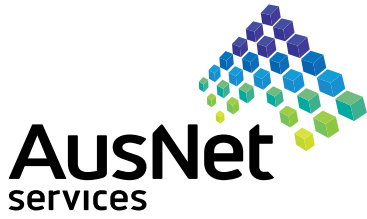


14 June 2019

Corporate Governance Statement and Appendix 4G

In accordance with ASX Listing Rules 4.7.3, 4.7.4 and 4.10.3, attached is the AusNet Services 2019 Corporate Governance Statement and Appendix 4G.

Claire Hamilton
Company Secretary



Corporate Governance Statement 2019



1. Governance at AusNet Services

1.1 INTRODUCTION

The Board of AusNet Services Ltd (AusNet Services) is pleased to present the 2019 AusNet Services' Corporate Governance Statement. This corporate governance statement outlines the key aspects of AusNet Services' corporate governance framework for the financial year ended 31 March 2019 (FY2019). In addition, this statement discloses the extent to which AusNet Services has complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition (ASX Principles) during FY2019. During FY2019, AusNet Service deviated from Recommendations 2.1, 2.4 and 8.1, with reasons provided in the appropriate sections of this statement.

Further information relating to AusNet Services' corporate governance practices and key documents can be found on the Corporate Governance section of AusNet Services' website at www.ausnetservices.com.au (AusNet Services website). (ASX Recommendation 6.1)



The information in this statement is current as at 10 May 2019 and has been approved by the Board.



(From left): Dr Ralph Craven, Tan Chee Meng, Dr Nora Scheinkestel, Peter Mason, Nino Ficca, Sally Farrier, Li Lequan, Robert Milliner, and Alan Chan Heng Loon

2. Our Board

2.1 BOARD RESPONSIBILITIES AND DELEGATION TO MANAGEMENT

The Board has a formal Charter that sets out the responsibilities reserved to the Board and the functions delegated to management (ASX Recommendation 1.1). The Board Charter is located on the AusNet Services website.

KEY RESPONSIBILITIES OF THE BOARD INCLUDE

	HEALTH AND SAFETY, ENVIRONMENT AND QUALITY	<ul style="list-style-type: none"> > monitor compliance with economic, occupational health and safety and any environmental and social sustainability risks relevant to AusNet Services' activities
	STAKEHOLDER INTERESTS	<ul style="list-style-type: none"> > represent and serve the long-term interests of shareholders > oversee and approve the development and implementation of a stakeholder program to facilitate effective communication with shareholders and stakeholders
	STRATEGY	<ul style="list-style-type: none"> > approve the business, strategic and financial plan, monitor its implementation and assess performance against the plan
	GOVERNANCE AND CULTURE	<ul style="list-style-type: none"> > review and approve corporate governance principles and policies > monitor and guide the culture, reputation and standards of conduct including the maintenance of high ethical standards
	PEOPLE AND REMUNERATION	<ul style="list-style-type: none"> > approve the appointment, removal, evaluate the performance and approve the remuneration package of the Managing Director (or equivalent) > approve the appointment, removal, evaluate the performance and approve the remuneration packages of members of the Executive Leadership Team > approve the overall remuneration framework of AusNet Services and monitor its effectiveness
	FINANCIAL MANAGEMENT AND REPORTING	<ul style="list-style-type: none"> > oversee AusNet Services' financial position and capital management > oversee the preparation and presentation of AusNet Services' financial statements and reports
	RISK MANAGEMENT	<ul style="list-style-type: none"> > oversee the establishment, implementation and effectiveness of the policies, procedures and systems which form the AusNet Services risk management framework

The Board has delegated to the Managing Director the responsibility for the day-to-day management and operation of AusNet Services. The parameters of the Board's delegation are set out in the Board-approved Delegation of Authority Manual.

The management function is conducted by, or under the supervision of, the Managing Director as directed by the Board. The Board approves corporate objectives for the Managing Director and, together with the Managing Director, agrees his duties and responsibilities. The Board is responsible for reviewing the role and responsibilities of management. Management must supply the Board with information to enable the Board to discharge its duties effectively. Directors are entitled to request additional information, including external advice, at any time.

2. Our Board continued

2.2 BOARD COMPOSITION

The Board determines its size and composition, subject to the terms of AusNet Services' constitution. AusNet Services' constitution provides for a minimum of four and a maximum of 14 Directors. As at the date of this statement, the AusNet Services Board has nine Directors, comprising eight Non-executive Directors, and the Managing Director. AusNet Services' two major shareholders, Singapore Power International Pte Ltd (SP) and State Grid International Australia Development Company Limited (SGIAD), have each nominated two Directors to the Board, reflecting their significant holding of securities in AusNet Services.

During FY2019, the composition of the Board changed as follows:

- > Mr Ho Tian Yee retired from the Board on 28 May 2018. Mr Ho was originally nominated by SP and served for approximately seven years.
- > Mr Alan Chan was appointed as a Non-executive Director on 28 May 2018 and replaced Mr Ho as a SP-nominated Director.
- > Mr Sun Jianxing retired from the Board on 1 October 2018. Ms Sun was originally nominated by SGIAD and served for approximately four years.
- > Mr Li Lequan was appointed as a Non-executive Director on 1 October 2018 and replaced Mr Sun as a SGIAD-nominated Director.



2.3 ROLE OF THE CHAIRMAN AND THE MANAGING DIRECTOR

The Board acknowledges the importance of a clear division of responsibility between the Board and management at the head of AusNet Services. The roles of Chairman and Managing Director are therefore exercised by separate individuals. (ASX Recommendation 2.5)

The Chairman, Mr Peter Mason, joined the Board in March 2016 and was appointed Chairman on 11 May 2016. He is an independent Non-executive Director. The Chairman is responsible for:

- > leading the Board, including ensuring the efficient organisation and conduct of the Board's functions
- > facilitating effective contribution by all Directors and promoting constructive relations between the Board and management
- > working with management in seeking to ensure that the Board is provided with information relevant to AusNet Services' operations and strategies to assist in the discharge of the Board's duties
- > reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board
- > playing a key role in representing the Board to external stakeholders (including shareholders) and communicating the Board's position. (ASX Recommendation 2.5)

The Managing Director is responsible to the Board for the discharge of the management function and the implementation of corporate objectives determined by the Board.

