



24 August 2016

ASX ANNOUNCEMENT

**APA Group (ASX: APA)**  
(also for release to APT Pipelines Limited (ASX: AQH))

## Corporate Governance Statement and Appendix 4G

In accordance with ASX Listing rules 4.7 and 4.10.3, a copy of APA Group's Corporate Governance Statement and the Appendix 4G concerning that statement are attached.

A handwritten signature in black ink, appearing to read 'N Codevelle', written in a cursive style.

**Nevenka Codevelle**  
Company Secretary  
Australian Pipeline Limited

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**About APA Group (APA)**

APA is Australia's largest natural gas infrastructure business, owning and/or operating around \$20 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, Energy Infrastructure Investments, GDI Allgas Gas Networks and Diamantina and Leichhardt Power Stations.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, [apa.com.au](http://apa.com.au)

# Australian Pipeline Trust and its Controlled Entities

## Corporate Governance Statement

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### **CORPORATE GOVERNANCE STATEMENT**

APA Group (**APA**) comprises two registered investment schemes, Australian Pipeline Trust and APT Investment Trust, the securities in which are “stapled” together, and their controlled entities.

Australian Pipeline Limited (**Responsible Entity**) is the responsible entity of those trusts and is responsible for APA's corporate governance practices.

The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations articulate eight core principles of good corporate governance and, for each of those principles, recommendations as to their implementation. Adoption of the Council's recommendations is not compulsory. However, under the Listing Rules of ASX Limited (**ASX**) a listed entity is required to provide a statement disclosing the extent to which it has adopted the recommendations in the reporting period and, if it has not adopted any of the recommendations, to explain why.

Each of the principles of good corporate governance has been responded to in this statement, and explanations for any departures from the recommendations are set out in this statement.

Various references are made below to APA's website [apa.com.au](http://apa.com.au) as a source of information on corporate governance practices and documentation. The link <https://www.apa.com.au/about-apa/our-organisation/corporate-governance/> leads to the corporate governance material. Securityholders who do not have internet access but wish to read that material should telephone 1800 992 312 (or +61 1800 992 312, if calling from outside Australia) and ask for a copy of the relevant material to be sent to them.

In this statement, the term **Reporting Period** means the period of 12 months to 30 June 2016.

This statement, approved by the Board of Directors of the Responsible Entity (**Board**) on 23 August 2016, reports against the Third Edition of the Corporate Governance Principles and Recommendations.

### **Principle 1: Lay solid foundations for management and oversight**

#### **Board and its Committees**

The Board is accountable to securityholders for the proper management of APA's business and affairs. Its role and responsibilities are set out in the Board Charter, which is published on APA's website.

The Board normally meets 12 times each year, with additional meetings being held as required. The number of times it met during the Reporting Period and Directors' attendance at those meetings are set out in the Directors' Report for the Reporting Period contained in the Annual Report which is published on APA's website.

To assist the Board in carrying out its responsibilities, the following standing Committees of its members have been established:

- Audit and Risk Management Committee;
- People and Remuneration Committee;
- Health Safety and Environment Committee; and
- Nomination Committee.

The Nomination Committee was established in December 2015.

Each Committee has its own Charter that describes the roles and responsibilities delegated to the Committee by the Board, and those Charters are published on APA's website. The

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Charters for the Board and its Committees are reviewed by the Board annually, and were last reviewed in July 2016.

Timetables for Board and Committee meetings are agreed annually in advance.

The Board delegates responsibility to the Managing Director for implementing the strategic direction and objectives and managing the day-to-day operations of APA. The Managing Director consults with the Chairman, in the first instance, on matters that are sensitive, extraordinary or of a strategic nature. The Board has approved specific limits of authority for management with respect to approval of expenditure, contracts and other matters, and regularly reviews those limits.

### **Background checks**

Such checks as the Board considers appropriate in the circumstances are made before appointing a person as a Director. When a candidate's nomination for election is being put forward for approval by securityholders at an Annual Meeting, as described under Principle 2 below, all material information in APA's possession that the Board considers relevant to the candidate's election as a Director will be provided to securityholders in the relevant notice of meeting.

When considering the appointment of a new Director, the Board and Nomination Committee may engage the services of an external executive search firm to identify suitable candidates for consideration and to carry out appropriate reference and background checks.

### **Non-executive Directors' letter of appointment**

The current non-executive Directors have each signed a letter setting out the terms of their appointment. The letter documents, among other matters:

- the roles and responsibilities of the Board and each of its Committees;
- expectations of the time commitment to be made by Directors in serving on the Board and its Committees, and of their participation in an annual review of the Board, its Committees and individual Directors;
- requirements with respect to the disclosure of Directors' interests;
- the confidentiality of all non-public information obtained during the Director's appointment;
- the fees payable to the Directors;
- the Board policy that Directors, by the third anniversary of their appointment, hold APA stapled securities with a value not less than their annual base Board fees, and maintain at least that level of securityholding throughout their tenure; and
- other key policies that Directors are required to comply with, such as APA's Securities Trading Policy.

