precedent and is expected to occur in the fourth quarter of calendar year 2023.

Capital raise

APA also announced its plans to raise \$675 million through a fully underwritten pro-rata institutional placement to partly fund the acquisition. The balance of the purchase price will be funded by new debt facilities established in connection with the acquisition of \$993 million. In addition, a non-underwritten Security Purchase Plan will be undertaken for eligible securityholders to raise \$75 million.

Final distribution declaration

On 23 August 2023, the Directors declared a final distribution of 29.0 cents per security (\$342 million) for APA Group, an increase of 3.6%, or 1.0 cent per security over the previous corresponding period (30 June 2022: 28.0 cents). This comprises a distribution of 21.66 cents per security from APA Infrastructure Trust and a distribution of 7.34 cents per security from APA Investment Trust.

The APA Infrastructure Trust distribution represents 6.64 cents per security unfranked profit distribution and 15.02 cents per security capital distribution. The APA Investment Trust distribution represents a 1.00 cent per security unfranked profit distribution and 6.34 cents capital distribution. The distribution is expected to be paid on 13 September 2023.

Other than noted above and as disclosed elsewhere in this report, in the interval between 30 June 2023 and the date of this report, no matter or circumstance has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

Principal activities

Information on the principal activities of the Group and its business strategies and prospects is set out on page 51 of the Annual Report and forms part of this Directors' Report.

Operating Financial Review

Information on the operations and financial position of the Group and its business strategies and prospects is set out on pages 9 to 58 of the Annual Report and forms part of this Directors' Report.

Directors

Information on Directors and Company Secretary

For information relating to the qualifications and experience of Directors and Company Secretary refer to pages 62 to 64.

Directorships of other listed companies

Directorships of other listed companies held by Directors at any time in the three years immediately before the end of the financial year:

| Name | Company | Period of directorship |
|-------------------|---|---|
| Michael Fraser | Aurizon Holdings Limited | February 2016 to February 2022 |
| | Orora Limited | Since April 2022 |
| Adam Watson | – | – |
| James Fazzino | Tassal Group Limited | May 2020 to November 2022 |
| Debra Goodin | Senex Energy Limited | May 2014 to November 2020 |
| | Atlas Arteria Limited | Since September 2017, Chair since November 2020 |
| | Ansell Limited | Since December 2022 |
| Shirley In't Veld | Northern Star Resources Limited | September 2016 to June 2021 |
| | Alumina Limited | Since August 2020 |
| | Develop Global Limited (formerly Venturex Resources Limited) | Since July 2021 |
| | Karora Resources Inc | Since December 2021 |
| Rhoda Phillippo | Dexus Funds Management Limited | Since February 2023 |
| Peter Wasow | Oz Minerals Limited | November 2017 to May 2023 |

Directors Meetings

During year, the Board reviewed the roles and responsibilities of the Board and its Committees and made the following changes:

- The Health, Safety, Environment and Heritage Committee was renamed the Safety and Sustainability Committee
- The Audit and Risk Committee was divided into the Audit and Finance Committee and the Risk Management Committee

Further information on the Board and Committees can be found in APA's [Corporate Governance Statement](#) which is available on our website.

During the year, 11 Board meetings, three Risk Management Committee meetings, three Audit and Finance Committee meetings, five People and Remuneration Committee meetings, four Safety and Sustainability Committee meetings, and four Nomination Committee meetings were held. The Committee previously known as the Audit and Risk Committee met once.

| | Board | | People and Remuneration | | Audit & Finance | | Risk Management | | Audit and Risk Management ¹ | | Safety and Sustainability | | Nomination | |
|----------------------------|-------|----|-------------------------|---|-----------------|---|-----------------|---|--|---|---------------------------|---|------------|---|
| Directors | A | B | A | B | A | B | A | B | A | B | A | B | A | B |
| Michael Fraser | 11 | 11 | – | – | – | – | – | – | 1 | 1 | 4 | 4 | 4 | 4 |
| Adam Watson ² | 5 | 5 | – | – | – | – | – | – | – | – | – | – | – | – |
| Robert Wheals ³ | 2 | 2 | – | – | – | – | – | – | – | – | – | – | – | – |
| Steven Crane ⁴ | 2 | 2 | 1 | 1 | – | – | – | – | 1 | 1 | – | – | 1 | 1 |
| James Fazzino | 11 | 11 | – | – | 3 | 3 | 3 | 3 | 1 | 1 | 4 | 4 | – | – |
| Debra Goodin | 11 | 11 | – | – | 3 | 3 | 3 | 3 | 1 | 1 | 4 | 3 | 4 | 3 |
| Shirley In't Veld | 11 | 11 | 5 | 5 | – | – | – | – | – | – | 4 | 4 | 3 | 3 |
| Rhoda Phillippo | 11 | 11 | 5 | 5 | 3 | 3 | 3 | 3 | – | – | – | – | – | – |
| Peter Wasow | 11 | 10 | 5 | 5 | 3 | 3 | 3 | 3 | 1 | 1 | – | – | – | – |

¹ The Audit and Risk Management Committee was dissolved on 14 October 2022 and replaced by the Audit and Finance Committee and the Risk Management Committee.

² Adam Watson appointed as a Director on 19 December 2022.

³ Robert Wheals resigned as a Director on 30 September 2022.

⁴ Steven Crane retired as a Director on 15 September 2022.

A Number of meetings held during the time the Director held office or was a member of the committee during the financial year.

B Number of meetings attended.

Directors' security holdings

The aggregate number of APA securities held directly, indirectly or beneficially by Directors or their related entities at 30 June 2023 is 282,388.

Directors' relevant interests in APA securities

| Directors | Fully paid securities at 1 July 2022 | Securities acquired | Securities disposed | Fully paid securities at 30 June 2023 |
|----------------------------|---|---------------------|---------------------|--|
| Michael Fraser | 102,942 | — | — | 102,942 |
| Adam Watson ¹ | 55,556 | — | — | 55,556 |
| Debra Goodin | 24,179 | — | — | 24,179 |
| James Fazzino | 30,751 | — | — | 30,751 |
| Shirley In't Veld | 25,000 | — | — | 25,000 |
| Peter Wasow | 26,000 | — | — | 26,000 |
| Rhoda Phillippo | 10,000 | 7,960 | — | 17,960 |
| Robert Wheals ² | 108,721 | 52,213 | — | 160,934 |
| Steven Crane ² | 30,000 | — | — | 30,000 |

1 Adam Watson was appointed as a Director effective 19 December 2022 at which time he held 55,556 securities.

2 Balance as at date of ceasing to be a Director.

As at 30 June 2023, Adam Watson held 397,255 performance rights granted under APA Group's long-term incentive plan. Each performance right is a right to receive one ordinary stapled security in APA subject to satisfaction of certain performance hurdles. Further information can be found in section 8 of APA's Remuneration Report.

The Directors hold no other rights or options over APA securities. There are no contracts to which a Director is a party or under which the Director is entitled to a benefit and that confer a right to call for or deliver APA securities.

Options granted

No options over unissued APA securities were granted during or since the end of the financial year. No unissued APA securities were under option at the date of this report. No APA securities were issued during or since the end of the financial year as a result of an option being exercised over unissued APA securities.

Indemnification of Officers

During the year, the Responsible Entity paid a premium on a contract insuring the Directors and Officers of any APA Group entity against certain liability incurred in performing those roles. The contract of insurance prohibits disclosure of the specific nature of the liability and the amount of the premium.

APA Group Limited, in its own capacity and as responsible entity of APA Infra and APA Invest, indemnifies each Director and Company Secretary, and certain other executives, former executives and officers of the Responsible Entity or any APA Group entity, under a range of deed polls and indemnity agreements, which have been in place since 1 July 2000. The indemnity operates to the full extent allowed by law but only to the extent not covered by insurance and is on terms the Board considers usual for arrangements of this type.

Under its constitution, APA Group Limited (in its personal capacity) indemnifies each person who is or has been a Director, Company Secretary or Executive Officer of that Company.

The Responsible Entity has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or external auditor of the Responsible Entity or any APA Group entity against a liability incurred by such an officer or auditor.

Remuneration Report

The Remuneration Report is set out on pages 74 to 91 of the Annual Report and forms part of this Directors' Report.

Auditors

Auditor's independence

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu, as required under section 307C of the Corporations Act 2001, is included at page 161.

Non-audit services

A description of any non-audit services provided during the financial year by the Auditor and the amounts paid or payable to the Auditor for these services are set out in note 29 to the financial statements.

The Board has considered the non-audit services provided by the Auditor. In accordance with advice provided by the Audit and Finance Committee (the Committee), the Board is satisfied that this provision is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and does not compromise the auditor independence requirements of the Act.

The Board concluded that the non-audit services provided did not compromise the Auditor's independence because:

- All non-audit services were subject to APA's corporate governance procedures with respect to such matters and have been reviewed by the Committee to ensure they do not impact on the Auditor's impartiality and objectivity.
- The non-audit services provided did not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for APA, acting as an advocate for APA or jointly sharing risks and rewards.
- The Auditor has provided a letter to the Committee with respect to the Auditor's independence and the Auditor's independence declaration referred to above.

Information required for registered schemes

Fees paid to the Responsible Entity and its associates (including Directors and Secretaries of the Responsible Entity, related bodies corporate and Directors and Secretaries of related bodies corporate) out of APA scheme property during the financial year are disclosed in note 28 to the financial statements.

Except as disclosed in this report, neither the Responsible Entity nor any of its associates holds any APA securities.

