



Independent Reasonable Assurance Report to the Directors of Directlink Joint Venture and Murraylink Transmission Company Pty Limited

Conclusion

In our opinion, Directlink and Murraylink’s Statement of Compliance that the entities have complied with the Ring-fencing Guideline published by the AER on 24 February 2025 is, in all material respects, fairly presented for the regulatory period from 1 January 2025 to 31 December 2025.

Scope

Directlink (No. 1) Pty Limited, Directlink (No. 2) Pty Limited, and Directlink (No. 3) Pty Limited (trading as “Directlink Joint Venture” and referred to hereafter as “Directlink”) and Murraylink Transmission Company Pty Limited (“Murraylink”) (together, “the entities”) engaged KPMG to perform a reasonable assurance engagement on whether Directlink and Murraylink’s Statement of Compliance that the entities have complied with the Ring-fencing Guideline published by the Australian Energy Regulator (“AER”) on 24 February 2025 (“the Ring-fencing Guideline”) is, in all material respects, fairly presented for the regulatory period from 1 January 2025 to 31 December 2025. This Statement of Compliance will accompany our report, for the purpose of reporting to the Directors of Directlink and Murraylink and the AER.

Basis for Our Conclusion

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* (ASAE 3100). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- used our professional judgment to plan our procedures and assess the risk of material misstatements in Directlink and Murraylink’s Statement of Compliance that the entities have complied with the Ring-fencing Guideline;
- considered internal controls implemented to meet the compliance requirements; however, we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.



Summary of Procedures Performed, Observations and Findings

In Appendix A, we provide an overview of the key procedures, observations and findings in relation to each of the Ring-fencing Guideline requirements. This overview is provided at the request of the AER to provide greater transparency over the work we performed. Our conclusion is not modified in this respect.

In Appendix B, we have summarised performance improvement observations. Our conclusion is not modified in respect of these observations.

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or material misstatement in Directlink and Murraylink's Statement of Compliance may occur and not be detected.

Reasonable assurance is a high level of assurance but is not a guarantee that it will always detect a material misstatement in Directlink and Murraylink's Statement of Compliance when it exists. Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Directlink and Murraylink.

A reasonable assurance engagement for the regulatory period from 1 January 2025 to 31 December 2025 does not provide assurance on whether compliance with the compliance requirements will continue in the future.

Use of this Assurance Report and Matters Relating to Electronic Publication

This report has been prepared for the Directors of Directlink and Murraylink and the AER for the purpose of assisting the Directors in meeting their reporting obligations under the Ring-fencing Guideline and may not be suitable for another purpose.

We understand that the AER intends to publicly release our assurance report via its website. The AER is responsible for the integrity of AER's website where our report is presented alongside the Directlink and Murraylink Electricity Transmission Ring Fencing 2025 Annual Compliance Report (the "Compliance Report"). We have not been engaged to report on the integrity of the AER's website. This report refers only to the Statement of Compliance and does not provide an opinion on any other information which may have been hyperlinked to/from the Compliance Report. If users of the Compliance Report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the Compliance Report to confirm the information contained in this website version of the Compliance Report.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors of Directlink and Murraylink and the AER, or for any purpose other than that for which it was prepared.



Management's Responsibility

Management is responsible for:

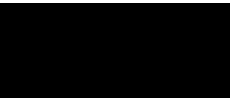
- the compliance activities undertaken to meet the requirements of the Ring-fencing Guideline;
- identification of the risks that threaten the requirements of the Ring-fencing Guideline identified above being met and identifying, designing and implementing controls which will mitigate those risks and monitor ongoing compliance;
- providing a Statement with respect to the outcome of the evaluation of the compliance activities against the requirements of the Ring-fencing Guideline, which accompanies this Independent Assurance Report; and
- identification of the requirements of the Ring-fencing Guideline if not identified by law and regulation.