### **Performance evaluation of Board, its Committees and Directors**

Consideration of the performance of the Board, its Committees and individual Directors is undertaken each year and is monitored on an ongoing basis by the Chairman and the relevant Committee Chair. In the Reporting Period there was consideration of the Board, Committees and Director performance as part of the new director appointment process which was completed in August 2015 with the appointment of Debbie Goodin and Michael Fraser to the Board effective 1 September 2015. As part of this process consideration was had to, amongst other criteria, general board composition, the skill set of the Board and Directors, diversity and succession planning.

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In December 2015, the Board established a Nomination Committee. The Nomination Committee has approved the performance review process for the Board, its Committees and individual Directors for FY2017. This review commenced in July 2016 and involves each Director completing a questionnaire (as reviewed and developed by an external consultant) with subsequent one on one performance review discussions to be held with the Chairman followed by a discussion involving the whole Board.

### **Executives' service contracts and performance evaluations**

The Managing Director and each of the executives who report to him have service contracts setting out their responsibilities, conditions of service and termination entitlements.

APA has processes in place to evaluate the performance of senior executives. Each senior executive, including the Managing Director, has personal objectives as well as objectives related to the performance of business or functional units and APA as a whole.

The performance evaluation of the Managing Director is handled by the Chairman with the assistance of the People and Remuneration Committee and a report is provided to and reviewed by the Board. Assessment and monitoring of the performance of other senior executives are handled by the Managing Director who reports on those matters to the Chairman and the People and Remuneration Committee. Performance evaluations of the Managing Director and other senior executives are conducted at least annually and have been conducted for the Reporting Period.

### **Diversity**

APA values diversity and recognises that, to continue to be a relevant and innovative organisation, it must leverage the full potential of its people. Embracing individual diversity encourages diversity of thought, which is conducive to better decision making and provides better opportunity for innovation. It is also about taking advantage of all available talent for the benefit of the organisation. APA also recognises that creating sustainable shareholder wealth depends on its ability to attract and retain an engaged, highly skilled and motivated workforce, and that a diverse and inclusive workplace is an essential contribution to improving business performance and employee engagement.

APA's Equal Employment Opportunity and Diversity Policy is available on its website, setting out APA's commitment, standards and processes to ensuring employees receive fair and equitable treatment in all aspects of their work. Fundamental to this is a recognition that discrimination, bullying, harassment and victimisation are not acceptable and will not be tolerated by APA.

The following tables provide an overview of women at APA and women in leadership roles, as reported to the Workplace Gender Equality Agency (**WGEA**) in 2016.

### **APA demographic profile**

Table 1: Women profile (as reported to WGEA for the period 1 April 2015 - 31 March 2016)

Percentage of non-executive Directors who are women	29%
Percentage of workforce who are women	26%
Percentage of leadership roles filled by women <sup>1</sup>	20%
Percentage of technical and trades roles filled by women	4%

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

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Table 2: Breakdown of leadership roles filled by women (as reported to WGEA for the period 1 April 2015- 31 March 2016)

CEO	0%
Key management personnel (KMP) <sup>2</sup>	25%
Other executives/general managers	16%
Senior managers	16%
Other managers	24%

<sup>(2)</sup> Key management personnel in APA are executives reporting directly to the CEO

### **Board diversity**

During the Reporting Period, non-executive Director Robert Wright retired at the close of the Annual Meeting on 22 October 2015. As part of the Board's ongoing review of its membership two new non-executive Directors, Debbie Goodin and Michael Fraser were appointed effective 1 September 2015. Accordingly APA now has 29% of its non-executive Director positions filled by women.

APA continues to implement its strategic plan which covers the following key focus areas:

- Inclusive work culture;
- Knowledge and collaboration;
- People systems; and
- APA values.

### **Succession and talent**

APA continues to identify and develop key succession and talent from within the business and, in the Reporting Period, sought to identify at least one "ready now" female for KMP succession and at least five "ready now" females for level 3 management succession.

During the Reporting Period executives Mark Knapman and Peter Wallace retired. Nevenka Codevelle and Elise Manns were appointed as their internal replacements. This increased the percentage of KMPs who are women to 25%. In addition, 31% of our identified talent candidates are female, an increase on previous years.

### **Pay equity**

APA recognises inequity of pay is a key roadblock to female work participation and ongoing engagement. Accordingly APA regularly conducts pay equity reviews with the goal of achieving parity between males and females in like-for-like roles with comparable experience, tenure and performance. As part of its annual salary review in 2016 for non-enterprise agreement employees, a gender pay equity review has again been conducted with findings that the overall gap between males and females is minimal.