The number of APA securities issued during the financial year, and the number of APA securities on issue at the end of the financial year, are disclosed in note 22 to the financial statements.

The value of APA's assets at the end of the financial year is disclosed in the balance sheet in total assets. The basis of valuation is disclosed in the notes to the financial statements.

Rounding of amounts

APA is an entity of the kind referred to in ASIC Corporations Instrument 2016/191. In accordance with that Class Order, amounts in the Directors' report and the financial report are rounded to the nearest million dollars, unless otherwise indicated.

Authorisation and signatures

The Directors' Report is signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors



Michael Fraser
Chairman

Sydney, 23 August 2023



Adam Watson
CEO and Managing Director

The secret animal #2 is a "panda".

Remuneration Report



Letter from the Chair of the People and Remuneration Committee

I am pleased to present the Remuneration Report of APA Group (APA or the Company) for financial year 2023.

APA's position as a market leader in the Australian energy infrastructure sector is reflected in our solid FY23 company performance with underlying EBITDA increasing by 2% to \$1,725 million.

Key Management Personnel (KMP) changes in FY23

In FY23 we appointed Adam Watson to the CEO/MD role and Darren Rogers was appointed to the role of Group Executive (GE) Strategy & Commercial.

Ross Gersbach moved into a different leadership team role as the GE Commercial Development, which is not considered to be a KMP role.

Remuneration outcomes for FY23

Reflecting strong financial and non-financial performance, the Short-Term Incentive (STI) outcome was 78.9% of maximum for the CEO/MD and 76.3% of maximum for the GE Strategy & Commercial.

The FY21 Long-Term Incentive (LTI) was tested at the end of FY23. The relative Total Shareholder Return (TSR) metric was not met, however the return on capital (ROC) hurdle was met. This resulted in 50% of LTI becoming available to vest according to APA's LTI vesting schedule.

Remuneration changes for FY23

The sole change made to the remuneration framework in FY23 was the introduction of climate-related metrics for 10% of the STI scorecard, set in-line with meeting the objectives of our Climate Transition Plan.

Upon promotion to their new roles Adam Watson and Darren Rogers' remuneration was increased to reflect their new responsibilities and was made with reference to peer market benchmarking data.

FY24 and beyond

A review was undertaken in FY23 to ensure the executive remuneration framework remains competitive and fit for purpose. As a result of this review the STI maximum opportunity for KMP (excluding the CEO/MD) will increase from 60% of fixed pay to 75% of fixed pay. Even after this change, APA's remuneration mix maintains a significant weighting to long-term performance, while making the short term opportunity more competitive relative to market.

I hope you find this Remuneration Report informative. We look forward to receiving your support at the 2023 AGM.

A handwritten signature in black ink, appearing to read 'Peter Wasow'.

Peter Wasow

People and Remuneration Committee Chair

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1. Individuals covered by the Remuneration Report

The Remuneration Report (the Report) for APA for FY23 has been prepared in accordance with Section 300A of the Corporations Act 2001. The information provided in this Report has been audited, unless indicated otherwise, and forms part of the Directors' Report.

This Report includes the following KMP:

| Name | Role | Term As KMP |
|---------------------------------------|--|--|
| Non-Executive Directors (NEDS) | | |
| Michael Fraser | Chair | Full year |
| James Fazzino | Director | Full year |
| Debra (Debbie) Goodin | Director | Full year |
| Shirley In't Veld | Director | Full year |
| Rhoda Phillippo | Director | Full year |
| Peter Wasow | Director | Full year |
| Former NEDS | | |
| Steven (Steve) Crane | Director | Part year until 15 September 2022 |
| Executive KMP | | |
| Adam Watson | Chief Executive Officer and Managing Director (CEO/MD) | Full year (CFO until 30 September 2022) (Acting CEO until 19 December 2022) |
| Darren Rogers | GE Strategy and Commercial | Full year (GE Operations until 24 August 2022) (Acting GE Strategy & Commercial until 16 October 2022) |
| Former Executive KMP | | |
| Robert Wheals | Former CEO/MD | Part year until 30 September 2022 when ceased employment. |
| Ross Gersbach ¹ | Former President North American Development | Part year KMP until 22 August 2022 |
| Julian Peck | Former GE Strategy and Commercial | Part year KMP until 25 August 2022, and ceased employment 28 October 2022 |

The Board has considered whether the current Acting Chief Financial Officer (CFO) and Acting GE Operations met the definition of KMP. Both roles have been excluded from disclosure in the Remuneration Report on the basis that they lack the authority and responsibility for planning, directing and controlling the activities of APA Group in their current acting roles.

Nino Ficca has been appointed as an NED commencing 1 September 2023, Petrea Bradford has been appointed as the GE Operations commencing 28 August 2023, and Garrick Rollason has been appointed as CFO and will be commencing in this role on 16 October 2023.

¹ Ross Gersbach's role during the financial year as GE Commercial Development is not deemed to be a KMP role, hence only his remuneration until 22 August 2022 (the date he ceased the role of President, North American Development) has been shown throughout the Remuneration Report.

The secret drink is "water".

2. Executive summary

2.1 Remuneration strategy

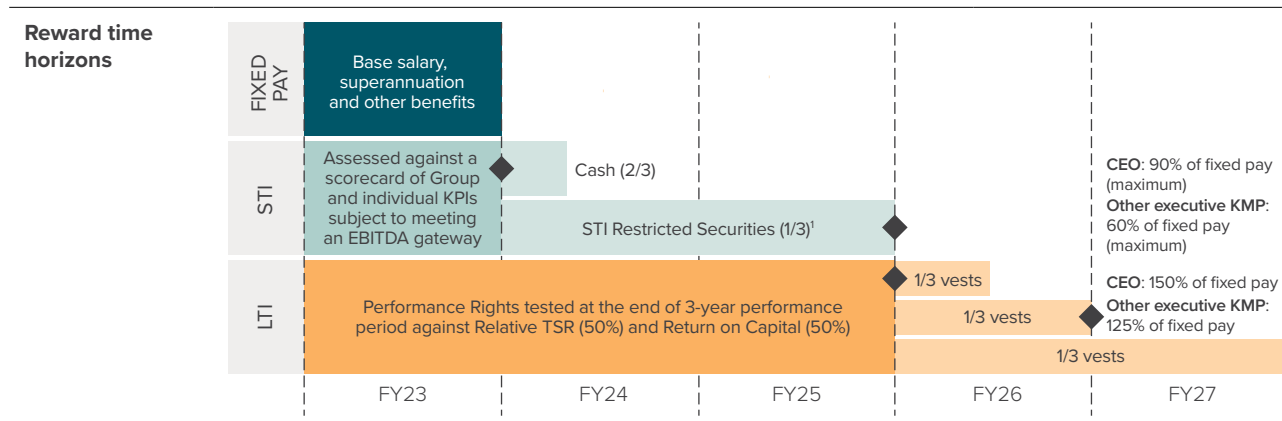
The Board recognises the important role remuneration plays in supporting, implementing and achieving APA's operational strategy over both the short and long-term. The key principles of the remuneration policy and a summary of the executive remuneration framework are outlined below.

| | | | |
|--|---|--|--|
|  <p>MARKET COMPETITIVE</p> <p>Provide competitive rewards to attract, motivate and retain highly skilled executives.</p> |  <p>BUSINESS STRATEGY</p> <p>Drive delivery of APA's growth strategy, while maintaining its financial strength.</p> |  <p>BEHAVIOURS</p> <p>Drive delivery of Health, Safety, Environment and Heritage (HSEH) strategy, caring for our people, communities, the environment and our assets, and demonstrating the APA behaviours.</p> |  <p>SECURITY HOLDER ALIGNMENT</p> <p>Ensure executive performance and behaviours align with the interests of security holders.</p> |
|--|---|--|--|

2.2 Executive remuneration snapshot

| | Fixed pay | STI | LTI |
|-----------------------------------|--|---|--|
| Purpose | To be market competitive to attract, motivate and retain individuals. | To reward executives for their contribution to APA's annual budget and performance targets, which will enable the achievement of long-term goals. | To focus Executive KMP on the achievement of APA's long-term business strategy and to create alignment with the experience of security holders. |
| FY23 approach | Executive KMP roles are benchmarked against external positions in companies with a comparable market capitalisation, operate in a similar industry and/or are key competitors. | Subject to meeting the EBITDA gateway, performance is assessed against a scorecard of financial and non-financial measures. Each Executive KMP member has a unique scorecard comprising Group measures and role specific key performance indicators (KPI's), to reflect Group and individual accountabilities. | Performance Rights are assessed against relative TSR (50%) and ROC (50%) over a three year performance period, with vested Performance Rights converting to securities in equal tranches over Years 3, 4 and 5. |
| FY23 remuneration outcomes | Following the appointment of a new CEO/MD, Adam Watson's fixed pay was set at \$1.6m. Following Darren Rogers' appointment to the GE Strategy & Commercial role, his fixed pay was set at \$920,000, to recognise the increase in responsibilities and reflective of comparator peer remuneration levels. | As the EBITDA gateway was met, the STI pool was funded and outcomes were: <ul style="list-style-type: none"> CEO/MD: 78.9% of maximum. GE, Strategy & Commercial: 76.3% of maximum. Section 3.2 provides details on scorecard outcomes for the CEO/MD. | The FY21 LTI award was tested on 30 June 2023 resulting in an outcome of 50%. 1/3 of Performance Rights will vest based on the assessed outcome in August 2023, with the remaining 2/3 of Performance Rights vesting in equal tranches in 2024 and 2025. Section 3.5 provides details of results against the relative TSR and ROC measures. |