Our Responsibility

Our responsibility is to perform a reasonable assurance engagement in relation to Directlink and Murraylink's Statement of Compliance with the Ring-Fencing Guideline, for the regulatory period from 1 January 2025 to 31 December 2025 and to issue an assurance report that includes our conclusion based on the procedures we have performed and evidence we have obtained.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.



KPMG signature

KPMG

30 April 2026



Appendix A: Summary of procedures performed, observations and findings

In this section, we present an overview of key procedures performed, observations and findings as part of our reasonable assurance engagement in respect of Directlink and Murraylink's compliance activities with the relevant requirements of the Ring-fencing Guideline for the regulatory period from 1 January 2025 to 31 December 2025.

This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our conclusion reported in the Independent Reasonable Assurance Report.

We performed the following general procedures to assess Directlink and Murraylink's overall compliance with the Ring-fencing Guideline:

- Read the Compliance Report to obtain an understanding of Directlink and Murraylink's overall compliance strategy, measures and internal controls for Ring-fencing;
- Conducted interviews to obtain an understanding of changes to the regulatory business activities and related compliance management approach; and
- Inspected supporting evidence which included policies, procedures and practices undertaken to embed and monitor Ring-fencing compliance measures during the period.



The following table provides a summary of procedures, observations and findings for each Ring-fencing guideline requirement:

Compliance requirement	Management Controls	Procedures performed	Observations /findings
Legal Separation			
<p>3.1(a) A Transmission Network Service Provider (TNSP) must be a legal entity.</p>	<ul style="list-style-type: none"> The new corporate entity registration process takes ring-fencing compliance into account, including the appropriate appointment of directors. 	<ul style="list-style-type: none"> Performed a search from NEM registered participants lists for Directlink and Murraylink using their separate ABNs. Performed a search on the Australian Business Register website using ABNs of Directlink and Murraylink. Inspected the entities' policy for registration of an entity or appointment of new directors. 	None.
<p>3.1(b) Subject to clauses 3.1(c), (d) and (e), a TNSP may provide transmission services, but must not provide other services.</p>	<ul style="list-style-type: none"> Directlink and Murraylink provide transmission services and do not provide other services. 	<ul style="list-style-type: none"> Read the Annual Compliance Report and enquired of management to obtain an understanding of Directlink and Murraylink's operations and operating environment. 	None.
<p>3.1(c) Notwithstanding any other provision of this Guideline, a TNSP must not:</p> <p>i. enter into any new agreement; or</p> <p>ii. agree to a material variation to an existing agreement</p> <p>where such new or varied agreement grants another legal entity the right to use any energy storage device which is owned, operated or controlled by the TNSP, unless it is for the sole purpose of providing that TNSP with network support services.</p>	<ul style="list-style-type: none"> Any new or varied agreement between a TNSP and a service provider requires that the service provider complies with the non-discrimination, staff sharing and information access obligations as if the service provider was the TNSP. Ring-fencing related clauses are included in legally approved templates used for procurement. 	<ul style="list-style-type: none"> Inspected the entities' policy for new contracts or variation of existing contracts. Inspected the Procurement template that would be used as part of the procurement process applied to all contracts. Obtained a list of active procurement contracts for the regulatory period and noted that no new contract or material variations to existing contracts were made during the regulatory period. 	None.



Compliance requirement	Management Controls	Procedures performed	Observations /findings
	<ul style="list-style-type: none"> A process exists to ensure that a TNSP will not enter into a new agreement or agree to a material variation to an existing agreement where the agreement grants another legal entity the right to use any energy storage device which is owned, operated or controlled by the TNSP, unless it is for the sole purpose of providing that TNSP with network support services. 		
Separate accounts			
<p>3.2.1(a) A TNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the TNSP and its affiliated entities.</p>	<ul style="list-style-type: none"> Financial account establishment and maintenance: <ul style="list-style-type: none"> - Separate financial accounts are established and maintained to ensure the extent and nature of transactions between TNSP and its affiliated entities are demonstrated. - Cost Allocation Principles and an approved Cost Allocation Methodology are used to allocate and attribute costs between transmissions services and other services. - Records are kept demonstrating to the AER how the above is met. 	<ul style="list-style-type: none"> Obtained the organisation’s policy for maintenance of separate accounts. Inspected the separate Annual Information Order (AIO) Submissions for Murraylink and Directlink which were submitted to AER for the regulatory period ending on 30 June 2025. Checked the intercompany transactions are in accordance with signed agreement (MOMSCA) with service providers. 	None.