### **Flexible work**

APA recognises that flexible work encompasses more than just providing employees with the ability to work part-time. As the needs of individuals can differ and vary at different points during their working lives, APA provides and encourages the use of a range of flexible work options that enable employees to better manage their work life integration. Providing flexibility is not only beneficial to employees, but makes good business sense for APA in terms of attracting and retaining talent, and there has been an increase in the take up of formal and informal practices in the last year.

### **Supporting Families and Returning Mothers**

In addition to the Federal Government's paid parental leave scheme, APA provides employees with 14 weeks of parental leave with full pay, or 28 weeks at half pay. APA

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prides itself on the return to work rate of 88.5% of those on parental leave and continues to proactively work with and support new working parents with flexible work options. APA has maintained its accreditation as a Breastfeeding Friendly workplace, for the ongoing support provided to new mothers who wish to balance breastfeeding with paid work.

### **Focus areas for FY2017**

Over the course of FY2017, APA will focus on the following activities and initiatives:

- In FY2016 APA developed a “Women in Leadership” program. This program will continue to be implemented in FY2017 with ongoing partnering with some key organisations to establish better networking opportunities for our female leaders. Specific Diversity training and workshops will also continue to be a part of our FY2017 D&I plans particularly in the areas of inclusiveness & flexibility. These workshops will focus employees, and especially leaders, on understanding the practical applications and benefits of an inclusive culture and flexible work practices and arrangements.
- New Entry Programs will continue to be a focus for FY2017 as we embed our newly established Graduate Program and work to implement an intern program to provide opportunities for undergraduates to gain experience and potentially join APA's Graduate Program. APA is committed to attracting and developing the next generation of engineers, technical specialists, professionals and apprentices across a variety of disciplines.
- An independent Gender Equity Review will be undertaken in FY2017. This will supplement and enhance the internal gender pay equity reviews already undertaken. The objective of the review will be to provide insights and recommendations on APA's systems, processes and data with a view to removing any systemic issues or biases that may impede our aim to increase our gender diversity.

### **Diversity aspirations**

In addition to the above objectives and consistent with its policy on diversity, APA will continue to identify opportunities for improvement with regard to age profile, workforce demographics and metrics, and equity of pay and benefits in line with broader community demographics.

### **Company Secretary**

The Company Secretary is accountable to the Board, through the Chairman, on matters to do with the functioning of the Board, including advising the Board and its Committees on governance matters, monitoring that Board policies and procedures are followed, coordinating the timely despatch of Board papers, drafting minutes of meetings and similar matters. The decision to remove or appoint the Company Secretary requires the Board's approval or ratification.

## **Principle 2: Structure the Board to add value**

### **Board membership**

The Board determines its size and composition, subject to limits imposed by the Responsible Entity's constitution. The constitution provides for a minimum of three Directors and a maximum of 12.

The names of the current Directors and their experience, length of service as a Director and membership of Board Committees are set out in the Directors' Report for the Reporting Period contained in the Annual Report.

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The composition of the Board is determined in accordance with the Board Charter, which includes the following requirements:

- a majority of the Board will be comprised of independent Directors;
- the Chairman will be an independent Director; and
- a person cannot hold the positions of both Chairman and Chief Executive Officer.

The current Board complies with each of those requirements.

The Responsible Entity's constitution requires one-third of its Directors (excluding the Managing Director and any Director who is standing for re-election after having been appointed as an additional Director or to fill a vacancy) to retire from office at the annual general meeting of the Responsible Entity each year. If the calculation of that one-third is not a whole number, the number of Directors required to retire by this "rotation" process is rounded to the nearest whole number. Retiring Directors are eligible for re-election.

The Responsible Entity's constitution also provides that if the Board appoints a Director to fill a vacancy or as an addition to the Board, the new Director will hold office until the end of the next annual general meeting of the Responsible Entity and is eligible for re-election.

### **Securityholders' right to nominate a Director and to vote on nominees**

The Deed Poll initially executed by the Responsible Entity in 2004 and amended with APA securityholders' approval in 2011 (a copy of which is available on APA's website) affords APA securityholders certain rights in respect to nominees for the position of Director on the Board.

At least 75 days before annual general meetings of the Responsible Entity, securityholders are notified by an announcement to ASX that they may nominate a person to fill a vacancy on the Board that arises on retirement of either a Director under the "rotation" process or a Director appointed by the Board since the last annual general meeting.

If securityholders wish to exercise that right, at least 60 days before the annual general meeting they must send the Responsible Entity a signed nomination form and the nominee's signed consent to act as a Director.