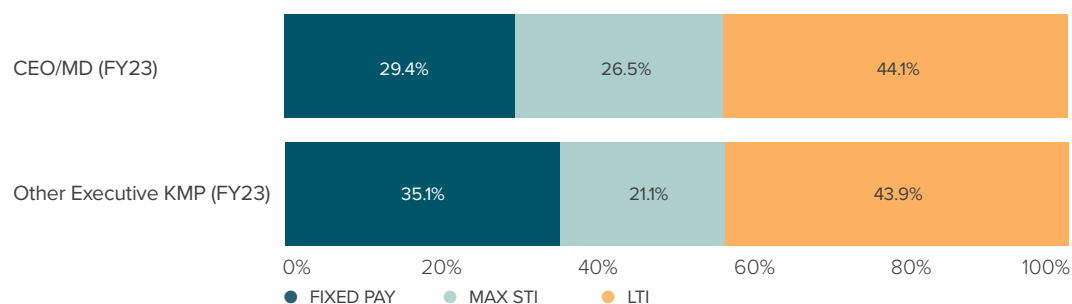
| | Fixed pay | STI | LTI |
|---|--|-----|-----|
| Minimum security holding requirement | <p>APA's minimum security holding requirement requires our Executive KMP to continue to hold a material security holding in APA Group. These requirements are:</p> <ul style="list-style-type: none"> • CEO/MD: 100% of fixed pay; and • Other Executive KMP: 50% of fixed pay. <p>Where the minimum security holding requirement has not been met, 1/3 of the STI payable will be deferred into Restricted Securities to help build individual security holding levels.</p> <p>Executive KMP participants have five years from the date of appointment to their position to accumulate the required securities.</p> | | |



Pay Mix The pay mix graph below displays the proportion of fixed vs variable remuneration (STI and LTI) at the maximum pay mix.

The LTI component has been calculated at face value assuming 100% vesting.

APA Executive KMP Maximum Pay Mix



¹ Release of Restricted Securities is subject to whether the minimum security holding requirement is met.

3. FY23 performance and executive incentive outcomes

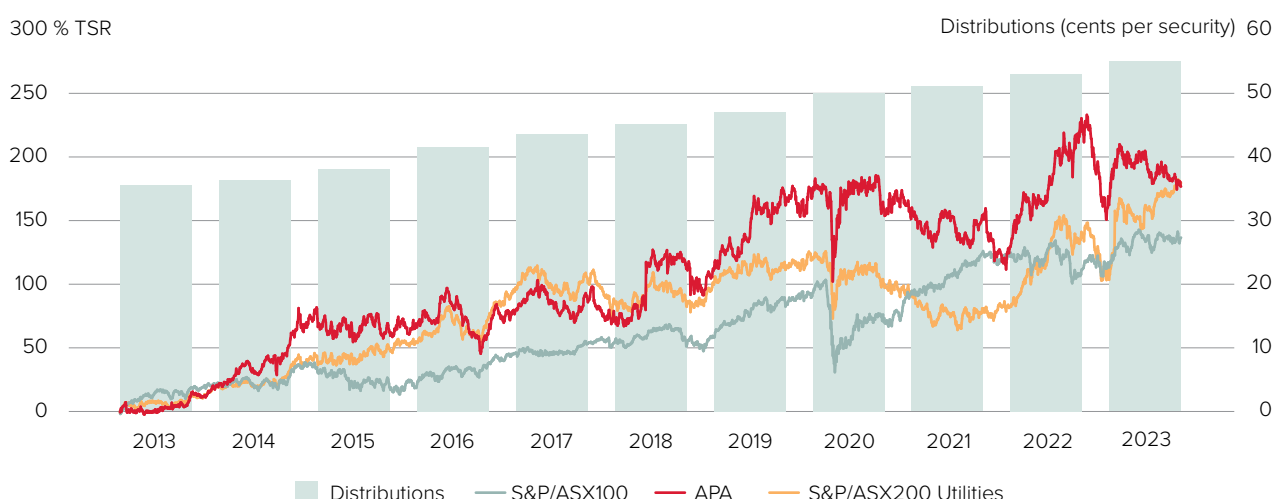
3.1 Company performance

The table below summarises APA's financial performance for the past 5 years.

| Measure | FY23 | FY22 | FY21 ¹ | FY20 ¹ | FY19 ^{1,4} |
|---|-------|-------|-------------------|-------------------|---------------------|
| Underlying EBITDA (\$m) ² | 1,725 | 1,692 | 1,629 | 1,650 | 1,570 |
| Profit after tax including significant items (\$m) ³ | 287 | 260 | 1 | 309 | 282 |
| Profit after tax excluding significant items (\$m) | 287 | 240 | 279 | 309 | 282 |
| Free cash flow per security (cents) | 90.7 | 91.6 | 76.4 | 81.1 | 75.7 |
| Distribution per security (cents) | 55.0 | 53.0 | 51.0 | 50.0 | 47.0 |
| Closing security price at 30 June (\$) | 9.69 | 11.27 | 8.90 | 11.13 | 10.80 |
| CEO/MD STI outcome (% of maximum) | 78.9 | 66.1 | 66.4 | 37.0 | 73.1 |

Since listing in 2000, APA has paid an interim and full year distribution every year. Our distribution per security of 55.0 cents for FY23 represents a 3.8% increase on FY22.

APA 10-year TSR and distributions



Source: Eikon's Refinitiv platform

3.2 FY23 STI scorecard outcomes – CEO/MD

The Board reviewed the CEO/MD's performance considering his performance against the KPI's in his STI scorecard.

The Board assesses business performance against the STI scorecard and the CEO/MD's individual contribution to these results. As part of the assessment the Board considers overall the behaviours demonstrated in delivering against the scorecard and any other performance throughout the year (not already reflected in the STI scorecard).

¹ Restated for the impact of the provision for payroll review.

² Statutory EBITDA excluding non-recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items. The Board considers this to best reflect the core earnings of APA. Refer to note 3 of the Financial Statements.

³ Includes an impairment gain on the Orbest Gas Processing Plant in FY22 and a once-off interest charge associated with bond note redemption in FY21.

⁴ The opening price of APA securities on 2 July 2018 was \$9.82.

APA Infrastructure Trust and its Controlled Entities Remuneration Report

Based on the Board's assessment, it deemed the scorecard outcome to be a holistic reflection of the CEO/MD's FY23 performance and there was no exercise of discretion over the final outcome.

| Scorecard measures and rationale | FY23 outcome | | | Further detail |
|--|-------------------------|--------|---------|--|
| Financial – Underlying EBITDA (12.5% weighting) | | | | |
| Underlying EBITDA is our key financial metric to assess the financial health of our business. We aim to maintain financial strength through solid underlying EBITDA. | THRESHOLD | TARGET | MAXIMUM | Underlying EBITDA outcome was \$1,725 million against a target of \$1,666 million and stretch of \$1,691 million. The Board considered adjusting the underlying EBITDA result for an estimate of the benefit from CPI exceeding our budget estimates. This would also have resulted in achievement at maximum. |
| Financial – Free Cash Flow (12.5% weighting) | | | | |
| Strong free cash flow ensures our business' profitability by considering changes in working capital, interest and tax. | THRESHOLD | TARGET | MAXIMUM | Free cash flow was \$1,070 million against a target of \$981 million and stretch of \$1,021 million. The Board considered adjusting the Free Cash Flow result for an estimate of the benefit from CPI exceeding our budget estimates. This also would have resulted in an above stretch result |
| Financial – Organic Revenue Growth from deploying CAPEX (10% weighting) | | | | |
| Assesses our ability to grow revenue streams organically. | THRESHOLD | TARGET | MAXIMUM | Actual outcome of \$293.5 million against a target of \$325 million and stretch of \$475 million. |
| Financial – Execution of growth strategy (25% weighting) | | | | |
| Assesses our ability to identify and delivery on growth opportunities. | THRESHOLD | TARGET | MAXIMUM | Basslink was successfully acquired and the integration was delivered to plan and budget; Electricity Transmission capability was developed strengthening our offering for future Renewable Energy Zone opportunities; and key business transformation projects (e.g. ERP implementation) are all on track. |
| Non-financial – Deliver Climate Transition Plan Objectives (10% weighting) | | | | |
| Ensure progress against our Climate Transition Plan objectives. | THRESHOLD | TARGET | MAXIMUM | This objective measured APA performance against the priorities set for FY23 in the Climate Transition Plan. The priorities set were delivered at the target level of expectation. Further information on APA's progress against the Climate Transition Plan will be set out in our Climate Report which will be released in September 2023. |
| Non-financial – Health, Safety, Environment and Heritage (10% weighting) | | | | |
| To improve safety, wellbeing and environmental performance and safety culture through delivery of the HSEH Strategy so that our employees return home safely each day. | THRESHOLD | TARGET | MAXIMUM | Safety performance against our scorecard (including HSEH Interactions, HSEH Strategy delivery, TRIFR, Actual Serious Harm Incidents) was between threshold and target. |
| Non-financial – Inclusion & Diversity (10% weighting) | | | | |
| Leverage diversity and build an inclusive culture so all our people feel safe, valued and trusted to do their best every day. | THRESHOLD | TARGET | MAXIMUM | Strong performance in meeting or exceeding our targets for improved female representation in senior leadership, extended leadership and our talent pipeline offset by total female representation falling short of our target for FY23. |
| Non-financial - Stakeholder Engagement (10% weighting) | | | | |
| Maintain APA's reputation across internal and external stakeholders. | THRESHOLD | TARGET | MAXIMUM | Reputation measured by Reprtrack improved year on year and exceeded our target. |
| Scorecard outcome | 78.9% of Maximum | | | |

3.3 FY23 STI performance scorecard outcomes – Other Executive KMP

The GE Strategy & Commercial had KPIs aligned to the CEO/MD, with additional focus on economic and regulatory engagement, and on customer satisfaction. The STI achieved was 76.3% of Maximum.