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Cost Allocation and Attribution			
<p>3.2.2(a) A TNSP must allocate or attribute costs (including costs allocated or attributed to the TNSP by a parent entity) to transmission services in a manner that is consistent with the Cost Allocation Principles and its approved Cost Allocation Methodology, as if the Cost Allocation Principles and Cost Allocation Methodology otherwise applied to the allocation and attribution of costs between transmission services and other services.</p>	<ul style="list-style-type: none"> • Financial account establishment and maintenance: <ul style="list-style-type: none"> - Separate financial accounts are established and maintained to ensure the extent and nature of transactions between TNSP and its affiliated entities are demonstrated. - Cost Allocation Principles and an approved Cost Allocation Methodology are used to allocate and attribute costs between transmissions services and other services. - Records are kept demonstrating to the AER how the above is met. 	<ul style="list-style-type: none"> • Obtained the organisation’s policy for maintenance of separate accounts. • Inspected the separate Annual Information Order (AIO) Submissions for Murraylink and Directlink which were submitted to AER for the regulatory year ended on 30 June 2025. • Checked the intercompany transactions are in accordance with the signed agreement (MOMSCA) with service providers. • Inspected Directlink’s and Murraylink’s CAM policy published on APA’s website. <p>We considered the appropriateness of Directlink and Murraylink’s CAM as part of this audit engagement. Our procedures included:</p> <ul style="list-style-type: none"> • Walkthroughs of key processes and activities related to cost allocation. • For a sample of costs incurred, agreeing to supporting documentation and assessing the reasonableness of the cost allocation based on the nature of the cost incurred. 	None.
<p>3.2.2(b) A TNSP must only allocate or attribute costs to transmission services in accordance with clause 3.2.2(a) and must not allocate or attribute other costs to the transmission services it provides.</p>			
<p>3.2.2(c) A TNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and (b).</p>			



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Obligations to not discriminate			
<p>4.1(b) TNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider in connection with the provision of prescribed transmission services or negotiated transmission services by the TNSP (whether to itself or to any other legal entity).</p>	<ul style="list-style-type: none"> Ring-fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements. 	<ul style="list-style-type: none"> Inspected the Ring-fencing policies for recency and appropriate review. Inspected the organisation's policy on dealing with customers that could also be competitors. Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's obligation to not discriminate. Inspected the training attendance and completion records for the year ended 31 December 2025 for ring-fencing training during the compliance period. 	<p>Refer to update on PY PIO1 in Appendix B.</p>
<p>4.1(c) Without limiting its scope, clause 4.1(b) requires a TNSP to:</p> <p>i) in dealing or offering to deal with a related electricity service provider, treat the related electricity service provider as if it were not a related electricity service provider (that is, as if it had no connection or affiliation with the TNSP);</p> <p>ii) in like circumstances, deal or offer to deal with a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider on substantially the same terms and conditions.</p>	<ul style="list-style-type: none"> Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role. APA Legal to advise on (and sign off) certain practices (e.g. bundled pricing, development of deal-specific ring-fencing protocol) and competition & consumer law issues (as needed). 	<ul style="list-style-type: none"> Obtained an understanding of actions taken by management in the current period to uplift training activities and monitoring to follow up on our prior period observation raised (PY PIO1). 	