In the notice of meeting for an Annual Meeting, the Responsible Entity advises securityholders of all candidates who have been validly nominated for the position of Director, including the Responsible Entity's nominations and nominations made by securityholders in accordance with the process described above, and securityholders are afforded the opportunity to vote on the nominations at the Annual Meeting.

### **Independence of Directors**

The Board assesses the independence of non-executive Directors on appointment and annually having regard to the Independence of Directors Policy (published on APA's website).

The Board considers the Chairman and all other current Directors, other than the Managing Director (due to his executive role), to be independent at the date of this statement. Consequently, a majority of the current Directors are considered independent.

At the time of Michael Fraser's appointment effective 1 September 2015, he was considered non-independent by virtue of his then recent association with AGL Energy Limited, a major customer of APA. Based on his performance as a Director since his

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appointment, the Board<sup>1</sup> formed the view that he demonstrated independent judgement and character in performing his role as a Director. Accordingly, the Board determined in July 2016 that Mr Fraser was independent in accordance with the Independence of Directors Policy.

The Independence of Directors Policy recognises that a Director's length of service may be a relevant factor in determining their independence. In its most recent review of independence, the Board noted the length of service of Russell Higgins AO (appointed in 2004) and John Fletcher (appointed initially in 2000 and, after resigning in 2005, appointed again in 2008) but was satisfied that each of those Directors continues to demonstrate independent judgement and character in performing their role on the Board and as members of the Committees on which they serve and accordingly, in the opinion of the Board, are independent.

### Board skills and experience

The Board considers that a diverse range of skills, experience and backgrounds is required on the Board to effectively govern the business. It determines and reviews from time to time the mix of skills and experience that it looks to achieve in its membership.

The Board is of the view that the current Directors possess an appropriate mix of skills, experience and expertise for the Board to effectively discharge its responsibilities and add value to APA.

The table below describes the combined skills, experience and expertise presently represented on the Board.

Desired Skills, experience, expertise	Number of Directors
Energy infrastructure (engineering, asset operation & management)	4
Energy markets (including upstream production, gas marketing and trading)	6
Executive leadership	8
International experience	4
Governance	7
Financial acumen	7
Strategy development & implementation	8
Public & regulatory policy	6
Global capital markets	5
Legal	1
Risk management	7
Health, safety and environment	6
Remuneration	6
Capital projects	6

<sup>1</sup> Michael Fraser did not vote or participate in the Board's discussion when considering his independence.

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The Directors consider that the level of skills on the Board is strong in respect of all of the above categories where four or more Directors are represented. In respect of the Legal category, the Board considers that it is not necessary for more than one Director to have a formal legal background, and the one such Director has an extensive career in business and corporate, regulatory and governance law.

An overview of the qualifications, skills, experience and brief career histories of each Director are included in the 2016 Annual Report.

### **Selection and appointment of Directors**

The functions with respect to selection and appointment of new Directors, Board succession and related matters were handled during the Reporting Period by the Board, not a Nomination Committee. A Nomination Committee was established by the Board in December 2015.

During the Reporting Period when looking to appoint a new Director, the Board predefined the skills and experience required of candidates for the role to ensure that an appropriate balance of the skills and experience referred to above, independence and diversity will be represented on the Board and, based on that analysis, sought a list of potential candidates believed to satisfy those requirements.

Where the Board considered it appropriate, it instructed a search firm to identify additional suitable candidates.

The Board conducted an interview of the short-listed candidates, assessing them against the predefined requirements, and also considered their qualifications, backgrounds and personal qualities, and appropriate background checks were undertaken in respect to a candidate prior to their appointment as a Director.

In the interest of gender diversity, the Board has determined that the short-listed candidates for an available Board position must include at least one female candidate and, where a search firm is engaged, the Board will instruct them accordingly.

As noted under Principle 1 above, during the Reporting Period the Board appointed two new non-executive Directors, Debbie Goodin and Michael Fraser effective 1 September 2015.

### **Nomination Committee**

The Nomination Committee was established by the Board in December 2015. The Committee comprises APA's non-executive directors. The Committee has adopted a formal charter that is required to be reviewed annually. A copy of the Charter is published on APA's website.

The Committee is responsible for:

- assessing the size, diversity and composition of the Board, including the skills and experience required by the Board and the extent to which the required skills are represented on the Board from time-to-time;
- the identification and nomination of individuals qualified to become Board members as additional members or to succeed existing members;
- establishing processes and methodology for reviewing the performance of the Board, the Chairman and individual non-executive directors;
- making recommendations to the Board regarding Director appointments and the structure of the Board and/or Committees.

The Committee met two times during the Reporting Period in accordance with its Charter.