2. Our Board continued

2.4 SKILLS AND EXPERIENCE OF DIRECTORS

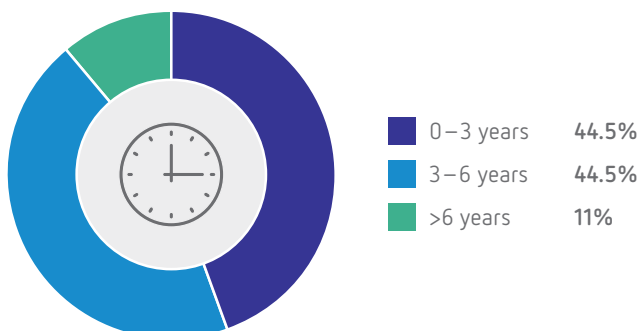
During FY2019, AusNet Services' introduced its Energising Futures strategy for FY2020 and beyond. Energising Futures transitions AusNet Services from the Focus 2021 strategy and continues focus on growth and cost efficiency but also brings greater attention to customer centricity, digital utility and the capabilities and culture needed in the future.

The below skills matrix summarises the combined skills and experience of Directors and highlights those considered relevant to the Energising Futures strategy. (ASX Recommendation 2.2)

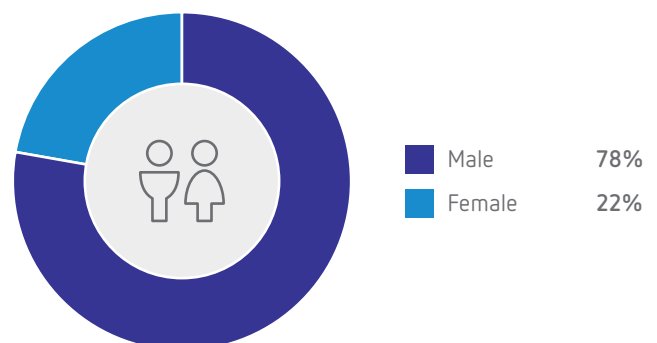
The management team of AusNet Services possesses a wide range of skills and industry experience that can be accessed and utilised by the Board. To the extent that any skills or expertise are not represented by the Board or management, the Board Charter allows the Board to obtain advice from external advisors.

		SKILLS AND EXPERIENCE	
ENERGISING FUTURES STRATEGY OBJECTIVES	Growth	> Industry experience	> Government and government relations
	Cost Efficiency	> Information technology and innovation	> Legal and regulatory
	Customer Centricity	> Industry disruption	> Engineering and industrial safety
	Digital Utility	> Transformation and changing business models	> Customer and marketing
	Capabilities and Culture	> Mergers and acquisitions	> Communications and stakeholder engagement
LEADERSHIP AND GOVERNANCE		> People, culture and capability	
		> Strategy	> Remuneration
		> Risk management	> Accounting and finance
		> Corporate governance (including ESG)	> Banking, debt and capital markets
	> Executive leadership		

BOARD TENURE



BOARD GENDER DIVERSITY



2. Our Board continued

Further information about the qualifications, skills, experience, special responsibilities and period in office of each Director is set out in the Directors' Report, which is included in the *2019 Annual Report*. Details of AusNet Services' current Directors may also be found on the AusNet Services' website under the Board of Directors section. (ASX Recommendation 2.2)



2.5 APPOINTMENT OF DIRECTORS

In relation to the appointment of independent Non-executive Directors, the Nomination Committee reviews and makes recommendations to the Board regarding the appointment of new Directors, including establishing formal and transparent procedures for the identification of suitable candidates. An executive search firm is usually engaged to assist with the identification and selection of suitable Board candidates. The suitability of candidates nominated for appointment to the Board is assessed having regard to:

- > the Board's existing and desired skills, diversity and experience, including having regard to the Board's skills matrix; and
- > their ability to complement the Board's current composition, as well as their independence.

In support of their candidature, independent Non-executive Directors are required to provide details of their other commitments and an indication of the time involved.

The Nomination Committee reviews these details prior to the independent Non-executive Director's appointment, and regularly thereafter, to ensure that the Director has sufficient time to discharge their duties to the Board and the various committees on which they serve. (ASX Recommendation 1.2)

As part of the appointment process, the Board undertakes appropriate background and probity checks, including reference checks and employment history. (ASX Recommendation 1.2)

In relation to the appointment of nominated Directors, the Nomination Committee also considers and makes a recommendation on the election of these candidates to the

Board in accordance with its Charter. Appropriate background and probity checks are undertaken before the Board makes any recommendation to shareholders concerning the election of nominated Directors. (ASX Recommendation 1.2)

Biographical information (including qualifications and experience) in relation to all Directors subject to election or re-election is set out in the explanatory notes to the Notice of Annual General Meeting (AGM) and is located on the AusNet Services' website. (ASX Recommendation 1.2)



All Directors, other than the Managing Director, are subject to re-election in accordance with AusNet Services' constitution and the ASX Listing Rules.

A written agreement is in place between AusNet Services and each Director and senior executive, respectively, setting out the terms of their appointment. (ASX Recommendation 1.3)

2.6 INDEPENDENCE OF DIRECTORS

The Board has applied the factors relevant to assessing the independence of a Director as set out in the ASX Principles.

Having regard to these factors, the Board considers a Director to be independent if he or she is not a member of management and is free of any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the independent exercise of their judgement.

The Board assesses the materiality of any given relationship that may affect independence on a case-by-case basis. Each Non-executive Director is required to disclose to the Board on a continuing basis all information that may be relevant to this assessment, including their interests in contracts and other directorships and offices held.

The Directors considered by the Board to be independent are Ms Sally Farrier, Mr Peter Mason, Mr Robert Milliner and Dr Nora Scheinkestel. During FY2019, none of the independent Directors had any interest or relationship that could, or could reasonably be perceived to, materially interfere with the independent exercise of their judgment. (ASX Recommendation 2.3)

2. Our Board continued

As mentioned earlier in this statement, the Company's two largest shareholders have two nominees each on the Board, reflecting their significant holding of securities in AusNet Services.