Compliance requirement	Management Controls	Procedures performed	Observations /findings
<p>iii) in like circumstances, provide substantially the same quality, reliability, and timeliness of service to a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider.</p> <p>iv) subject to clause 4.2.2(b), not disclose to a related electricity service provider information the TNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.</p>			
Protection of ring-fenced information			
<p>4.2.1 Subject to this clause 4.2, A TNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p>	<ul style="list-style-type: none"> Ring-fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements. 	<ul style="list-style-type: none"> Inspected the Ring-fencing and Enterprise Security policies for recency and appropriate review. Inspected the organisation's policy on dealing with customers that could also be competitors. Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's obligation to protect ring-fenced information. Inspected the training attendance and completion records for the year ended 31 December 2025 for ring-fencing and annual mandatory enterprise security training during the compliance period. 	<p>Refer to the update on our prior year training observations in Appendix B.</p> <p>Formalisation of frequency of review (PY PIO 2)</p> <p>Our finding in relation to the lack of formal frequency for reviewing the list of users and storage locations of user access controls remains open. Refer to PIO3 for current year finding in relation to this process.</p>



Compliance requirement	Management Controls	Procedures performed	Observations /findings
	<ul style="list-style-type: none"> Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role. Annual Mandatory Enterprise Security Training conducted through APA's online Learning system (WorkDay). All staff must complete this training. A User Access Review procedure has been developed to ensure access to ring-fenced information for APA's Murraylink and Directlink electricity transmission assets is monitored and restricted as per Ring-Fencing requirements. The list of users and storage locations is reviewed regularly by the Asset Manager. 	<ul style="list-style-type: none"> Inspected the user access review policy, which defines the process for restricting access to the information on SharePoint sites and shared drives. Conducted a walkthrough of sharepoint sites and shared drives and for a sample of shared drives and sharepoint sites, checked access is restricted. 	<p>Protection of Ring-fenced information (PIO 3)</p> <p>Our procedures identified that:</p> <ul style="list-style-type: none"> The script of access denial to shared drives was not updated on a timely manner following organisational changes Access to certain sharepoint sites was not restricted for a portion of the year. <p>Management performed a retrospective review of access and confirmed that there was no unauthorised access to ring-fenced information during the period.</p>



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Disclosure of information			
<p>4.2.2 A TNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless</p> <p>(a) the TNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with, any law;</p> <p>(c) the disclosure is necessary to enable the TNSP to provide transmission services or (if authorised in accordance with the waiver process set out in clause 5 of this Guideline) other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide non-regulated transmission services or other services to the customer or potential customer;</p>	<ul style="list-style-type: none"> Ring-fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements. Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role. 	<ul style="list-style-type: none"> Inspected the Ring-fencing policies for recency and appropriate review. Inspected the organisation's policy on dealing with customers that could also be competitors. Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's obligation to not provide other services. Inspected the training completion records for the year ended 31 December 2025 for ring-fencing training during the compliance period. 	<p>Refer to the update on our prior year training observations in Appendix B.</p>



Compliance requirement	Management Controls	Procedures performed	Observations /findings
<p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the TNSP;</p> <p>(g) a related electricity service provider of the TNSP has requested the disclosure and the TNSP complies with clause 4.2.3 in relation to that ring-fenced information; or</p> <p>(h) another legal entity, other than a related electricity service provider of the TNSP, has requested the disclosure.</p>			