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### **Directors' development, access to information and advice, and induction**

The Board receives regular detailed reports on financial, commercial and operational aspects of APA's business and may request elaboration or explanation of those reports. There is ongoing strategy review during which Directors are updated on industry developments, regulatory changes and other background information relevant to the Board's review of strategy. Ad hoc briefings are also provided to the Board on relevant industry, legislative and regulatory changes.

APA's external auditor updates the members of the Audit and Risk Management Committee and other members of the Board who attend the Committee's meetings on developments in accounting standards and the key areas of focus for the regulator, the Australian Securities and Investments Commission, in financial reporting.

During the Reporting Period, Directors had the opportunity to learn from and meet with a diverse group of managers based in Sydney as well as other locations, as part of a two day management presentation series to the Board. The series of presentations covered key aspects of the business and business initiatives.

Directors are otherwise encouraged to maintain the skills and knowledge they need to perform their roles by attending relevant courses, seminars and conferences. Where appropriate, APA will meet expenses involved in such activities.

The Board collectively, and each Director individually, may seek independent professional advice at APA's expense. Prior approval of the Chairman is required, but this may not be unreasonably withheld.

An induction program is provided to newly appointed Directors.

### **Principle 3: Promote ethical and responsible decision-making**

#### **Code of conduct and policies**

The Board and senior management are firmly committed to ensuring that they and all employees observe high standards of ethical behaviour and conduct.

APA's Code of Conduct sets out the behaviours required of Directors and employees and recognises the responsibilities of APA and its personnel to securityholders, customers, suppliers, employees and the community. It also requires that breaches of the code are reported and provides a mechanism to enable breaches to be reported without fear of retribution. During the Reporting Period APA's Code of Conduct was reviewed and updated. The code is published on APA's website. In addition to the Code of Conduct, a number of APA's other policies aim to foster a culture of compliance and ethical and responsible decision-making. Two such policies, the Whistleblower Policy and the Securities Trading Policy, are described briefly below.

APA's Whistleblower Policy promotes and supports the reporting of matters of concern and suspected wrongdoing, such as dishonest or fraudulent conduct, breaches of legislation and other conduct that may cause financial loss to APA or be otherwise detrimental to its reputation or interests, and describes the protection to be afforded to those who report such conduct against reprisals, discrimination, harassment or other disadvantage resulting from their reports. In FY2017 APA intends to launch an external reporting service that enables those who wish to report conduct (either anonymously or otherwise) to do so to an independent external service provider. The external service provider collects and assesses the information and facilitates resolution with APA.

APA's Securities Trading Policy, published on its website, provides that, subject to some exceptions, Directors and designated management personnel must not buy or sell APA securities during either of the following "closed periods":

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- the period starting 1 January and ending on the business day after the release of APA's half yearly results to the ASX, or
- the period starting 1 July and ending on the business day after the release of APA's annual results to the ASX,

unless exceptional circumstances apply, and they may only buy or sell APA securities outside those closed periods if they obtain clearance to do so in accordance with the process described in the policy. Directors and employees are precluded from buying or selling securities at any time if they are aware of any price-sensitive information which has not been made public.

### **Principle 4: Safeguard integrity in financial reporting**

#### **Audit and Risk Management Committee**

The Board has established an Audit and Risk Management Committee, the composition of which is determined in accordance with the Committee Charter (published on APA's website), which includes the following requirements:

- the Committee will have at least three members;
- all members of the Committee will be independent, non-executive Directors; and
- the Committee Chairman cannot also be the Chairman of the Board.

The Audit and Risk Management Committee complies with each of those requirements.

The Directors' Report for the Reporting Period identifies the current four members of the Committee and their qualifications and experience. The Chairman of the Board, although not a member of the Committee, usually attends Committee meetings.

The roles and responsibilities delegated to the Committee are set out in the Committee Charter.

The Managing Director, Chief Financial Officer, Company Secretary & General Counsel, Head of Group Risk and Compliance, other senior management personnel, as required, and the external and internal auditors attend Committee meetings at the discretion of the Committee. The external and internal auditors receive all Committee papers and regularly meet with the Committee, without management present, at Committee meetings.

The minutes of each meeting of the Audit and Risk Management Committee are reviewed at the subsequent meeting of the Board and the Committee Chairman reports to the Board on the Committee's activities and recommendations.

The Committee is required by its Charter to meet at least four times each year. This requirement was satisfied during the Reporting Period. The number of times it met during the Reporting Period and the Committee members' attendance at those meetings are set out in the Directors' Report for the Reporting Period.