3.4 STI outcomes

The table below provides an overview of the STI outcomes for FY23 for current Executive KMP, delivered in a mix of cash and restricted securities.

| Executive KMP | STI earned | | | | STI forfeited | |
|-----------------------|------------|----------------------------------|-----------|--------------|---------------|--------------|
| | Cash | Restricted securities (deferred) | Total | % of maximum | Foregone | % of maximum |
| A Watson ¹ | \$765,377 | \$201,359 | \$966,736 | 78.9% | \$258,064 | 21.1% |
| D Rogers | \$415,576 | – | \$415,576 | 76.3% | \$129,323 | 23.7% |

3.5 LTI outcomes

Equity LTI plan

The FY21 LTI plan was tested as at 30 June 2023.

The relative TSR was not met, whilst the ROC hurdle was met, resulting in an LTI outcome of 50% achieved.

| Performance measure | Weighting | Threshold | Maximum | Actual | Vesting outcome | Amount forfeited |
|----------------------|-----------|-----------------------------|-------------------------------|--------|-----------------|------------------|
| Relative TSR | 50% | 50 th percentile | 82.5 th percentile | 23.6% | Nil | 100% |
| ROC | 50% | 11.6% | 11.9% | 12.1% | 100% | Nil |
| Final Outcome | | | | | 50% | 50% |

The original ROC targets set were 11.1% (threshold) and 11.4% (maximum). This was based on an assumption that a M&A transaction would be executed. Given the transaction did not occur and another transaction (Basslink) did occur, the Board exercised its discretion and adjusted the targets. The ROC targets were increased to 11.6% (threshold) and 11.9% (maximum).

Performance Rights that do not vest are forfeited automatically following performance assessment. Vested Performance Rights will convert to APA securities as follows:

- 1/3 in August 2023,
- 1/3 in August 2024, and
- 1/3 in August 2025.

For further details of how the Board assess performance for the purposes of the LTI, please see section 4.3.

Legacy cash LTI plan

Under the legacy LTI plan arrangements (cash settled), the awards vest in 3 equal tranches over three years following performance assessment. The final awards under the legacy LTI plan were tested and made in FY20. Vesting of the final third tranche of the legacy cash awards in FY23 are summarised in section 3.6 below and is due to be paid in September 2023. Further details on the Legacy cash LTI plan can be found in the 2020 Annual Report.

The secret clothing is a "glove".

¹ The CEO/MD's STI outcome is based on the STI opportunities applicable through the three distinct periods as CEO, acting CEO/MD and CEO/MD through the year and applying the total scorecard outcome of 78.9% of maximum. In the role of CFO the minimum security holding requirement was met and as such no STI deferral was applied. The portion applicable to the permanent period as CEO/MD has had 1/3 deferral applied.

3.6 FY23 actual remuneration

The actual remuneration detailed in the table below differs from the statutory remuneration disclosed in section 8 which is subject to requirements under the Accounting Standards and Corporations Act.

The following is included in the table:

- Fixed pay and Cash STI – as received which relates to FY23.
- STI deferred equity – awards from prior years which have vested in FY23.
- Legacy cash LTI plan – awards vested from the legacy cash LTI plan vesting at the end of FY23 and payable in September 2023.
- LTI equity released – FY20 LTI (Tranche 2) and FY21 LTI (Tranche 1) that have met performance and time restrictions as at 30 June 2023 and will vest in August 2023.

Given this is not a statutory disclosure, we have only included Executive KMP as at 30 June 2023.

| Executive KMP | Fixed Pay ¹ \$ | Cash STI ² \$ | STI Deferred Equity Released ³ \$ | Legacy Cash LTI Vested ⁴ \$ | LTI Equity Vested & Released ⁵ \$ | Total \$ |
|---------------|------------------------------|-----------------------------|---|---|---|-------------|
| A Watson | 1,466,647 | 765,377 | – | N/A | 177,515 | 2,409,539 |
| D Rogers | 908,413 | 415,576 | 126,615 | 78,919 | 242,064 | 1,771,587 |

4. Executive remuneration policy and framework

APA's remuneration objective is to reward executives at the median of observed total remuneration for selected comparable companies when performance is at target and up to the 75th percentile for above target performance.

4.1 Fixed pay

Fixed pay includes base salary and any salary sacrifice items (including any relevant fringe benefits tax) such as car parking, motor vehicles and superannuation. The level of fixed pay is based on multiple factors, including the skills and experience of the individual, external market positioning and the size and complexity of the role.

4.2 STI plan

In addition to the information covered in section 2, further detail on the operation of the FY23 STI plan is provided below:

| Feature | Description | | | | | | | | | |
|--|---|-----------------------------|------------------------------|------------------------------|--------|-----|-----|---------------------|-----|-----|
| Opportunity | <table><tr><th>Role</th><th>STI target (% of fixed pay)</th><th>STI maximum (% of fixed pay)</th></tr><tr><td>CEO/MD</td><td>60%</td><td>90%</td></tr><tr><td>Other Executive KMP</td><td>40%</td><td>60%</td></tr></table> | Role | STI target (% of fixed pay) | STI maximum (% of fixed pay) | CEO/MD | 60% | 90% | Other Executive KMP | 40% | 60% |
| | Role | STI target (% of fixed pay) | STI maximum (% of fixed pay) | | | | | | | |
| | CEO/MD | 60% | 90% | | | | | | | |
| Other Executive KMP | 40% | 60% | | | | | | | | |
| Performance period | One year. | | | | | | | | | |
| Delivery | Cash (2/3) paid at the end of FY23 (in September 2023) and deferred equity (1/3) delivered as Restricted Securities which vest after 2-years (in September 2025) where the minimum security holding requirement is not met. | | | | | | | | | |
| Allocation methodology of deferred STI | Restricted Securities are allocated at face value using a volume weighted average price (VWAP) of the 30 trading days ending 7 working days before the People & Remuneration Committee meeting to consider APA's full year financial results. | | | | | | | | | |

1 Fixed pay is inclusive of cash salary and any salary sacrifice items (including any relevant fringe benefits tax) such as car parking and superannuation.

2 Cash STI refers to the cash portion of the STI relating to performance in FY23. Payment will be made in September 2023.

3 Awards from prior years which have vested in the year. Valued based on the average price of securities on the date of purchase.

4 Refers to cash amount to be paid in September 2023 under the legacy LTI plan, based on the VWAP of \$9.7939 (as determined by the plan rules) and number of reference units that vested in August 2023.

5 Relates to rights vesting and converting to securities for Tranche 2 of the FY20 Performance Rights plan and Tranche 1 of FY21 Performance Rights plan which vested in August 2023. Valued based on a VWAP of \$10.0076 (being the 20 trading days leading up to 30 June 2023).

4.3 LTI plan

In addition to the information covered in section 2, further detail on the operation of the FY23 LTI plan is provided below:

| Feature | Description | | | | | | | | | |
|---|---|------------------------------|-----------------------------------|--------|--------------------------------|---------------------|--|---|---|------|
| Opportunity | <table><tr><th>Role</th><th>LTI maximum (% of fixed pay)</th></tr><tr><td>CEO/MD</td><td>150%</td></tr><tr><td>Other Executive KMP</td><td>125%</td></tr></table> | Role | LTI maximum (% of fixed pay) | CEO/MD | 150% | Other Executive KMP | 125% | | | |
| | Role | LTI maximum (% of fixed pay) | | | | | | | | |
| | CEO/MD | 150% | | | | | | | | |
| Other Executive KMP | 125% | | | | | | | | | |
| Performance period | Three years, commencing on 1 July 2022. | | | | | | | | | |
| Grant date | 16 December 2022 | | | | | | | | | |
| Delivery | Performance Rights are tested at the end of year three. Vested Performance Rights convert to securities and are released from restrictions in equal tranches at the end of year three, four and five. Performance Rights which do not vest are forfeited automatically unless the Board determines otherwise. | | | | | | | | | |
| Allocation methodology | Performance Rights are allocated at face value using a VWAP of the 20 trading days prior to the start of the performance period (1 July 2022). No amount is payable on the grant or vesting of Performance Rights. | | | | | | | | | |
| Performance measures | Relative TSR (50%) | | | | | | | | | |
| | Relative TSR measures the Group’s TSR over a three-year period against a group of ASX 100 bespoke peers in the infrastructure and gas sectors. Relative TSR has been selected to align executives with the experience of security holders and to ensure executives are only rewarded for outperformance against our peers | | | | | | | | | |
| | The peer group comprises of the following companies: | | | | | | | | | |
| | AGL Energy | Transurban | Mirvac Group | | | | | | | |
| | Atlas Arteria Group | Aurizon Holdings | Scentre Group | | | | | | | |
| | TPG Telecom | Qube Holdings | Stockland | | | | | | | |
| | Origin Energy | Dexus | Vicinity Centres | | | | | | | |
| | GPT Group | Goodman Group | Telstra Corporation | | | | | | | |
| | The Board retains discretion to vary the relative TSR peer group at the end of the performance period to reflect de-listings, mergers and other corporate actions. | | | | | | | | | |
| | APA sets challenging LTI hurdles to ensure that the LTI plan only vests where our executive team meet stretching targets. | | | | | | | | | |
| The relative TSR component vests in accordance with the following scale: | | | | | | | | | | |
| <table><tr><th>Hurdle</th><th>Vesting outcome</th></tr><tr><td>Below 50th percentile</td><td>Nil</td></tr><tr><td>At 50th percentile</td><td>50%</td></tr><tr><td>Between 50th and 82.5th percentile</td><td>Straight line pro-rata vesting between 50% and 100%</td></tr><tr><td>At 82.5th percentile or above</td><td>100%</td></tr></table> | Hurdle | Vesting outcome | Below 50 th percentile | Nil | At 50 th percentile | 50% | Between 50 th and 82.5 th percentile | Straight line pro-rata vesting between 50% and 100% | At 82.5 th percentile or above | 100% |
| Hurdle | Vesting outcome | | | | | | | | | |
| Below 50 th percentile | Nil | | | | | | | | | |
| At 50 th percentile | 50% | | | | | | | | | |
| Between 50 th and 82.5 th percentile | Straight line pro-rata vesting between 50% and 100% | | | | | | | | | |
| At 82.5 th percentile or above | 100% | | | | | | | | | |