Mr Alan Chan and Mr Tan Chee Meng were nominated by SP, the parent company of AusNet Services' largest shareholder, and are therefore not considered to be independent. Dr Ralph Craven and Mr Li Lequan were nominated by SGIAD. SGIAD is AusNet Services' second-largest shareholder, and therefore Dr Craven and Mr Li are not considered to be independent.

AusNet Services notes ASX Recommendation 2.4 that a majority of the Board be independent directors and that it was not in compliance with this recommendation during FY2019 due to the composition of the Board being reflective of the significant shareholdings of SP and SGID, which in total exceed 50% of the Company's voting shares. During FY2019, the Board comprised four independent Directors and five non-independent Directors (including the Managing Director). (ASX Recommendation 2.4)

2.7 INDUCTION AND CONTINUING EDUCATION

Established induction procedures allow new Directors to participate fully and actively in informed decision-making at the earliest opportunity after they join the Board. The procedures, which are overseen by the Company Secretary, are designed to allow new Directors and also new key executives to gain an understanding of AusNet Services' financial, strategic, operational and risk position, the rights, duties and responsibilities of the Directors, the roles and responsibilities of management and the roles of Board committees. In addition, each new Director is provided with a letter of appointment setting out the key terms of their appointment. (ASX Recommendation 2.6)

Board training sessions are held periodically throughout each year. In addition, Director briefing sessions are held periodically to inform Directors of significant or emerging issues that are relevant to AusNet Services' business. Site visits to operations are also arranged to provide Directors with an opportunity to inspect operations and meet front-line management and staff to enhance their understanding of the business. During FY2019 Directors visited the West Melbourne terminal station, which is being upgraded, the sites of various Wind Farm Connections and inspected sites where new Rapid Earth Fault Current Limiter



technology is being implemented. In addition, all Directors and key executives have access to, and are encouraged to participate in, continuing education to update and enhance their skills and knowledge.

2.8 COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including:

- > advising on governance matters
- > administration of the Board, including development of agendas, distribution of papers, minute taking and organisation of meetings
- > overseeing AusNet Services' relationship with its share registrar
- > lodgement of documents, reports and releases to ASIC and the ASX.

Ms Claire Hamilton was appointed as Company Secretary on 16 September 2016. Details of Ms Hamilton's qualifications and experience are set out in *AusNet Services' 2019 Annual Report*. (ASX Recommendation 1.4)

2. Our Board continued

2.9 BOARD PERFORMANCE EVALUATION

The Board of AusNet Services acknowledges the need to have regular Board evaluations in line with the ASX Principles. Performance reviews to assess the effectiveness of the Board are conducted annually and are either led by the Chairman or are undertaken by an independent external consultant. The Nomination Committee oversees the performance reviews, including assessing and considering the results and determining appropriate action items.

During FY2019, the Board adopted several recommendations of the independent external review conducted in FY2018. In addition, an internal review of the Board's annual performance was conducted. The internal review was led by the Chairman and involved completion of a survey by each Director. The results of the survey were reported to the Nomination Committee and discussed by the Directors. The FY2019 internal review found that the Board and committees were functioning well with no significant issues identified. Action items arising from the internal review for continuing improvement have been adopted. The Chairman and the Company Secretary monitor the implementation of action items and recommendations arising out of Board performance reviews. (ASX Recommendation 1.6)

The Nomination Committee also undertakes a formal evaluation of the individual Directors who are due to retire and offer themselves for re-election at the next AGM. The results of this evaluation are considered by the Board in determining whether to support the re-election of these Directors.

2.10 PERFORMANCE OF EXECUTIVES

A formal performance evaluation of the Managing Director and senior executives occurs annually through the development of performance plans linked to AusNet Services' annual corporate business plan and financial plan. The performance plans incorporate key performance targets set by the Board. The Managing Director sets personal targets for senior executives.

The performance plan evaluation process for the Managing Director and senior executives takes the form of an individual assessment by the Board in the case of the Managing Director, and in the case of senior executives, by the Managing Director in consultation with the Remuneration Committee and the Board. Performance outcomes are linked to short-term incentives and recommendations on outcomes are made to the Remuneration Committee and to the Board for approval.

A performance evaluation of the Managing Director and senior executives was undertaken during FY2019 in accordance with this process. Further details of the outcome of executive performance evaluations are set out in the Remuneration Report, which is included in the *2019 Annual Report*. (ASX Recommendation 1.7)

The Board considers and approves the appointment of senior executives. Appropriate background and probity checks are undertaken before a senior executive is appointed.

2.11 REMUNERATION

Remuneration Policies are designed to attract and maintain talented and motivated Directors and employees so as to encourage enhanced performance and to pursue long-term growth and success for AusNet Services. The Board also recognises the importance of there being a clear relationship between performance and remuneration.

AusNet Services' Remuneration Policies in relation to its Directors, Managing Director and key executives are set out in the Remuneration Report, which is included in the *2019 Annual Report*. Details of the nature and amount of remuneration paid to each Director and key management personnel are also set out in the Remuneration Report.

2. Our Board continued

A) NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration policy for Non-executive Directors and the amount of remuneration paid to Non-executive Directors is discussed in detail in the Remuneration Report, which is included in the *2019 Annual Report*. (ASX Recommendations 8.2)

The remuneration of Non-executive Directors is not linked to AusNet Services' performance in order to maintain their independence and impartiality. Accordingly, Non-executive Directors do not participate in any incentive plan.

In setting Director fee levels, the Board takes into account:

- > AusNet Services' existing remuneration policies
- > independent professional advice
- > fees paid by comparable companies
- > the general time commitment required from Non-executive Directors and the risks associated with discharging the duties attaching to the role of Director
- > the level of remuneration necessary to attract and retain Non-executive Directors of a suitable calibre.

B) EXECUTIVE REMUNERATION

The Remuneration Committee reviews and makes recommendations to the Board concerning the remuneration, incentive payments and programs, for the Managing Director and other senior executives. In this regard, AusNet Services aims to ensure that the remuneration of its Managing Director and other senior executives is market competitive, consistent with best practice and supportive of the interests of shareholders.

The Managing Director and other senior executives are remunerated through a combination of:

- > base salary
- > short-term performance-based cash bonuses and, for the Managing Director, deferred rights pursuant to the short-term incentive plan
- > long-term performance-based incentives pursuant to a long-term incentive plan.