#### **Assurance from Chief Executive Officer and Chief Financial Officer**

Before the Board approves the Financial Report for a reporting period, it receives a written declaration from the Chief Executive Officer and the Chief Financial Officer that:

- in their opinion, the financial records of APA have been properly maintained in accordance with the Corporations Act 2001 and the Financial Report for the reporting period complies with relevant accounting standards and gives a true and fair view of APA's financial position at the end of the reporting period and its financial performance during the reporting period; and

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- to the best of their knowledge and belief, their declaration on those matters is founded on a sound system of risk management and internal control that is operating effectively in all material respects in relation to financial reporting risks, based on the risk management framework adopted by APA.

The Board obtained such a declaration for the Reporting Period.

### **External auditor and their independence**

Apart from reviewing the integrity of APA's financial reporting, the Committee receives reports from the external auditor, monitors their effectiveness and independence and makes recommendations to the Board on the appointment or replacement (subject to securityholders' approval, if applicable) of the external auditor.

The External Auditor Appointment and Independence Policy (published on APA's website) documents the process for appointment of the auditor and for monitoring the auditor's independence. Pursuant to that policy, the lead partner and the review or concurring partner of the external auditor must be rotated at least every five years, followed by a two year minimum time-out period during which they may not take part in the audit. Andrew Griffiths of Deloitte Touche Tohmatsu was the lead audit partner for the Reporting Period.

The external auditor's independence could be impaired or compromised, or be interpreted as being impaired or compromised, through the provision of some non-audit services or by the quantum of fees paid to the auditor for such services. Accordingly, the Audit and Risk Management Committee has approved a list of non-audit services that the external auditor may perform and the process for those services being approved, identified a list of prohibited services and determined a maximum dollar limit on non-audit services provided by the auditor in any financial year. The Directors' Report for the Reporting Period contains a section on non-audit services provided by the auditor that includes an explanation of the basis on which the Board remains satisfied as to the auditor's independence.

As referred to under Principle 6 below, the external auditor attends the Annual Meeting and is available at the meeting to answer questions from securityholders about the conduct of the audit and the preparation and content of the independent Audit Report.

### **Reimbursement of Responsible Entity's costs**

The Responsible Entity's costs incurred in acting as responsible entity of Australian Pipeline Trust and APT Investment Trust are reimbursed by APA. The actual cost recovery in the Reporting Period was \$3,999,694 (2015: \$3,451,167). The Responsible Entity does not make a profit, nor seek performance fees.

The constitutions of Australian Pipeline Trust and APT Investment Trust enable the Responsible Entity to charge fees up to 0.5% per annum of the value of gross assets; however, the right to charge such fees has been waived to the extent it exceeds the Responsible Entity's costs.

### **Principle 5: Make timely and balanced disclosure**

APA's Market Disclosure Policy, published on APA's website, aims to ensure that information that a person could reasonably expect to have a material effect on the APA security price, whether the information is positive or negative, is announced to the market by release to ASX in accordance with the ASX Listing Rules and the Corporations Act 2001.

The Disclosure Committee comprises the Managing Director, Company Secretary & General Counsel, Chief Financial Officer and Chief Executive, Strategy and Development.

The Company Secretary & General Counsel is the nominated continuous disclosure officer.

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All ASX announcements are posted on APA's website as soon as reasonably possible after notification to ASX.

### **Principle 6: Respect the rights of securityholders**

APA respects the rights of its securityholders and has adopted practices to facilitate the exercise of those rights by effective communications with securityholders about APA and its business, and by providing the opportunity for securityholders to participate in Annual Meetings and other general meetings of securityholders that may be convened from time to time.

#### **Communications with securityholders**

APA is committed to providing a high standard of communication with its securityholders so that they have all available information reasonably required to make informed assessments of APA's business and prospects.

Information is communicated to securityholders by a number of means, including the following:

- an Annual Report, comprising the Financial Report, Directors' Report, Audit Report and Sustainability Report, sent to securityholders who have elected to receive the Annual Report;
- "In the Pipeline" newsletters are sent to securityholders who have not elected to receive the Annual Report;
- the interim (half year) report and Directors' commentary on that report;
- announcements via ASX and media releases;
- investor presentations, including presentations made in investor roadshows in Australia and offshore, copies of which are released to ASX;
- Annual Meetings;
- webcasting of half year and annual results presentations, the Annual Meeting and announcements of major events;
- the Investors section of APA's website on which the reports, presentations and other documents referred to above are posted;
- the News section of APA's website on which ASX releases and media statements are posted; and
- access to Investor Relations personnel via email and phone.

APA's website also contains information of interest to securityholders and potential investors about APA's Board and senior executives, its assets and investments and the economic regulation to which some of those assets are subject.

The Corporate Governance section of APA's website includes copies of the constitutions of the Responsible Entity, Australian Pipeline Trust and APT Investment Trust, this statement and some key corporate governance policies and other materials referred to in this statement.