| Feature | Description | | | | | | | | | | |
|----------------------------------|---|--------|-----------------|------------------|----|-----------------|-----|----------------------------------|---|--------------------|------|
| | <p>Return on capital (50%)</p> <p>The ROC hurdle measures APA Group's operating earnings achieved relative to operating assets over a three-year performance period. It has been selected to ensure management balances earnings improvements with prudent capital management.</p> <p>ROC is calculated as an average over three years by dividing underlying EBITDA by Funds Employed (FE). FE is determined by adjusting total assets per the balance sheet by excluding capital work in progress, excluding current and non-current portion of other financial assets (excluding redeemable preference shares), including working capital relating to assets under construction and normalised cash balances. Underlying EBITDA is the average for the current and following two financial years and FE is the average of seven data points as at the June and December half year ends for the current financial year and following two financial years, including the opening balance for the first year.</p> <p>Calculation of ROC will be determined by the Board and the Board retains discretion to adjust EBITDA and FE to account for extraordinary items, acquisitions, organisational changes or otherwise ensure that the vesting outcomes are appropriate.</p> <p>The ROC component vests in according with the following scale:</p> <table> <tr> <th>Hurdle</th><th>Vesting outcome</th></tr> <tr> <td>Less than 12.20%</td><td>0%</td></tr> <tr> <td>Equal to 12.20%</td><td>33%</td></tr> <tr> <td>Greater than 12.20% up to 12.50%</td><td>Straight line pro-rata vesting between 33% and 100%</td></tr> <tr> <td>At or above 12.50%</td><td>100%</td></tr> </table> | Hurdle | Vesting outcome | Less than 12.20% | 0% | Equal to 12.20% | 33% | Greater than 12.20% up to 12.50% | Straight line pro-rata vesting between 33% and 100% | At or above 12.50% | 100% |
| Hurdle | Vesting outcome | | | | | | | | | | |
| Less than 12.20% | 0% | | | | | | | | | | |
| Equal to 12.20% | 33% | | | | | | | | | | |
| Greater than 12.20% up to 12.50% | Straight line pro-rata vesting between 33% and 100% | | | | | | | | | | |
| At or above 12.50% | 100% | | | | | | | | | | |
| Retesting | Re-testing of LTI awards is not permitted. | | | | | | | | | | |

4.4 Additional provisions

The table below summarises additional provisions as they relate to the remuneration of Executive KMP for FY23.

| Provision | STI | LTI |
|---------------------------------------|---|---|
| Malus / Clawback | The Board in its discretion may determine that some, or all, of an Executive KMP's STI and/or LTI awards be forfeited (malus) or recouped (clawback) in the event of misconduct or of a material misstatement in the year-end financial statements, in accordance with provisions that are included within the STI and LTI plans and offer documentation to Executive KMP's. | |
| Distribution and voting rights | Restricted Securities carry the same distribution and voting rights as ordinary securities. | Unvested Performance Rights do not carry distribution and voting rights. |
| Cessation of employment | <p>Subject to Board discretion:</p> <ul style="list-style-type: none"> Where the participant is terminated summarily or resigns having breached their terms of employment, they will not be eligible for a STI payment for the relevant financial year. Where employment ceases for any other reason, a pro-rated STI award may be paid based on the performance period served and restricted securities awarded in prior years are generally released from dealing restrictions at the end of the restriction period in the ordinary course. | <p>Subject to Board discretion:</p> <ul style="list-style-type: none"> Where the participant is terminated summarily or resigns having breached their terms of employment, all Performance Rights will automatically lapse. Where employment ceases for any other reason, unvested Performance Rights will remain on-foot subject to the original terms of grant and tested against performance hurdles in the ordinary course. |
| Change of control | <p>Subject to Board discretion, if a change of control occurs, an STI award will be paid out based on the proportion of the period that has passed at the time of change of control to the extent to which performance conditions have been met.</p> <p>The Board has absolute discretion to determine whether any or all Restricted Securities are released from restrictions. Where the Board does not make a determination, all Restricted Securities will be released from dealing restrictions.</p> | The Board has absolute discretion to determine whether any or all Performance Rights vest. Where the Board does not make a determination, all Performance Rights will vest. |

4.5 Executive KMP minimum security holding requirement

The minimum security holding requirement aligns the interests of Executive KMP and security holders.

Within five years from the date of appointment to their role:

- The CEO/MD is required to hold securities to the value of 100% of fixed pay; and
- Other Executive KMP are required to hold securities to the value of 50% of fixed pay.

Given the recent promotion of Adam Watson his new role, he remains within the five-year timeframe to meet the MSR. Darren Rogers has met the MSR requirement. Details of Executive KMP security holdings may be found in Section 8.

5. Executive KMP contract and severance arrangements

5.1 Executive KMP service agreements

Remuneration arrangements for Executive KMP are formalised in individual employment agreements. Termination arrangements, in addition to normal statutory entitlements, are summarised in the table below.

| | Total Fixed Remuneration (as at 30 June 2023) | Notice period |
|--------------------------|--|--|
| CEO/MD | \$1,600,000 | <ul style="list-style-type: none">• 9 months' notice by either APA or CEO/MD.• APA may provide payment in lieu of notice.• No notice is required by APA for termination for cause. |
| GE Strategy & Commercial | \$920,000 | <ul style="list-style-type: none">• 6 months' notice by either APA or the individual.• APA may provide payment in lieu of notice.• No notice is required by APA for termination for cause. |

5.2 Outgoing arrangements of Rob Wheals (former CEO/MD)

Rob Wheals resigned on 22 August 2022 and continued to serve out a portion of his notice period until 30 September 2022 to ensure a smooth transition of the CEO/MD role.

In addition to the statutory entitlements and payment in lieu of notice to Rob Wheals, in accordance with the plan rules, his LTI awards were left on-foot and will be tested in the ordinary course, with no accelerated vesting of awards. Rob Wheals did not receive an LTI grant in FY23 and his FY23 STI has been pro-rated to 30 September 2022 to reflect his period of employment for the financial year. His FY23 STI outcome was 66.6% of maximum and will be delivered in cash, based on APA performance and individual contribution in the period employed.

5.3 Outgoing arrangements of Julian Peck (former GE Strategy & Commercial)

Julian Peck resigned in June 2022, ceased to be KMP on 25 August 2022 when Darren Rogers commenced as the GE Strategy & Commercial, and then ceased employment on 28 October 2022 following the completion of the handover period.

In addition to the statutory entitlements paid to Julian Peck, in accordance with the plan rules, his LTI awards were left on-foot and will be tested in the ordinary course, with no accelerated vesting of awards. Julian Peck did not receive an LTI grant in FY23 and his FY23 STI has been pro-rated to 28 October 2022 to reflect his period of employment. His FY23 STI outcome was 70% of maximum and will be delivered in cash, based on APA performance and individual contribution in the period employed.

6. Non-executive Director remuneration

6.1 Determination of NED fees

The Board seeks to attract and retain high calibre NEDs who are equipped with the diverse skills needed to oversee all functions of APA in an increasingly complex environment. NED fees comprise:

- A Board fee; and
- An additional fee for serving as a Chair or member of a Board Committee.

NED fees are inclusive of superannuation contributions which are provided in accordance with the statutory requirements under the Superannuation Guarantee Act. NEDs do not receive incentive payments nor participate in incentive plans.

The Board Chair does not receive additional fees for his membership on Committees.

One-off 'per diems' may be paid in exceptional circumstances. No per-diem payments were made in FY23.

6.2 Aggregate NED fee pool

The aggregate NED fee pool as at 30 June 2023 was \$2,500,000.

6.3 Director fees

During FY23, the Board reviewed the roles and responsibilities of the Board and its Committees and made the following changes:

- The Health, Safety, Environment & Heritage Committee was renamed the Safety & Sustainability Committee.
- The Audit & Risk Management Committee was divided into the Audit & Finance Committee and Risk Management Committee.

The following table sets out the FY23 NED fee policy.

| | FY23 Before Review Of Committee Structure | | FY23 Following Review Of Committee Structure | |
|-----------------------------------|---|--------------|--|--------------|
| | Chair \$ | Member \$ | Chair \$ | Member \$ |
| Board | 513,735 | 182,806 | 513,735 | 182,806 |
| Audit Finance Committee | N/A | N/A | 40,883 | 20,391 |
| Risk Management Committee | N/A | N/A | 40,883 | 20,391 |
| Audit & Risk Management Committee | 60,300 | 24,488 | N/A | N/A |
| Safety & Sustainability Committee | 40,883 | 20,391 | 40,883 | 20,391 |
| People & Remuneration Committee | 40,833 | 20,391 | 40,833 | 20,391 |
| Nomination Committee | Nil | Nil | Nil | Nil |

6.4 NED minimum security holding requirement

The minimum security holding requirement helps to ensure the alignment of the interests of NEDs and security holders.