Details of the remuneration paid to the Managing Director and key management personnel (and the link to corporate performance) are set out in the Remuneration Report, which is included in the *2019 Annual Report*. (ASX Recommendations 8.2)



3. Board committees

To assist in the discharge of its duties, the Board has established three standing committees:

- > Nomination Committee
- > Remuneration Committee
- > Audit and Risk Management Committee (ARMC)

Each committee has a formal charter which sets out its role and responsibilities, composition, structure and membership requirements. The committee charters are approved by the Board and may be found on the AusNet Services website. An overview of each committee is set out in the table below. Additional details in relation to the members of each committee, as well as the number of times each committee met during FY2019 and each member's attendance at those meetings, are set out in the Directors' Report, which is included in the *2019 Annual Report*. (ASX Recommendations 2.1, 4.1 and 8.1)

All committees have full access to, and the co-operation of, management and full discretion to invite members of management to attend meetings. The ARMC also has full discretion to meet with internal or external auditors with or without management present and has the authority to conduct or authorise special investigations and engage independent advisers as required to assist in those investigations.

In addition, the Board may establish ad-hoc or special purpose committees where deemed necessary to deal with specific activities or where a potential conflict of interest exists.

Non-executive Directors who are not members of a committee may attend any meetings of a committee. Members of management may attend committee meetings by invitation, however individuals may not be present during, or participate in, deliberations where the matter does or could affect their position, remuneration or other related matters. The Board has established protocols to exclude Directors and management where a conflict of interest may exist.

NOMINATION COMMITTEE¹

MEMBERS

- | | |
|--------------------------|---------------------|
| > Peter Mason (Chairman) | > Li Lequan |
| > Alan Chan | > Robert Milliner |
| > Ralph Craven | > Nora Scheinkestel |
| > Sally Farrier | > Tan Chee Meng |

COMPOSITION

- > All Non-executive Directors of AusNet Services
- > Members are to be appointed by the AusNet Services Board
- > The Chairman must be an independent Director.

KEY RESPONSIBILITIES

Assists the Board with:

- > matters relating to the appointment and performance of Directors and performance of the Board as whole
- > reviewing and determining Board and committee membership and performance and succession planning
- > reviewing and recommending the appointment of new Directors, including establishing formal and transparent procedures for the identification of suitable candidates
- > undertaking a formal evaluation of the individual Directors who are due to retire and offer themselves for re-election at the next AGM
- > assessing the skills matrix of the Directors.

¹ AusNet Services notes that during FY2019 the Nomination Committee did not comprise a majority of independent Directors as required by ASX Recommendation 2.1 due to the composition of the Board. The committee comprised equal numbers of independent and non-independent Directors. Refer to section 2.6 above for further explanation.

3. Board committees continued

AUDIT AND RISK MANAGEMENT COMMITTEE

MEMBERS

- > Nora Scheinkestel (Chairman)
- > Ralph Craven > Robert Milliner
- > Sally Farrier > Tan Chee Meng

COMPOSITION

- > a minimum of three members
- > only Non-executive Directors
- > a majority of Directors who are independent
- > all committee members shall be financially literate (able to read and understand financial statements)
- > the Chairman must be an independent Director and must not be the Chairman of the Board.

KEY RESPONSIBILITIES

Assists the Board with:

- > reviewing the appropriateness of accounting principles adopted in the composition and presentation of financial reports and approving all significant accounting policy changes
- > reviewing the adequacy and effectiveness of AusNet Services' risk management, internal compliance and control systems and the process and evidence adopted by the Managing Director and the Chief Financial Officer to satisfy themselves of these factors
- > reviewing related party transactions
- > reviewing matters that are brought to its attention by the internal and external auditor
- > overseeing the conduct and scope of the external and internal audit functions, including making recommendations to the Board on the appointment, performance, remuneration and replacement of the external auditor and Head of Internal Audit.

REMUNERATION COMMITTEE²

MEMBERS

- > Sally Farrier (Chairman)
- > Alan Chan
- > Robert Milliner
- > Li Lequan

COMPOSITION

- > at least three Board members, all of whom are Non-executive Directors
- > at the very least the number of independent Non-executive Directors must equal the number of non-independent Non-executive Directors
- > the Chairman must be an independent Director.

KEY RESPONSIBILITIES

Assists the Board with:

- > setting the remuneration of Directors
- > recommending remuneration and incentive arrangements for the Managing Director and senior executives
- > oversight of AusNet Services' remuneration framework for employees
- > employee incentive plans
- > diversity and inclusion objectives and monitoring progress.

² AusNet Services notes that during FY2019 the Remuneration Committee did not comprise a majority of independent Directors as required by ASX Recommendation 8.1 due to the composition of the Board. The committee comprised equal numbers of independent and non-independent Directors. Refer to section 2.6 above for further explanation.

4. Diversity and inclusion

AusNet Services is committed to driving a truly diverse and inclusive workplace that supports diversity in all its forms. AusNet Services believes strongly in the value of a diverse workforce in driving better financial, reputational and employee experience outcomes.

Our goal is to create an environment where diversity is welcomed and celebrated across all areas of difference, including gender, age, cultural identity, ethnicity, disability, sexual orientation, religious beliefs, family/lifestyle needs, personal styles and backgrounds. Driving improvement in diversity and inclusion is seen as a key enabler towards creating a sustainable and high-performing culture and business performance.

4.1 DIVERSITY AND INCLUSION GOVERNANCE

AusNet Services has an established Diversity Policy which outlines its commitment to increase and maintain diversity and inclusion in the workplace. The Diversity Policy is located on the AusNet Services website. (ASX Recommendation 1.5)



Additionally, the Board Charter requires that the Board comprises Directors with a broad range of skills and expertise from a diverse range of backgrounds. These characteristics are reflected in the Board's composition, through the qualifications, skills, experience, gender and backgrounds of Directors.

Company progress towards achieving the 2019 Diversity and Inclusion objectives approved by the Board is set out below. (ASX Recommendation 1.5)



4. Diversity and inclusion continued

4.2 PROGRESS AT AUSNET SERVICES

FY2019 OBJECTIVE 1: INCREASING THE PROPORTION OF WOMEN IN AUSNET SERVICES WORKFORCE

Increase the proportion of women in AusNet Services' workforce to 30% by 2022, including 40% of senior management and 25% of all engineering roles. Increase Board representation to 30% female Non-executive Directors.