Securityholders may elect to receive APA's securityholder communications (including the Annual Report, distribution statements and tax guides) electronically. Securityholders and others may also elect on APA's website to receive links to new ASX releases and newsletters by email, and may also ask questions through an email link provided on the website.

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### **Annual Meetings**

APA, comprising the two stapled trusts, Australian Pipeline Trust and APT Investment Trust, is not required by the Corporations Act 2001 to convene an annual general meeting. However, it elects to convene an Annual Meeting to report to securityholders on the prior financial year's operations and performance and to give securityholders the opportunity to ask questions on those matters and to vote on nominations for Board positions as explained under Principle 2 above.

APA encourages securityholders to participate in its Annual Meeting. A Notice of Meeting setting out the agenda for the Annual Meeting and explaining resolutions on which securityholders may vote is sent to all securityholders and to ASX prior to the meeting. Securityholders who cannot attend an Annual Meeting in person may appoint a proxy and may read the Chairman and Managing Directors' addresses that are sent to ASX and posted on APA's website, and listen to a web-cast of the meeting available through the website.

At the Annual Meeting, the Chairman encourages questions and comments from securityholders and seeks to ensure the meeting is managed to give securityholders an opportunity to participate. Questions on operational matters may be answered by the Managing Director or another appropriate member of senior management. Securityholders are also invited to send written questions ahead of the meeting and, where there is a common theme to a number of questions, either the Chairman or the Managing Director will seek to provide an answer in their address.

The external auditor attends Annual Meetings and is available to respond to questions from securityholders about the conduct of the audit and the preparation and content of the independent Audit Report.

The 2016 Annual Meeting will be held in Sydney on 27 October 2016. A notice of that meeting and a proxy form will be sent to securityholders some weeks before the meeting, and details of the meeting are also available from APA's website.

### **Principle 7: Recognise and manage risk**

The identification and effective management of risk, including calculated risk-taking, are viewed as an essential part of APA's approach to creating long-term securityholder value.

#### **Board's oversight of risk management**

The Board is responsible for adopting and reviewing APA's approach to the identification, evaluation and management of risks that are material to the fulfilment of APA's objectives.

The Board has delegated certain responsibilities with respect to risk management to its Audit and Risk Management Committee described under Principle 4 above. The Audit and Risk Management Committee's charter is published on APA's website and sets out its role and responsibilities with respect to risk management and include reviewing APA's Risk Management Policy and risk management framework, and the implementation of the framework, at least annually. Such a review has taken place during the Reporting Period.

The Audit and Risk Management Committee, in performing its role with respect to risk management during the Reporting Period, received a report from APA's Head of Risk and Insurance<sup>2</sup> or the Chief Financial Officer at each Committee meeting.

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<sup>2</sup> In July 2016 a new position of Head of Group Risk and Compliance was created. Pursuant to the Audit and Risk Management Committee charter, the committee has direct access to the Head of Group Risk and Compliance. In FY2017, reports will be provided by the Head of Group Risk and Compliance.

## Australian Pipeline Trust and its Controlled Entities Corporate Governance Statement

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The Board also delegates to the Health Safety and Environment Committee responsibilities with respect to the oversight of APA's management of health, safety and environmental risks affecting its business.

### **Internal audit**

APA has developed a framework for Internal Audit within the group.

Internal Audit provides an independent, objective perspective to the Audit and Risk Management Committee on the internal controls implemented to address APA's key strategic, operational and financial risks. It also assists senior management by providing independent appraisals of the adequacy and effectiveness of risk management and internal control systems.

Internal Audit, which is currently outsourced to PricewaterhouseCoopers, reports directly to the Audit and Risk Management Committee so as to bring the requisite degree of independence and objectivity to the role. Before each financial year, Internal Audit, in consultation with management, prepares an internal audit plan for the next three years and submits the plan to the Audit and Risk Management Committee for review and approval. At each of its meetings, the Committee receives a report from Internal Audit on activities undertaken in accordance with the approved plan.

### **Sustainability risks**

The Sustainability Report, available on APA's website at <https://www.apa.com.au/about-apa/sustainability/>, describes APA's exposure to economic, environmental and social sustainability risks and how APA manages those risks.

## **Principle 8: Remunerate fairly and responsibly**

### **People and Remuneration Committee**

The Board has established a People and Remuneration Committee to consider and make recommendations to the Board on, among other things, remuneration policies applicable to Board members and senior management.

The composition of the People and Remuneration Committee is determined in accordance with the Committee Charter (published on APA's website), which includes the following requirements:

- the Committee will have at least three members;
- all members of the Committee will be non-executive Directors and a majority of them will be independent Directors; and
- the Committee Chairman will be an independent Director.

The current People and Remuneration Committee complies with each of those requirements.