NEDs are expected to hold securities to a value not less than their annual Board fee (before tax and excluding fees payable for their membership on Committees). This level of security holding is to be held throughout their tenure as a NED and the requirement is to be met within three years of their appointment.

As at 30 June 2023, all NEDs met this requirement. Details of NED security holdings may be found in section 8.

7. Remuneration governance

The diagram below outlines the remuneration governance framework in place at APA.

Board

The Board has overarching responsibility for the approval of the Executive KMP and NED remuneration framework, pay outcomes, policies and procedures, based on the recommendations of the People & Remuneration Committee.

People & Remuneration Committee

The Committee has been established by the Board to oversee Executive KMP and NED remuneration.

The purpose of the Committee is to oversee the development of APA's performance and remuneration strategy frameworks to reflect APA's behaviours, purpose, strategic direction and risk appetite.

Specifically, the Committee ensures there is a robust remuneration and reward system that aligns employee, investor and customer interests, promotes a positive culture and facilitates the effective attraction, retention and development of a diverse and talented workforce. The full responsibilities of the Committee can be found in APA's People & Remuneration Committee Charter available on APA's website.

The members of the Committee, all of whom are independent NEDs are:

- Peter Wasow (Chair)
- Shirley In't Veld
- Rhoda Phillippo

Audit & Finance, Safety & Sustainability and Risk Management Committees

In considering whether a robust performance assessment process is in place, the People & Remuneration Committee consults with the Audit & Finance, Safety & Sustainability and Risk Management Committees on whether proposed remuneration outcomes are appropriate considering relevant risk outcomes and corporate culture.

External advisors

The People & Remuneration Committee seeks external professional advice from time-to-time on matters within its terms of reference.

In FY23, external advisors were engaged to provide market practice information and benchmarking data.

Where a remuneration recommendation is provided, as defined by the Corporations Act 2001 all advice is provided directly to the Committee to ensure it is free from the influence of management. No remuneration recommendations were provided in FY23.

Management

Management is responsible for providing relevant information and analysis to the Board and the People & Remuneration Committee. This advice is used as a guide, and does not serve as a substitute for the thorough consideration of the issues by each NED.

Management may also be required to communicate with external advisors as required to ensure the People & Remuneration Committee receives all the relevant factual information.

8. Statutory tables

The following tables outline the amounts recognised as an expense in the respective years, determined in accordance with the relevant accounting standards.

8.1 Executive KMP statutory remuneration

Given Adam Watson and Darren Rogers were promoted to their new roles in FY23, their FY22 and FY23 remuneration levels differ significantly as they refer to two different roles.

| | Short-Term Employment Benefits | | | | Other ⁴ | Post-Employment | Security-based payments | | Total |
|-------------------------|--------------------------------|-------------------------------|--------------|--------------------------|--------------------|-----------------|-------------------------|--|------------|
| | Salary ¹ | Awarded Cash STI ² | STI Deferral | Termination ³ | | Super-annuation | Legacy LTI Plan | Equity settled Security Based ^{5,6} | |
| A Watson | | | | | | | | | |
| 2023 | 1,441,355 | 765,377 | 201,359 | – | – | 25,292 | – | 608,563 | 3,041,946 |
| 2022 | 898,752 | 670,422 | – | – | – | 26,667 | – | 343,992 | 1,939,833 |
| D Rogers | | | | | | | | | |
| 2023 | 883,120 | 415,576 | – | – | – | 25,292 | 59,189 | 480,030 | 1,863,207 |
| 2022 | 776,153 | 272,578 | 136,289 | – | 3,676 | 27,500 | 70,948 | 347,011 | 1,634,155 |
| Former Executive KMP | | | | | | | | | |
| R Wheals ⁷ | | | | | | | | | |
| 2023 | 412,427 | 253,361 | – | 1,645,153 | – | 12,646 | 104,077 | 2,120,475 | 4,548,139 |
| 2022 | 1,647,500 | 664,171 | 332,086 | – | 9,910 | 27,500 | 229,988 | 1,077,997 | 3,989,152 |
| R Gersbach ⁸ | | | | | | | | | |
| 2023 | 152,437 | 63,747 | – | – | 36,778 | 3,673 | 16,726 | 76,953 | 350,315 |
| 2022 | 949,856 | 350,433 | – | – | 231,397 | 23,568 | 255,706 | 392,223 | 2,203,183 |
| J Peck ⁹ | | | | | | | | | |
| 2023 | 136,213 | 58,755 | – | 62,763 | – | 5,951 | – | – | 263,682 |
| 2022 | 821,918 | 361,644 | – | – | – | 82,192 | – | 780,082 | 2,045,836 |
| Total Remuneration | | | | | | | | | |
| 2023 | 3,025,552 | 1,556,816 | 201,359 | 1,707,919 | 36,778 | 72,854 | 179,993 | 3,286,022 | 10,067,289 |
| 2022 | 5,094,179 | 2,319,248 | 468,375 | – | 244,983 | 187,427 | 556,642 | 2,941,305 | 11,812,159 |

The secret animal #4 is a "turtle".

- Salary includes both fixed pay and any salary sacrificed items, such as motor vehicles or car parking (including any applicable fringe benefits tax). It is exclusive of any superannuation contributions.
- Awarded STI relates to that element of remuneration which is earned by the Executive KMP in respect of performance during the financial year (or for the relevant period that they were KMP as set out in the Report).
- Reflects the payment in lieu of notice and other statutory entitlements required to be paid on termination.
- This includes expatriate housing and a cost of living allowance in relation Ross Gersbach's secondment to the USA.
- For equity settled security-based payments, an expense is recognised equal to the portion of service received based on the fair value of the equity instrument at grant date.
- Security-based payment for R Wheals in 2023 represents accelerated accounting value on cessation of employment for retained LTI awards. Further detail provided in section 5.2.
- Ceased employment on 30 September 2022.
- Ceased as KMP on 22 August 2022. Remuneration is shown until this date.
- Ceased as KMP on 25 August 2022. Remuneration is shown until this date.

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8.2 NED statutory remuneration disclosure

| Financial Year | Short-term employment benefits | Post- employment benefits | Total \$ |
|----------------------------|--------------------------------------|---------------------------------|------------------|
| | Fees \$ | Superannuation \$ | |
| M Fraser | | | |
| FY23 | 488,443 | 25,292 | 513,735 |
| FY22 | 467,032 | 46,703 | 513,735 |
| J Fazzino | | | |
| FY23 | 230,276 | 24,179 | 254,455 |
| FY22 | 204,214 | 20,421 | 224,635 |
| D Goodin | | | |
| FY23 | 239,191 | 25,115 | 264,306 |
| FY22 | 231,451 | 23,145 | 254,596 |
| S In't Veld | | | |
| FY23 | 207,490 | 21,786 | 229,276 |
| FY22 | 218,972 | 21,897 | 240,869 |
| R Phillippo | | | |
| FY23 | 229,256 | 24,072 | 253,328 |
| FY22 | 200,525 | 20,052 | 220,577 |
| P Wasow | | | |
| FY23 | 235,377 | 24,715 | 260,092 |
| FY22 | 222,661 | 22,266 | 244,927 |
| <i>Former NEDs</i> | | | |
| S Crane¹ | | | |
| FY23 | 43,868 | 4,512 | 48,380 |
| FY22 | 204,214 | 20,421 | 224,635 |
| Total | | | |
| FY23 | 1,673,901 | 149,671 | 1,823,572 |
| FY22 | 1,749,069 | 174,905 | 1,923,974 |

1 Ceased in his role on 15 September 2022.

8.3 Outstanding awards under current LTI plan

The following table sets out the movements in the number of Performance Rights granted to executives as remuneration, and any amounts vested or forfeited during the financial year.

| | Opening balance at 1 Jul 2022 | Performance Rights granted in FY23 as remuneration | Grant date | Vested in FY23 | Forfeited / lapsed or other change in FY23 | Closing balance on 30 Jun 2023 | Fair value of Performance Rights at grant date \$ ¹ |
|-------------------------------|-------------------------------------|---|-------------------|----------------|--|-----------------------------------|---|
| A Watson | | | | | | | |
| FY21 LTI | 106,426 | - | 12/11/2020 | - | - | 106,426 | 682,723 |
| FY22 LTI | 128,367 | - | 10/11/2021 | - | - | 128,367 | 683,340 |
| FY23 LTI | - | 162,462 | 16/12/2022 | - | - | 162,462 | 1,050,588 |
| D Rogers | | | | | | | |
| FY20 LTI | 51,064 | - | 13/12/2019 | 12,238 | 14,350 | 24,476 | 342,895 |
| FY21 LTI | 71,698 | - | 12/11/2020 | - | - | 71,698 | 459,943 |
| FY22 LTI | 108,098 | - | 10/11/2021 | - | - | 108,098 | 575,442 |
| FY23 LTI | - | 100,990 | 16/12/2022 | - | - | 100,990 | 653,069 |
| R Wheals² | | | | | | | |
| FY20 LTI | 217,872 | - | 13/12/2019 | 52,213 | 61,233 | 104,426 | 1,463,010 |
| FY21 LTI | 215,094 | - | 12/11/2020 | - | - | 215,094 | 1,379,828 |
| FY22 LTI | 270,362 | - | 10/11/2021 | - | - | 270,362 | 1,439,227 |
| R Gersbach³ | | | | | | | |
| FY20 LTI | 65,975 | - | 13/12/2019 | 15,812 | 18,539 | 31,624 | 443,022 |
| FY21 LTI | 65,133 | - | 12/11/2020 | - | - | 65,133 | 417,829 |
| FY22 LTI | 130,934 | - | 10/11/2021 | - | - | 130,934 | 697,006 |
| FY23 LTI | - | 109,526 | 16/12/2022 | - | - | 109,526 | 708,268 |
| J Peck⁴ | | | | | | | |
| FY21 LTI | 82,179 | - | 12/11/2020 | - | - | 82,179 | 527,179 |
| FY22 LTI | 121,610 | - | 10/11/2021 | - | - | 121,610 | 647,371 |