PROGRESS ACHIEVED FY2019

- ✓ Female participation rates across the organisation have increased from 20% to 23%.
- ✓ Female participation in permanent senior management roles has remained steady at 33% and women in engineering roles has increased from 10% to 16% over the year.
- ✓ Two of AusNet Services' eight Non-executive Directors are women.
- ✓ 20 females participated in the eighth year of AusNet Services' Women's Career Development Program and six females are being sponsored to undertake a McKinsey Leadership Program.

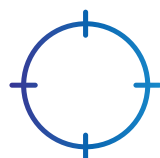
SUPPORTING PROGRAMS

As outlined below, the Company retains a strong focus on attracting, engaging, developing and retaining women of all ages to join and remain part of AusNet Services.

- > 43.7% of all new hires during FY2019 were female, with external partnerships continuing to attract female talent.
- > A Women in Electricity campaign was run for a second year, resulting in the employment of ten women in apprentice line worker positions, accompanied by a comprehensive program of on-the-job mentoring and training.
- > Women also comprised 70% of our 2019 graduate intake in engineering and technology areas.
- > We have continued to support, sponsor and develop female students to consider careers in the industry through on-campus promotion in schools and universities, scholarships, sponsorships, education assistance and research partnerships with Deakin University.
- > AusNet Services has enhanced flexibility in work arrangements to drive a more inclusive culture and to broaden our appeal to both male and female candidates.
- > Investment in the engagement, development and advancement of talented female employees, and this continues to be a priority. Now in its eighth year, 20 talented women participated in the Company's Women's Career Development Program.

FEMALE NEW HIRES

43.7%



FEMALE PARTICIPATION

23.4%



4. Diversity and inclusion continued

FY2019 OBJECTIVE 2: AUSNET SERVICES' DIVERSITY AND INCLUSION STATEMENT

Further embed and bring to life our Diversity and Inclusion Statement with a focus on how we foster inclusion in our approach to our engagement, communication, policies and procedures across all internal and external stakeholder groups.

PROGRESS ACHIEVED FY2019



Embedding our Diversity and Inclusion Statement has been an area of significant focus during FY2019, with Diversity and Inclusion clearly linked to our cultural improvement objectives.

SUPPORTING PROGRAMS

- > Refreshed Diversity and Inclusion Advisory Council (DIAC) with broad employee representation launched during FY2019, chaired by the Managing Director.
- > Policy developed with DIAC endorsement to enable employees to swap up to two Easter public holidays for alternative days of cultural significance for employees.
- > Formation of a social procurement working group to further drive Diversity and Inclusion outcomes in contracts with delivery partners and suppliers and partnering with social enterprises in the delivery of services such as catering and cleaning.
- > Delivery of a number of Diversity and Inclusion events, including a FlexWeek promotion of flexible working arrangements across the Company.
- > Leader Equal Employment Opportunity (EEO) awareness training.

FY2019 OBJECTIVE 3: KNOWLEDGE TRANSFER AND RETENTION

Accelerate our later-in-life career choices program with a focus on critical knowledge transfer and retention through utilisation of emerging technologies.

PROGRESS ACHIEVED FY2019



The Company increased its support of seasoned experienced employees preparing to transition out of the Company so as to ensure mutual benefit from shared knowledge exchange.

SUPPORTING PROGRAMS

- > A 'Later in Life Career Choices' Program was delivered to employees in technical areas approaching retirement in FY2019.
- > Communities of Practice were established across different engineering disciplines as an ongoing vehicle for the support and knowledge transfer.

4. Diversity and inclusion continued

FY2019 OBJECTIVE 4: SKILLING FOR THE FUTURE

Continue our focus on our Skilling for the Future program via our Apprentice and Trainee and Graduate programs and extend these into key industry and education sector partnerships to capture early and emerging Science, Technology, Engineering, Arts and Maths (STEAM) talent pools.

PROGRESS ACHIEVED FY2019



The Company continued its active support for development of early technical talent, through active recruitment, mentoring and external partnerships.

SUPPORTING PROGRAMS

- > 80% of Apprentice and Trainee roles and 70% of Graduate positions in FY2019 filled by females.
- > Mentoring arrangements in place for all apprentices, trainee and graduate roles.
- > Structured vacation work experience programs provided for all Engineering Scholarship holders.
- > Two Geospatial Scholarships awarded to females in the Data Services group and the AusNet Services 2019 scholarship program is currently underway with three scholarships on offer.
- > AusNet Services partnered with Deakin University on their outreach program into schools to facilitate attendance at presentations to schools to engage early on STEAM.

We strongly believe that a diverse and inclusive workforce is fundamental to enable a sustainable, high-performing culture within AusNet Services. The FY2020 Diversity and Inclusion objectives have been developed to accelerate our progress and to align with our broader culture improvement plans.

FY2020 DIVERSITY AND INCLUSION OBJECTIVES

1

Increase the proportion of women in AusNet Services' workforce to 30% by 2022, including 40% of senior management and 25% of all engineering roles.

2

Increase Board representation to 30% female Non-executive Directors.

3

Maintain or improve engagement of all employees regarding their experience of Diversity and Inclusion within AusNet Services and of specified EEO groups, as assessed through the Company's annual Culture and Engagement survey and supported by targeted improvement plans.

4

Maintain or increase the proportion of employees working flexibly.

5

Ensure gender diverse representation in our 'skilling for the future' initiatives.

6

Achieve Workplace Gender Equality Agency (WGEA) Employer of Choice Citation for Gender Equality by the end of 2021.

5. Ethical and responsible behaviour

5.1 OUR VALUES

At AusNet Services our values are the foundation for how we achieve our business objectives and express the beliefs and principles we agree to share:



Our values are supported by our Code of Conduct and other key governance principles and policies, which are approved by the Board.

5.2 CODE OF CONDUCT

AusNet Services is committed to acting ethically and responsibly.