The Directors' Report for the Reporting Period identifies the current members of the Committee and their qualifications and experience. The Chairman of the Board, although not a member of the Committee, usually attends Committee meetings.

The roles and responsibilities delegated to the People and Remuneration Committee are set out in the Committee Charter.

The Managing Director attends meetings of the Committee by invitation when required to report on and discuss senior management performance, succession and remuneration matters.

The Committee Chairman reports to the Board on the Committee's activities and

## Australian Pipeline Trust and its Controlled Entities Corporate Governance Statement

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recommendations.

The Committee is required by its Charter to meet at least twice each year. The number of times it met during the Reporting Period and the Committee members' attendance at those meetings are set out in the Directors' Report for the Reporting Period.

### **External advice**

The Committee may seek external professional advice on any matter within its terms of reference. As stated in APA's Remuneration Report referred to below, independent remuneration consultants were engaged by the Chairman of the Remuneration Committee to provide comparative market data with respect to non-executive Director and executive remuneration during the Reporting Period.

### **Remuneration Report**

The Corporations Act 2001 does not require registered investment schemes like Australian Pipeline Trust and APT Investment Trust to include a Remuneration Report as part of the annual Directors' Report, but APA has chosen to do so for the Reporting Period and prior periods.

The Remuneration Report explains APA's policies and practices with respect to the remuneration of non-executive Directors, the Managing Director and other senior executives that recognise the different roles and responsibilities of non-executive Directors and executive management. The report also sets out details of the components of remuneration and total remuneration paid to the Board and senior executives over the Reporting Period.

### **Unvested benefits under APA's long term incentive plan**

The Remuneration Report describes APA's long term incentive plan under which the benefits to executives who participate in the plan are related to the price of APA securities and vest over three years. An aim of the plan is to align the interests of the plan's participants with the interests of securityholders, including through minimum securityholding requirements. APA recognises that the use of arrangements such as hedging or derivative financial products that operate to limit for participants the economic risk of their unvested benefits are likely to reduce the intended alignment of those interests. Consequently, it is APA policy that participants in the long term incentive plan must not use, nor allow to be used, any such arrangements in relation to their unvested benefits.

### **"Clawback" of performance-based remuneration**

The Remuneration Report summarises APA's Executive Remuneration Clawback Policy pursuant to which the Board, in certain circumstances involving a misstatement in the Financial Report for any of the preceding three financial years due to a material non-compliance with a financial reporting requirement or certain misconduct of an executive, may require the executive to repay all or part of their short term or long term incentives, withhold payment of the executive's unpaid incentive entitlements and/or forfeit the executive's unvested entitlements. The Executive Remuneration Clawback Policy was reviewed during the Reporting Period and is available on APA's website.

**Approved by the Board of Australian Pipeline Limited on 23 August 2016.**

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

APA Group

ABN / ARBN

091 344 704

Financial year ended:

30 June 2016

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: <http://www.apa.com.au/about-apa/corporate-governance.aspx>

The Corporate Governance Statement is accurate and up to date as at *[insert effective date of statement]* and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 24 August 2016

Name of ~~Director or~~ Secretary authorising lodgement:

Nevenka Codevelle, Company Secretary



<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at <a href="http://www.apa.com.au/about-apa/corporate-governance.aspx">http://www.apa.com.au/about-apa/corporate-governance.aspx</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.apa.com.au/about-apa/corporate-governance.aspx">http://www.apa.com.au/about-apa/corporate-governance.aspx</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.apa.com.au/about-apa/corporate-governance.aspx">http://www.apa.com.au/about-apa/corporate-governance.aspx</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report for the year ended 30 June 2016</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> in the Directors' Report for the year ended 30 June 2016 ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> in the Directors' Report for the year ended 30 June 2016	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.apa.com.au/about-apa/corporate-governance.aspx">http://www.apa.com.au/about-apa/corporate-governance.aspx</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.apa.com.au/about-apa/corporate-governance.aspx">http://www.apa.com.au/about-apa/corporate-governance.aspx</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report for the year ended 30 June 2016.</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.apa.com.au/about-apa/corporate-governance.aspx">http://www.apa.com.au/about-apa/corporate-governance.aspx</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="https://www.apa.com.au/">https://www.apa.com.au/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.apa.com.au/about-apa/corporate-governance.aspx">http://www.apa.com.au/about-apa/corporate-governance.aspx</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report for the year ended 30 June 2016</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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<p>7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Sustainability Report at <a href="https://www.apa.com.au/about-apa/sustainability/">https://www.apa.com.au/about-apa/sustainability/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.apa.com.au/about-apa/corporate-governance.aspx">http://www.apa.com.au/about-apa/corporate-governance.aspx</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report for the year ended 30 June 2016.</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report for the year ended 30 June 2016.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES N/A</b>		
<p>- <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>- <i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>