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Sharing of information			
<p>4.2.3</p> <p>(a) Subject to clause 4.1(c)(iv), and to this clause 4.2.3, where a TNSP shares ring-fenced information with a related electricity service provider, or where ring-fenced information that a TNSP has disclosed under clause 4.2.2(f) or (h) is then disclosed by any person to a related electricity service provider of the TNSP, the TNSP must provide access to that ring-fenced information (including the derived information) to other legal entities on an equal basis.</p> <p>(b) TNSP is only required by clause 4.2.3(a) to provide information to a legal entity where:</p> <ol style="list-style-type: none"> i. the legal entity has requested that it be included on the information register in respect of information of that kind; and ii. the legal entity is competing, or is seeking to compete, with a related electricity service provider, in relation to the provision of contestable electricity services. <p>(c) A TNSP is not required by clause 4.2.3(a) to provide information to a legal entity where the TNSP has disclosed the information in the circumstances set out in clauses 4.2.2(a) to (e).</p>	<ul style="list-style-type: none"> • An Information Sharing Protocol has been established that sets out how and when APA will make relevant information available to legal entities. The protocol is available on APA's website. 	<ul style="list-style-type: none"> • Accessed the APA external website and checked that Directlink and Murraylink's information sharing protocol was publicly available and included all information required by the obligation. 	None.



Compliance requirement	Management Controls	Procedures performed	Observations /findings
<p>(d) Without limiting clause 4.2.3(a), a TNSP must establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.2.3(a) available to legal entities, and must make that protocol publicly available on its website.</p> <p>(e) Where a TNSP discloses information referred to in clause 4.2.3(a) to any other legal entity under this clause 4.2.3, it must do so on terms and conditions that</p> <p>(f) require the other legal entity to comply with clause 4.2.1 and 4.2.2(a) to (d) in relation to that information as if the other legal entity was a TNSP.</p>			



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Information register			
<p>4.2.4(a) A TNSP must establish, maintain and keep a register of all:</p> <p>(i) related electricity service providers;</p> <p>(ii) other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP;</p> <p>who request access to information identified in clause 4.2.3(a), and must make the register publicly available on its website.</p> <p>(b) For each related electricity service provider or other legal entity that has requested that a TNSP provide access to information identified in clause 4.2.3(a), the TNSP's information register must:</p> <p>(i) identify the kind of information requested by the related electricity service provider or other legal entity; and</p> <p>(ii) describe the kind of information requested by the related electricity service provider or other legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the TNSP.</p>	<ul style="list-style-type: none"> • Information and Waiver Registers are maintained and publicly available on the APA Website. Each are reviewed periodically for accuracy. <p>The Information Register is maintained to keep a record of all:</p> <ul style="list-style-type: none"> - related electricity services providers - other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP. <p>The information register also identifies information requested by related electricity service provider or legal entity in sufficient detail.</p> <ul style="list-style-type: none"> - the description of the conduct to which the waiver or interim waiver applies; and - the terms and conditions of the waiver or interim waiver 	<ul style="list-style-type: none"> • Accessed the APA external website and checked that Directlink and Murraylink's information registers and waiver registers were publicly available and included all information required by the obligation. 	<p>Formalisation of frequency of review (PY PIO2)</p> <p>Management has implemented a formal frequency for quarterly review of the registers. Our procedures identified that the timing of these quarterly reviews could be improved by aligning these to the required timelines for updating and publishing registers per the Guideline.</p>



Compliance requirement	Management Controls	Procedures performed	Observations /findings
<p>(c) A legal entity may request that the TNSP include it on the information register in relation to some or all of the kinds of information that the TNSP is required to provide under clause 4.2.3(a), and the TNSP must comply with that request.</p>			
Staff Separation			
<p>4.3 a) A TNSP must ensure that:</p> <p>(i) marketing staff involved in the provision of prescribed transmission services are also not staff involved in the provision of contestable electricity services by a related electricity service provider; and</p> <p>(ii) staff involved in the provision of prescribed transmission services are not marketing staff involved in the provision of contestable electricity services by a related electricity service provider.</p>	<ul style="list-style-type: none"> Ring-fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements. Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role. Restriction of attendance at internal and external meetings, calls and on emails is reinforced in annual training and the ring-fencing manual. Responsibility also lies with Executives and GMs to enforce the culture. 	<ul style="list-style-type: none"> Inspected the Ring-fencing policies and noted that these were last updated in September 2024. Inspected the organisation's policy on dealing with customers that could also be competitors. Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's obligations in relation to staff sharing. Inspected the training content for restriction on attendance at internal and external meetings, calls and on emails. Inspected the training attendance and completion records for the year ended 31 December 2025 for ring-fencing training during the compliance period. 	<p>Refer to the update on our prior year training observations in Appendix B.</p>