AusNet Services has a Code of Conduct ('the Code') which sets out the basic principles and standards of lawful and ethical behaviour expected of all people representing AusNet Services. It acts as a framework for our detailed policies, procedures, practices and guidelines that apply in what remains a highly regulated industry in which AusNet Services operates. It also enables us to report any potential breaches of the standards we expect, in the knowledge that reporting will be completely confidential and without recrimination. It applies to all Directors, officers, employees, contractors and consultants and sets out the Company's approach in conducting business responsibly and ethically. The ARMC oversees the operation of the Code and reviews significant breaches of the Code, including incidents involving fraud, misconduct or breakdown in the Company's internal controls.

The Code was updated and approved by the Board during FY2018 and was re-launched to all employees during FY2019. The Code is located on the AusNet Services website. (ASX Recommendation 3.1)



5.3 WHISTLEBLOWER POLICY

In keeping with the spirit of the Code, AusNet Services has a Whistleblower Policy to encourage anyone engaged in the provision of services to AusNet Services who has witnessed, is aware of, or suspects any wrongful act to report it without fear of reprisal. The Whistleblower Policy was refreshed during FY2019 to ensure alignment with Australia's new whistleblower protection laws and sets out the way in which AusNet Services will respond to reports of wrongful acts. The ARMC oversees AusNet Services' Whistleblower Program. De-identified reports of whistleblower matters are reported to the next ARMC meeting following a report. In addition, the ARMC is provided with aggregated information about whistleblowing reports on a six-monthly basis.

The Whistleblower Policy is located on the AusNet Services website.



As part of AusNet Services' continuous drive to achieve high standards of corporate governance and to encourage a culture of 'speaking up', AusNet Services uses the services of STOPline – an external, confidential provider of whistleblower disclosure services. STOPline provides an additional confidential reporting avenue to report suspected wrongdoings in accordance with the Whistleblower Policy.

5.4 CONFLICTS OF INTEREST

The Board has developed Conflicts of Interest Guidelines to guide it on the management of actual and perceived conflicts between the interests of a Director or Directors and the interests of AusNet Services, to ensure compliance with the Corporations Act. Each Director is obliged to disclose if he or she has a potential or actual conflict of interest at any time in relation to any matter which relates to the affairs of AusNet Services.

5. Ethical and responsible behaviour continued

5.5 DEALING IN SECURITIES

AusNet Services has adopted Guidelines for Dealing in Securities ('the Guidelines').

Through a trading windows approach, the Guidelines establish a best practice procedure relating to the buying and selling of AusNet Services' securities for Directors, executives and senior management, employees, certain contractors, and their associates. Pursuant to the Guidelines, 'Relevant Persons' must not buy, sell or otherwise deal in AusNet Services' securities if they possess non-public, price-sensitive information. Relevant Persons may generally only deal in AusNet Services' securities in the period of six weeks from the second trading day following:

- > the announcement of half-yearly results
- > the announcement of annual results
- > the holding of the AGM.

In addition, the Guidelines were updated during FY2019 to add further share trading approval requirements for Directors, the Managing Director, senior executives and other specified employees ('Designated Persons').

Further, the Guidelines prohibit participants in equity-based incentive plans from entering into hedging or other similar types of transactions or arrangements that operate to limit the economic risk of unvested entitlements to AusNet Services securities. In addition, the rules governing the AusNet Services Incentive Plans place restrictions on participants from entering into any arrangement for the purpose of hedging their economic exposure to a Right that has been granted to them. (ASX Recommendation 8.3)

The Guidelines are located on the AusNet Services website.



5.6 CONTINUOUS DISCLOSURE

AusNet Services has adopted a Continuous Disclosure and Communications Policy that sets out its practice in relation to continuous disclosure.

The Continuous Disclosure and Communications Policy is available on the AusNet Services website. (ASX Recommendation 5.1)



The Continuous Disclosure and Communications Policy was reviewed and updated by the Board during FY2018. As part of this update the Board established a Disclosure Committee and introduced Continuous Disclosure Guidelines to assist with managing AusNet Services' disclosure obligations. The Continuous Disclosure Guidelines assist staff in understanding and complying with continuous disclosure obligations.

The Company Secretary is primarily responsible for the management of the Continuous Disclosure and Communications Policy, Continuous Disclosure Guidelines and for all communications with the ASX in relation to continuous disclosure issues. The Continuous Disclosure Guidelines set out the process for approving announcements that are made to the ASX, including disclosure matters that require Board approval. All material disclosed to the ASX is published on the AusNet Services website. In addition, investor presentations are lodged with the ASX. All price sensitive announcements are circulated to our Directors, senior executives and External Auditors.

The Board and all committees consider potential continuous disclosure issues at each of their meetings. The Board gives particular attention to emerging and changing circumstances with a view to determining whether any disclosures are required in respect of those matters.

5.7 HUMAN RIGHTS

AusNet Services embraces its responsibilities as a good corporate citizen in seeking to uphold the internationally recognised human rights³ of every person.

AusNet Services is taking steps to identify the risk of modern slavery practices occurring in its operations and supply chains and to then address those risks, if any. This includes appropriate training of its staff, seeking appropriate compliance statements from its suppliers and undertaking human rights due diligence of its suppliers.

³ This is a reference to the rights contained in the Universal Declaration of Human Rights as proclaimed by the General Assembly of the United Nations.

6. Risk management and financial reporting

6.1 RISK MANAGEMENT FRAMEWORK

AusNet Services is committed to understanding and effectively managing risk for its shareholders, employees, customers, suppliers and the communities in which it operates. The guiding principle of the risk management framework is to enhance strategic and operational decision-making to optimise business performance by managing exposures.

The Board reviews and guides AusNet Services' system of risk management, compliance and internal controls. This includes setting the risk appetite and ensuring that shareholders are informed in a timely manner of material changes to AusNet Services' risk profile.

The ARMC assists the Board in discharging these responsibilities. The ARMC has oversight of the adequacy and effectiveness of AusNet Services' risk management framework, including risk identification and management processes, the review of AusNet Services' treatment of material business risks (financial and non-financial) and the assessment of whether the business is operating within risk appetite.

The Audit and Risk Management Committee's Charter is located on the AusNet Services website. (ASX Recommendation 7.1)



The Managing Director is accountable to the ARMC and the Board for the implementation of risk management processes in line with good corporate governance. Management is responsible for embedding sound risk management practices across all business activities and it is expected that all employees and contractors will proactively identify, manage, review and report risks.