The fair value of performance rights in the above is calculated based on fair value, grant date, vesting date and individual vesting conditions for the relative TSR and ROC hurdle vesting conditions as set out in the table below.

| Grant year | | TSR | | | ROC | | |
|------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|
| | | Tranche 1 | Tranche 2 | Tranche 3 | Tranche 1 | Tranche 2 | Tranche 3 |
| FY20 | Fair value | \$4.47 | \$4.27 | \$4.08 | \$9.57 | \$9.15 | \$8.75 |
| | Grant date | | 13/12/2019 | | | 13/12/2019 | |
| | Vesting date | August 2022 | August 2023 | August 2024 | August 2022 | August 2023 | August 2024 |
| FY21 | Fair value | \$4.17 | \$3.97 | \$3.79 | \$9.28 | \$8.85 | \$8.43 |
| | Grant date | | 12/11/2020 | | | 12/11/2020 | |
| | Vesting date | August 2023 | August 2024 | August 2025 | August 2023 | August 2024 | August 2025 |
| FY22 | Fair value | \$3.58 | \$3.40 | \$3.23 | \$7.62 | \$7.24 | \$6.87 |
| | Grant date | | 10/11/2021 | | | 10/11/2021 | |
| | Vesting date | August 2024 | August 2025 | August 2026 | Vesting date | August 2024 | August 2025 |
| FY23 | Fair value | \$4.19 | \$3.98 | \$3.79 | \$9.40 | \$8.94 | \$8.50 |
| | Grant date | | 16/12/2022 | | | 16/12/2022 | |
| | Vesting date | August 2025 | August 2026 | August 2027 | August 2025 | August 2026 | August 2027 |

1 This represents the maximum value of the employee benefit expense as based on the grant date that would be recorded if all Rights which remain outstanding at 30 June 2023 satisfied all vesting conditions.

2 Ceased employment on 30 September 2022.

3 Ceased as KMP on 22 August 2022.

4 Ceased as KMP on 25 August 2022.

8.4 Outstanding awards under legacy LTI plan

The following table sets out the movements in the number of reference units and the number of reference units that have been allocated to executives but have not yet vested or been paid, and the years in which they will vest.

| | Allocation Date | Opening balance at 1 Jul 2022 | Units allocated in FY23 | Cash settled reference units paid | Closing balance at 30 Jun 2023 | Reference units allocated that have not yet vested or been paid and the months in which they will vest |
|-------------------------------|-----------------|-------------------------------|-------------------------|-----------------------------------|--------------------------------|--|
| | | | | | | Aug-23 |
| D Rogers | 2020 | 16,116 | | (8,058) | 8,058 | 8,058 |
| Total | | | | | | 8,058 |
| <i>Former Executive KMP</i> | 2019 | 12,654 | | (12,654) | – | – |
| R Wheals¹ | 2020 | 28,338 | | (14,169) | 14,169 | 14,169 |
| Total | | | | | | 14,169 |
| R Gersbach² | 2019 | 14,069 | | (14,069) | – | – |
| | 2020 | 31,364 | | (15,682) | 15,682 | 15,682 |
| Total | | | | | | 15,682 |

8.5 Security holdings

The following table sets out APA Group stapled securities held by KMP or their closely related parties, directly, indirectly or beneficially.

| Year ended 30 June 2023 | Opening Balance at 1 Jul 2022 | Securities Acquired | Securities Disposed | Closing Balance at 30 Jun 2023 | Meets minimum security holding requirement as at 30 June 2023 |
|-----------------------------|-------------------------------|---------------------|---------------------|--------------------------------|---|
| NEDS | | | | | |
| M Fraser | 102,942 | | | 102,942 | Yes |
| J Fazzino | 30,751 | | | 30,751 | Yes |
| D Goodin | 24,179 | | | 24,179 | Yes |
| S In't Veld | 25,000 | | | 25,000 | Yes |
| R Phillippo | 10,000 | 7,960 | | 17,960 | Yes |
| P Wasow | 26,000 | | | 26,000 | Yes |
| <i>Former NEDs</i> | | | | | |
| S Crane ³ | 30,000 | | | 30,000 | N/A |
| Executive KMP | | | | | |
| A Watson ⁴ | 55,556 | | | 55,556 | No |
| D Rogers | 25,750 | 23,847 | | 49,597 | Yes |
| <i>Former Executive KMP</i> | | | | | |
| R Wheals ⁵ | 108,721 | 52,213 | | 160,934 | N/A |
| R Gersbach ⁶ | 44,691 | | | 44,691 | N/A |
| J Peck ⁷ | 53,428 | | | 53,428 | N/A |

1 Ceased employment on 30 September 2022.

2 Ceased as KMP on 22 August 2022.

3 Ceased in role on 15 September 2022. Closing balance is shown as at this date.

4 Appointed as CEO on 19 December 2022 and is now subject to a higher MSR of 100% of fixed pay within 5 years of appointment.

5 Ceased employment on 30 September 2022. Closing balance is shown as at this date.

6 Ceased as on 22 August 2022. Closing balance is shown as at this date.

7 Ceased as KMP on 25 August 2022. Closing balance is shown as at this date.

8.6 Loans to KMP and other transaction of KMP and personally related entities

During FY23, there were no transactions between KMP or their close family members and APA Group other than as described in this report.

There are no loans with any KMP.

A number of KMP have control or joint control of other entities (outside APA Group). During the year, there have been no transactions between those entities and APA Group, and no amounts were owed by or to APA Group from those entities.

The secret transportation is a "train".

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Note | 2023 \$m | 2022 \$m |
|---|------|-------------|-------------|
| Revenue | | 2,890 | 2,705 |
| Share of net profits of associates and joint ventures using the equity method | | 23 | 27 |
| | 4 | 2,913 | 2,732 |
| Asset operation and management expenses | | (227) | (228) |
| Depreciation and amortisation expenses | 5 | (750) | (735) |
| Other operating costs – pass-through | 5 | (512) | (496) |
| Finance costs | 5 | (479) | (484) |
| Employee benefit expense | 5 | (398) | (323) |
| Other expenses | | (82) | (24) |
| Fair value gains/(losses) on contracts for difference | 20 | 12 | (30) |
| Reversal of impairment of property, plant and equipment ⁽¹⁾ | 2 | – | 28 |
| Profit before tax | | 477 | 440 |
| Income tax expense | 6 | (190) | (180) |
| Profit for the year | | 287 | 260 |
| Other comprehensive income, net of income tax | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Actuarial gain on defined benefit plan | | 5 | 7 |
| Income tax relating to items that will not be reclassified subsequently | | (1) | (2) |
| | | 4 | 5 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Transfer of gain on cash flow hedges to profit or loss (note 5) | | 167 | 160 |
| Loss on cash flow hedges taken to equity | | (705) | (152) |
| Gain on associate hedges taken to equity | | 4 | 25 |
| Income tax relating to items that may be reclassified subsequently | | 160 | (10) |
| | | (374) | 23 |
| Other comprehensive income, net of income tax | | (370) | 28 |
| Total comprehensive (loss)/income for the year | | (83) | 288 |
| Profit attributable to: | | | |
| Unitholders of the parent | | 263 | 231 |
| Non-controlling interest – APA Investment Trust unitholders | | 24 | 29 |
| APA stapled securityholders | | 287 | 260 |
| Total comprehensive income attributable to: | | | |
| Unitholders of the parent | | (107) | 259 |
| Non-controlling interest – APA Investment Trust unitholders | | 24 | 29 |
| APA stapled securityholders | | (83) | 288 |
| Earnings per security | | | |
| | | 2023 | 2022 |
| Basic and diluted (cents per security) | 7 | 24.3 | 22.1 |