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Service Providers			
<p>4.4.1 A TNSP must:</p> <p>(a) must ensure that any new or varied agreement between the TNSP and a service provider, for the provision of services to the TNSP that enable or assist the TNSP to provide prescribed transmission services or negotiated transmission services, requires the service provider to comply, in providing those services, with clauses 4.1, 4.2.1 and 4.3 of this Guideline as if the service provider was the TNSP; and</p> <p>b) must not, directly or indirectly, encourage or incentivize a service provider to engage in conduct which, if the TNSP engaged in the conduct itself, would be contrary to the TNSP's obligations under clause 4 of this Guideline.</p>	<ul style="list-style-type: none"> Any new or varied agreement between either Directlink or Murraylink and APA as Operator (service provider) requires that the service provider complies with the non-discrimination, staff sharing and information access obligations as if APA was Murraylink or Directlink. Ring fencing related clauses are included in legally approved templates used for procurement. 	<ul style="list-style-type: none"> Inspected the entities' policy for new contracts or variation of existing contracts. Inspected the Procurement template that would be used as part of the procurement process applied to all contracts. Obtained a list of active procurement contracts for the regulatory period and noted that no new contract was signed during the year or material variations made to existing contract. 	None.



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Waivers register			
<p>5.7 (a) A TNSP must establish, maintain, and keep a register of all waivers (including any variation of a waiver) granted to the TNSP by the AER under clause 5 of this Guideline, and must make the register publicly available on its website.</p>	<ul style="list-style-type: none"> • Information and Waiver Registers are maintained and publicly available on the APA Website. Each are reviewed periodically for accuracy. <p>The Information Register is maintained to keep a record of all:</p>	<ul style="list-style-type: none"> • Accessed APA's external website and sighted that the Directlink and Murraylink waiver registers were publicly available and included all information required by the obligations. 	<p>Refer to our observations above under 4.2.4.</p>
<p>5.7 (b) The register established under clause 5.7(a) must include:</p> <p>i. the description of the conduct to which the waiver or interim waiver applies; and</p> <p>ii. the terms and conditions of the waiver or interim waiver;</p> <p>as set out in the AER's written decision, provided by the AER to the TNSP, to grant (or vary) the waiver or interim waiver.</p>	<ul style="list-style-type: none"> - Related electricity service providers - Other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP <p>The information register also identifies information requested by related electricity service provider or legal entity in sufficient detail.</p> <p>The Waiver Register includes:</p> <ul style="list-style-type: none"> - The description of the conduct to which the waiver or interim waiver applies; and - The terms and conditions of the waiver or interim waiver. 		



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Maintaining Compliance			
<p>6.1 A TNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the TNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made or assurance given by the AER about the adequacy of the TNSP's compliance procedures doesn't affect the TNSP's obligations under clause 6A.21.1 of the NER.</p>	<ul style="list-style-type: none"> • Compliance Management System (CMS) Procedure sets out APA's approach to meetings its obligations. The CMS is available on Empower and accessible to all staff. The CMS is reviewed every 2 years by the Group Compliance Manager. Processes captured in the CMS relate to: <ul style="list-style-type: none"> - Regulatory Change and control review post change - Policy Management - Incidents - Compliance Control Assurance - Governance and Reporting • Ring-fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements. 	<ul style="list-style-type: none"> • Inspected the following policies for recency and appropriate review: <ul style="list-style-type: none"> - compliance management system policy. - risk management system policy. - Ring-fencing policies. - policy on dealing with customers that could also be competitors. • Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's compliance obligations. • Inspected the training attendance and completion records for the year ended 31 December 2025 for ring-fencing training during the compliance period. 	<p>Refer to the update on our prior year training observations in Appendix B.</p>