AusNet Services uses its risk management capabilities to maximise the value from its assets, projects and other business opportunities. Risks faced by AusNet Services are managed on an enterprise-wide basis and are identified, analysed, evaluated and prioritised in a consistent manner using common systems and methodologies.

The Risk Appetite Statement is reviewed annually in line with the corporate strategy and business plans.

Management reports to the Board on the management of AusNet Services' material business risks including changes to the risk profile and initiatives taken to improve the framework and further embed a sound risk management culture within the organisation.

The risk management framework is reviewed annually to assess its effectiveness and maturity which informs the risk management strategy. The review conducted during the year noted that the new risk management information system implemented during the year was realising benefits such as enhanced risk reporting and more efficient identification of key themes and controls. Work to better understand risk culture in the organisation commenced during the year and will continue to be a focus area in the coming year. Other activities prioritised for FY2020 include enhanced risk training and maturing business continuity. (ASX Recommendation 7.2)

AusNet Services' Risk Management Policy is located on the AusNet Services website. (ASX Recommendation 7.2)



6.2 INTERNAL AUDIT

AusNet Services has an internal audit function to assist management, the ARMC, and the Board in the effective discharge of their responsibilities relating to risk management, internal control and governance.

6. Risk management and financial reporting continued

The internal audit function reports to the ARMC and may at any time directly contact the Chairman of the ARMC, and if further required, the Chairman of the Board without the need to involve management. The internal audit function has full access to AusNet Services' personnel, records and properties.

The role of internal audit within AusNet Services is to provide independent and objective assurance on the effectiveness of controls and risk management across the organisation. This is achieved through the delivery of a risk-based internal audit program, approved annually by the ARMC, that includes key strategic, operational, compliance and project risks. Internal audit reports the results of audits to the ARMC and monitors the completion of corrective actions.

Internal audit also helps AusNet Services to accomplish its objectives by evaluating and improving the effectiveness of risk management, internal control and governance processes. (ASX Recommendation 7.3)

6.3 ENVIRONMENTAL AND SOCIAL RISKS

For AusNet Services, sustainability means operating an economically, environmentally and socially sustainable business. This is achieved through a robust and evolving strategy to deliver safe and reliable energy to customers and communities, whilst generating lasting value for stakeholders. In the process of doing this, AusNet Services respects and embeds key principles on labour practices, human rights, diversity and environmental protection throughout its operations and supply chains. (ASX Recommendation 7.4)

A) GOVERNANCE AND STRATEGY

The energy industry continues to experience significant change impacted by a range of disruptive factors. The Board and management consider the potential impacts of sustainability risks as part of the strategic planning process.

These risks include the security, reliability and safety of energy networks, the transitional and physical impacts of climate change including the transition towards renewable generation and decarbonisation, the adoption of Distributed Energy Resources



and the subsequent increase in the complexity of operating networks in this changing environment.

AusNet Services' strategic responses include the active involvement in the ongoing national energy debate, working with communities on innovative energy projects such as mini grids and investing resources to realign energy networks to support changes in generation and greater variances in climatic conditions.

B) RISK MANAGEMENT

AusNet Services utilises internal and external data sources to actively assess drivers of emerging and material sustainability risks. These are managed under the AusNet Services risk management framework and consider the potential impact to the broader environment and community.

The ARMC oversees the operation of the risk management framework and receives reports from management on key risks and risk management activities including network resilience risks and climate change risks. Risk events may be caused by environmental factors including natural disasters (such as bushfires, floods and severe weather events) as well as asset failure and/or sabotage.

6. Risk management and financial reporting continued

The risks associated with bushfire prevention and management are always at the forefront of AusNet Services' strategy and business planning. Key activities to mitigate these risks include significant investment in bushfire mitigation programs such as asset inspection and maintenance, undergrounding of power lines in high bushfire risk areas, vegetation management and maintaining robust incident management practices. AusNet Services is also implementing Rapid Earth Fault Current Limiter technology (REFCL) in higher bushfire risk areas to reduce the risk of fire starts in some parts of the network.

Our missionZero safety program has continued throughout the year aiming to achieve the highest standards in health and safety to minimise the risk of workplace injuries. During the year, the missionZero program has undertaken a 'Back to Basics' campaign to focus on the elements of leadership, behaviours, systems and measurement and safer work environments and to ensure that our HSEQ initiatives are suited to our current and future business environment. In addition, several high-consequence safety risks have been analysed to confirm the effectiveness of current controls and to identify additional strategies to further reduce these risks. To keep our employees, contractors and communities safe, we continue to drive improvement in safety.

C) METRICS AND TARGETS

In addition to assessing greenhouse gas emissions, AusNet Services uses a range of metrics and targets to monitor operational performance in relation to sustainability risks. These include ongoing monitoring of safety performance, gender diversity, customer experience, the bushfire mitigation index, environmental compliance, network outages, progress on implementation of the REFCL program and gas mains renewals programs.

During the year we conducted an initial phase of a materiality determination to identify the key sustainability themes relevant to AusNet Services. These themes will be tested with stakeholders and will be refined during FY2020. AusNet Services intends to increase the range of sustainability metrics in FY2020 to track performance and inform the sustainability strategy.

Further detail on material risks, including how these risks are managed, is contained in the 'Material Risks and Uncertainties' section of the Directors' Report, which is included in the *2019 Annual Report*. (ASX Recommendation 7.4)

6.4 FINANCIAL REPORTING

The Board has ultimate responsibility for ensuring the integrity of AusNet Services' financial reporting. The following practices assist in discharging the Board's responsibility.

A) DECLARATION BY THE MANAGING DIRECTOR AND THE CHIEF FINANCIAL OFFICER

The Managing Director and the Chief Financial Officer provide to the Board a written declaration, in accordance with section 295A of the Corporations Act and ASX Recommendation 4.2, that, in their opinion, the financial records for AusNet Services, and the individual entities comprising AusNet Services, have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of AusNet Services' financial position and performance and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. (ASX Recommendation 4.2)

Prior to review and confirmation by the Board, the ARMC reviews the due diligence process that is undertaken to support the declarations provided by the Managing Director and Chief Financial Officer in relation to the full-year and half-year results. The Board has received the Managing Director's and the Chief Financial Officer's declaration in respect of the financial reports for the financial year ended 31 March 2019.