(1) The impairment reversal in FY22 relates to the Orbest Gas Processing Plant. Refer to note 2 for further details.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

| | Note | 2023 \$m | 2022 \$m |
|--|------|---------------|---------------|
| Current assets | | | |
| Cash and cash equivalents | 19 | 513 | 940 |
| Trade and other receivables | 9 | 374 | 309 |
| Other financial assets | 21 | 49 | 32 |
| Inventories | | 55 | 46 |
| Other | | 42 | 31 |
| Assets classified as held for sale ⁽¹⁾ | 11 | – | 295 |
| Current assets | | 1,033 | 1,653 |
| Non-current assets | | | |
| Trade and other receivables | 9 | 27 | 608 |
| Other financial assets | 21 | 430 | 362 |
| Investments accounted for using the equity method | 24 | 273 | 266 |
| Property, plant and equipment | 12 | 10,755 | 9,420 |
| Goodwill | 13 | 1,184 | 1,184 |
| Other Intangible assets | 13 | 2,130 | 2,312 |
| Other | 16 | 34 | 32 |
| Non-current assets | | 14,833 | 14,184 |
| Total assets | | 15,866 | 15,837 |
| Current liabilities | | | |
| Trade and other payables | 10 | 471 | 417 |
| Lease liabilities | 18 | 16 | 14 |
| Borrowings | 19 | 202 | 3 |
| Other financial liabilities | 21 | 207 | 206 |
| Provisions | 15 | 159 | 138 |
| Unearned revenue | | 13 | 13 |
| Liabilities directly associated with assets classified as held for sale ⁽¹⁾ | 11 | – | 31 |
| Current liabilities | | 1,068 | 822 |
| Non-current liabilities | | | |
| Trade and other payables | 10 | 9 | 11 |
| Lease liabilities | 18 | 47 | 43 |
| Borrowings | 19 | 11,321 | 10,902 |
| Other financial liabilities | 21 | 452 | 422 |
| Deferred tax liabilities | 6 | 894 | 863 |
| Provisions | 15 | 113 | 94 |
| Unearned revenue | | 52 | 51 |
| Non-current liabilities | | 12,888 | 12,386 |
| Total liabilities | | 13,956 | 13,208 |
| Net assets | | 1,910 | 2,629 |

(1) On 20 June 2022, the APA Group announced that it had entered into binding agreements with Cooper Energy Limited for the sale of the Orbest Gas Processing Plant resulting in the recognition of assets and liabilities held for sale as at 30 June 2022. On 28 July 2022, APA completed the sale of Orbest Gas Processing Plant to Cooper Energy Limited for an initial upfront consideration of \$210 million. Refer to note 11 for further details.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position (continued)

| | Note | 2023 \$m | 2022 \$m |
|--|------|--------------|-------------|
| Equity | | | |
| APA Infrastructure Trust equity: | | | |
| Issued capital | 22 | 1,964 | 2,225 |
| Reserves | | (700) | (328) |
| Retained earnings | | 79 | 75 |
| Equity attributable to unitholders of the parent | | 1,343 | 1,972 |
| Non-controlling interests: | | | |
| APA Investment Trust: | | | |
| Issued capital | | 555 | 644 |
| Retained earnings | | 12 | 13 |
| Equity attributable to unitholders of APA Investment Trust | 23 | 567 | 657 |
| Total equity | | 1,910 | 2,629 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

| | APA Infrastructure Trust | | | | | APA Investment Trust | | | | | Total \$m |
|--|--------------------------|---|--|--|--|---|--------------------------|-----------------------------|----------------------------|--------------|--------------|
| | Issued capital \$m | Asset revaluation reserve ⁽¹⁾ \$m | Share-based payments reserve ⁽²⁾ \$m | Hedging reserve ⁽³⁾ \$m | (Accumulated deficit)/retained earnings \$m | Attributable to owners of the parent \$m | Issued capital \$m | Retained earnings \$m | Investment Trust \$m | | |
| Balance at 1 July 2021 | 2,571 | 9 | 3 | (366) | (50) | 2,167 | 765 | 19 | 784 | 2,951 | |
| Profit for the year | – | – | – | – | 231 | 231 | – | 29 | 29 | 260 | |
| Other comprehensive income | – | – | – | 33 | 7 | 40 | – | – | – | 40 | |
| Income tax relating to components of other comprehensive income | – | – | – | (10) | (2) | (12) | – | – | – | (12) | |
| Total comprehensive income for the year | – | – | – | 23 | 236 | 259 | – | 29 | 29 | 288 | |
| Payment of distributions (note 8) | (346) | – | – | – | (111) | (457) | (121) | (35) | (156) | (613) | |
| Equity settled long-term incentives (net of tax) | – | – | 3 | – | – | 3 | – | – | – | 3 | |
| Balance at 30 June 2022 | 2,225 | 9 | 6 | (343) | 75 | 1,972 | 644 | 13 | 657 | 2,629 | |
| Balance at 1 July 2022 | 2,225 | 9 | 6 | (343) | 75 | 1,972 | 644 | 13 | 657 | 2,629 | |
| Profit for the year | – | – | – | – | 263 | 263 | – | 24 | 24 | 287 | |
| Other comprehensive income | – | – | – | (534) | 5 | (529) | – | – | – | (529) | |
| Income tax relating to components of other comprehensive income | – | – | – | 160 | (1) | 159 | – | – | – | 159 | |
| Total comprehensive income for the year | – | – | – | (374) | 267 | (107) | – | 24 | 24 | (83) | |
| Payment of distributions (note 8) | (261) | – | – | – | (263) | (524) | (89) | (25) | (114) | (638) | |
| Equity settled long-term incentives (net of any tax) | – | – | 2 | – | – | 2 | – | – | – | 2 | |
| Balance at 30 June 2023 | 1,964 | 9 | 8 | (717) | 79 | 1,343 | 555 | 12 | 567 | 1,910 | |

(1) The asset revaluation reserve arose on the revaluation of the existing interest in a pipeline as a result of a business combination. Where revalued pipelines are sold, the portion of the asset revaluation reserve which relates to that asset is effectively realised and is transferred directly to retained earnings. The reserve can be used to pay distributions only in limited circumstances.

(2) The share-based payments reserve represents the expenses recognised in the Consolidated Statement of Profit or Loss equal to the portion of the services received based on the fair value of the equity instrument at grant date.

(3) The hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The cumulative deferred gain or loss on the hedge is recognised in the Consolidated Statement of Profit or Loss when the hedged transaction impacts profit or loss, consistent with the applicable accounting policy.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

| | Note | 2023 \$m | 2022 \$m |
|--|------|--------------|----------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 3,126 | 2,963 |
| Payments to suppliers and employees | | (1,479) | (1,311) |
| Dividends received from associates and joint ventures | | 19 | 27 |
| Proceeds from repayments of finance leases | | 1 | 1 |
| Interest received | | 21 | 4 |
| Interest and other costs of finance paid | | (460) | (444) |
| Income taxes paid | | (22) | (43) |
| Net cash provided by operating activities | | 1,206 | 1,197 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment ⁽¹⁾ | | (1,166) | (661) |
| Proceeds from sale of property, plant and equipment ⁽²⁾ | | 211 | 6 |
| Payments for intangible assets | | (14) | (28) |
| Payments for debt purchases | | – | (588) |
| Net cash used in investing activities | | (969) | (1,271) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | – | 1,000 |
| Repayments of borrowings | | (3) | (3) |
| Repayments of lease liabilities | | (16) | (14) |
| Transaction costs related to borrowings | | (7) | (8) |
| Distributions paid to: | | | |
| Unitholders of APA Infrastructure Trust | 8 | (524) | (457) |
| Unitholders of non-controlling interests – APA Investment Trust | 8 | (114) | (157) |
| Net cash (used in)/provided by financing activities | | (664) | 361 |
| Net (decrease)/increase in cash and cash equivalents | | (427) | 287 |
| Cash and cash equivalents at beginning of financial year | | 940 | 652 |
| Effect of exchange rate changes on cash and cash equivalents | | – | 1 |
| Cash and cash equivalents at end of financial year | 19 | 513 | 940 |

(1) Included in payments for property, plant and equipment is the net consideration paid of \$110 million to acquire Basslink. Refer to note 26 for further details.

(2) Included in the proceeds from the sale of property, plant and equipment is the \$210 million upfront component of the proceeds from the sale of the Orbest Gas Processing Plant on 28 July 2022.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows (continued)

The secret vegetable is an "onion".

Reconciliation of profit for the year to the net cash provided by operating activities

| | Note | 2023 \$m | 2022 \$m |
|---|------|--------------|-------------|
| Profit for the year | | 287 | 260 |
| Reversal of impairment of property, plant and equipment | 2 | – | (28) |
| Profit on disposal of property, plant and equipment ⁽¹⁾ | | – | (2) |
| Share of net profits of joint ventures and associates using the equity method | | (23) | (27) |
| Dividends received from equity accounted investments | | 19 | 27 |
| Depreciation and amortisation expenses | | 750 | 735 |
| Finance costs | | 2 | 65 |
| Effect of exchange rate changes | | 3 | (1) |
| Amortisation of hedging loss | | 4 | 9 |
| Wallumbilla Gas Pipeline hedge accounting discontinuation ⁽²⁾ | | 37 | 15 |
| Equity settled long-term incentives | | 2 | 3 |
| Changes in assets and liabilities: | | | |
| Trade and other receivables | | (51) | (42) |
| Inventories | | (9) | (6) |
| Other assets | | (13) | (9) |
| Trade and other payables | | 21 | 22 |
| Provisions | | 16 | 26 |
| Other liabilities | | (8) | 11 |
| Income tax balances | | 169 | 139 |
| Net cash provided by operating activities | | 1,206 | 1,197 |

(1) On 28 July 2022 APA completed the sale of Orbest Gas Processing Plant to Cooper Energy Limited resulting in a \$nil pre-tax profit on sale.

(2) In February 2022, following entry into a series of forward exchange contracts, hedge accounting was discontinued for WGP revenues to be generated from early calendar year 2022 to late calendar year 2025. The revenues were previously hedged by USD denominated 144A notes. WGP hedge accounting discontinuation reflects the non-cash amortisation of the amount deferred in the hedging reserve over the same period relating to the discontinued hedge relationship.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

Notes to the consolidated financial statements

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into six sections being: Basis of Preparation; Financial Performance; Operating Assets and Liabilities; Capital Management; Group Structure; and Other. Each note sets out the accounting policies applied in producing the results along with any key judgements and estimates used.

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