Compliance requirement	Management Controls	Procedures performed	Observations /findings
	<ul style="list-style-type: none"> • Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role. • Risk Management System (RMS) Procedure has been established to provide consistent procedures for risk management across APA. The procedure document is reviewed every 2 years by the Head of Risk, and is accessible to all staff via Empower. Training on the Risk Management Procedures is provided through the online Risk Fundamentals course in LMS. Processes captured in the document relate to how the following must be managed across APA: <ul style="list-style-type: none"> - Risk assessment, monitoring, treatment and recording - Process Control effectiveness and controls assurance - Incident management and Business Recovery Emerging Risks and Opportunities 		



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Reporting			
<p>6.2.1(a) A TNSP must prepare an annual ring-fencing compliance report each calendar year in accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p>(b) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <ul style="list-style-type: none"> i. the measures the TNSP has taken to ensure compliance with its obligations under this Guideline; ii. any breaches of this Guideline by the TNSP, or which otherwise relate to the TNSP; iii. all other services provided by the TNSP in accordance with clause 3.1; and iv. the purpose of all transactions between the TNSP and an affiliated entity. v. the total number of connection applications received by the TNSP in that calendar year; vi. the proportion of the total number of connection applications received by the TNSP in that calendar year that include the provision of contestable electricity services solely by a related electricity service provider of the TNSP; and 	<ul style="list-style-type: none"> • The Economic Reg & Ext Pol Team prepares an annual ring-fencing compliance report and submits this to the AER by April 30th each year i.e. within four months of the end of the calendar year to which the compliance report relates. The Compliance Report is also accompanied by an assessment of compliance with each provision of the Ring-fencing guideline by a suitably qualified independent authority. Prepare and submit Ring-Fencing Compliance Report for Electricity Transmission Assets 	<ul style="list-style-type: none"> • Read Directlink and Murraylink' s Compliance Report for the period 1 January 2025 to 31 December 2025 to determine whether the report addresses points (i) to (ix) of clauses 6.2.1(b). 	None.



Compliance requirement	Management Controls	Procedures performed	Observations /findings
<p>vii. the proportion of the total number of connection applications received by the TNSP in that calendar year that include the provision of contestable electricity services by a person other than a related electricity service provider of the TNSP.</p> <p>viii. for connections commissioned in that calendar year that have included the provision of contestable electricity services by a related electricity service provider, the average time (in business days) between initial receipt of the connection application and the commissioning of the connection.</p> <p>ix. for connections commissioned in that calendar year that have not included the provision of contestable electricity services by a related electricity service provider, the average time (in business days) between initial receipt of the connection application and the commissioning of the connection.</p> <p>c) The annual compliance report must be accompanied by an assessment of compliance with each provision of this Guideline (except 6.2.2 and 6.2.3) by a suitably qualified independent authority.</p>			
<p>6.2.2(a) A TNSP must submit its annual compliance report to the AER within four months of the end of the calendar year to which the compliance report relates.</p>			