To enable the Managing Director and Chief Financial Officer to provide the declaration, senior executives and their nominated staff complete representations providing assurances in relation to their respective areas of responsibility.

B) EXTERNAL AUDITOR INDEPENDENCE

AusNet Services' policy is to appoint an external auditor who is suitably qualified and whose independence is unequivocal.

The ARMC has approved an Auditor Independence Policy which is intended to maintain the independence of AusNet Services' external auditor by regulating the provision of non-audit services by the external auditor. The Auditor Independence Policy sets out authority limits for approving any non-audit services to be performed by the external auditor.

6. Risk management and financial reporting continued

The Auditor Independence Policy may be found on the AusNet Services website (as an attachment to the Audit and Risk Management Committee Charter).



The Chief Financial Officer provides a quarterly report to the ARMC, which describes any non-audit services provided by the external auditor since the last report.

The ARMC reviews the performance of the external auditor annually and is responsible for making recommendations to the Board in relation to the appointment or re-appointment of the external auditor. The ARMC determines the term of the external auditor's appointment and reviews the terms, scope and results of the audit.

The ARMC also reviews the Auditor Independence Policy and compliance with that Policy, seeking to balance the maintenance of independence and objectivity of the external auditor and value for money. The ARMC also ensures that the external audit engagement partner for AusNet Services rotates off AusNet Services' audit at least every five years.

The present external auditor for AusNet Services is KPMG.

The external auditor attends AusNet Services' AGM and is available to answer questions from shareholders relevant to the audit. (ASX Recommendation 4.3)

Further details of the services provided by the external auditor and the fees paid or payable for those services are set out in the Directors' Report, which is included in the *2019 Annual Report*.



7. Shareholder and stakeholder engagement

The AusNet Services' Investor Relations Team facilitates an annual program of engagement with the investment community, including corporate, institutional and private investors, proxy advisors, the Australian Shareholders Association, sell-side and buy-side analysts and the financial media. The engagement is intensive following the publication of the half-year and full-year results and at the AGM, with results presentations and general meeting outcomes being released to the market.

AusNet Services holds Investor Open Days periodically for institutional investors and sell-side analysts, focusing on key business issues and providing a further opportunity for investors and analysts to engage with the Company. Further, Investor Relations facilitates numerous meetings for investors and analysts throughout the year, except during investor 'black-out' periods (i.e. between balance date and results release date) where meetings are not conducted. Investor Relations seeks to ensure that the investment community has accurate and up-to-date information about AusNet Services upon which to base their investment decisions. The role of Investor Relations also involves responding to a regular flow of enquiries and requests for information, which are accommodated to the extent that the information provided is already in the public domain. Investor Relations also seeks to act as an effective conduit between the market and the AusNet Services Board and senior management, regularly communicating feedback from the market.

Investor sentiment and feedback are valued and taken into account by the Board in shaping the strategic direction of AusNet Services. We ensure that our disclosure practices remain consistent with regulatory requirements and our internal policies and that they continue to meet the needs of the investment community. (ASX Recommendation 6.2)

All relevant announcements made to the market and related information, such as information and presentations provided to analysts, are published on the AusNet Services' website after they have been released to the ASX (as applicable). The full-year and half-year financial results are also published on the website. AusNet Services makes available on the website the preceding three years' press releases and announcements as well as the preceding three years of financial data.

AusNet Services encourages shareholders to attend AusNet Services' AGM to meet the Directors and management and to ask questions. Shareholders can also submit written questions in advance of the meeting via the Company's share registry. All resolutions at AusNet Services' AGM are decided by a poll, allowing all shareholders to vote on the basis of the number of securities held by them. Voting on a poll also allows shareholders to register their vote regardless of whether they attend the meeting or not. AusNet Services' 2019 AGM will be audio-cast via the AusNet Services website in order to improve access for shareholders unable to be physically present at the meeting. (ASX Recommendation 6.3)

The full text of notices of meeting and explanatory material will be published on the AusNet Services website.



AusNet Services has a dedicated team and email address to handle shareholder communications.

AusNet Services' securities registrar, Computershare, facilitates the provision of communications between AusNet Services and its shareholders electronically. Shareholders can make a choice on how they wish to receive information from the Company and can elect to receive AusNet Services documents including notices of meetings, annual reports, dividend advices and other correspondence electronically. Shareholders can also lodge their proxies electronically. AusNet Services has a dedicated email address to facilitate electronic communication between investors and Computershare. (ASX Recommendation 6.4)

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

AusNet Services Ltd

ABN / ARBN

ABN 45 603 317 559

Financial year ended:

31 March 2019

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: www.ausnetservices.com.au/About-Us/Corporate-Governance

The Corporate Governance Statement is accurate and up to date as at 10 May 2019 and has been approved by the board.

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

Date: 14 June 2019

Name of Director or Secretary authorising lodgement: Claire Hamilton
Company Secretary

¹ 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.

² "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.

³ 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
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
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 ... 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 checked="" type="checkbox"/> at www.ausnetservices.com.au/About-Us/Corporate-Governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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
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</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at www.ausnetservices.com.au/About-Us/Corporate-Governance</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</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</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</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</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</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
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>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</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 www.ausnetservices.com.au/About-Us/Corporate-Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at www.ausnetservices.com.au/Investor-Centre/Company-reports</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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 checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> at www.ausnetservices.com.au/Investor-Centre/Company-reports</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
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 checked="" type="checkbox"/> at www.ausnetservices.com.au/About-Us/Corporate-Governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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	
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
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>... 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</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.ausnetservices.com.au/About-Us/Corporate-Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at www.ausnetservices.com.au/Investor-Centre/Company-reports</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</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
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.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> at www.ausnetservices.com.au/About-Us/Corporate-Governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at www.ausnetservices.com.au/About-Us/Corporate-Governance	<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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
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>... 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</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.ausnetservices.com.au/About-Us/Corporate-Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at www.ausnetservices.com.au/Investor-Centre/Company-reports</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</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</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.3	<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>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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
7.4	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>... 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 checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
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>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</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 www.ausnetservices.com.au/About-Us/Corporate-Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at www.ausnetservices.com.au/Investor-Centre/Company-reports</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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 checked="" type="checkbox"/> at www.ausnetservices.com.au/Investor-Centre/Company-reports</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</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</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>