Compliance requirement	Management Controls	Procedures performed	Observations /findings
Compliance breaches			
<p>6.3 A TNSP must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under this Guideline, except for a breach of clause 6.2.2 or this clause 6.3 of this Guideline. The AER may seek enforcement of this Guideline by a court in the event of any breach of this Guideline by a TNSP, in accordance with the NEL.</p>	<ul style="list-style-type: none"> Ring-fencing policy and procedures kept up to date by APA Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements. The Economic Reg & Ext Pol Team has a process in place to notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under the Ring-fencing Electricity Transmission Guideline. 	<ul style="list-style-type: none"> Inspected policies and procedures to determine whether the entities have definitions for what constitutes a breach and managers are educated on assessing breaches and notifying the AER with 15 days. Inquired of management noting no breaches were identified and/or self-reported during the year. 	None.
Complaints and investigations			
<p>6.4 The AER may, at any time, require a TNSP to provide a written response to a complaint or concern the AER raises with the TNSP about its compliance with this Guideline, including where the AER has previously required the TNSP to provide one or more written responses to the relevant complaint or concern.</p>	<ul style="list-style-type: none"> Ring-fencing email address maintained to deal with queries and escalations. 	<ul style="list-style-type: none"> Observed that an email account is maintained by management for any complaints or concerns raised by AER. Inquired management noting no complaints or concerns were raised by AER during the year. 	None.



Appendix B: Summary of performance improvement observations

In this section, we present additional details on performance improvement observations in relation Directlink and Murraylink’s compliance activities for the regulatory period from 1 January 2025 to 31 December 2025. This information has been provided at the request of the AER.

This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our opinion or conclusion reported in the Independent Reasonable Assurance Report.

KPMG has discussed the PIO below with Directlink and Murraylink management. Directlink and Murraylink have advised that they acknowledge the findings below and that the PIO will be given the requisite attention upon broader consultation with the specific functional areas of the business.

Update on prior period improvement opportunities

Ref	Observation and Recommendation	Status at 31 December 2025	Management’s response
PY PIO 1	Trainings The process for identifying relevant employees who need to complete ring-fencing training is manual. These employees are identified through email communication with their respective departmental general managers. Directlink and Murraylink’s processes could be improved through establishment of formal and systemized processes to: <ul style="list-style-type: none">- identify relevant employees that should complete Ring-fencing training, including new joiners and track timely completion of training.	Closed Monitoring of training completion was implemented through APA’s new Enterprise Resource Planning system in November 2024. Manual monitoring continues to be performed while post-implementation errors in systematic identification and tracking of employee training noted by management are resolved.	N/A



Ref	Observation and Recommendation	Status at 31 December 2025	Management's response
PY PIO 2	<p>Formalisation of frequency of review</p> <p>We noted that formal review frequency is not defined for:</p> <ul style="list-style-type: none"> - information and waiver registers; and - list of users and storage location as a part of user access controls. <p>The process for reviewing the</p> <ul style="list-style-type: none"> - information registers and waiver registers; and - list of users and storage location as a part of user access controls <p>could be improved through establishment of a set frequency on which the review is performed.</p>	<p>Partially closed</p> <p>Management has implemented a formal frequency for quarterly review of the registers. Our procedures identified that the timing of these quarterly reviews could be improved by aligning these to the required timelines for updating and publishing registers per the Guideline.</p> <p>Our finding in relation to the lack of formal frequency for reviewing the list of users and storage locations of user access controls remains open. Refer to PIO3 for current year finding in relation to this process.</p>	<p>The formal review process was implemented on a quarterly basis. Timing will be reviewed to align the quarterly reviews with the required timelines for updating and publishing registers per the Guideline.</p> <p>A quarterly formal review process will be implemented to review the list of users and storage locations on a similar timeframe to the above.</p> <p>These will be put in as control actions in Vigilant.</p>

Summary of performance improvement observations for the compliance period from 1 January 2025 to 31 December 2025

Ref	Observation	Recommendation
PIO 3	<p>Protection of Ring-fenced information</p> <p>Our procedures identified that:</p> <ul style="list-style-type: none"> - The script of access denial to shared drives was not updated on a timely manner following organisational changes - Access to certain sharepoint sites was not restricted for a portion of the year. <p>Management performed a retrospective review of access and confirmed that there was no unauthorised access to ring-fenced information during the period.</p>	<p>We recommend management perform an updated assessment of the risk that these shared drives and sites contain ring-fenced information and, following that assessment, design and implement a formal process for review and update to this list and related access review on a regular basis.</p>