



29 April 2026

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Annual Electricity Ring-fencing Compliance report for the 2025 calendar year

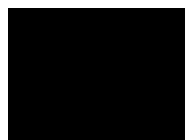
Please find attached the Jemena Electricity Networks (VIC) Ltd (JEN) annual ring-fencing compliance report for the period 1 January 2025 to 31 December 2025 (Reporting Period), submitted in accordance with clause 6.2 of the Ring-fencing Guideline - Electricity Distribution (version 4, February 2025) (Guideline).

In the Reporting Period, JEN has maintained mechanisms to ensure compliance with the Guideline. As part of our annual review process, Jemena management have confirmed there are effective controls in place to ensure compliance and that they are properly equipped to comply with the Guideline in the future.

This annual compliance report has been prepared by JEN with all due care and skill in accordance with the Guideline. We also engaged an independent and qualified authority (EY) to conduct a review, as required by the Guideline. EY's review advice is included with JEN's report.

If you have any questions in relation to this submission then please contact Catherine Chen at [REDACTED] or [REDACTED]

Regards,



David Gillespie,
Managing Director

Attachment: JEN Annual Electricity Ring-fencing Compliance Report



Jemena Electricity Networks (Vic) Ltd

Ring-fencing - Annual Compliance Report

2025 calendar year

1 January 2025 to 31 December 2025



An appropriate citation for this paper is:

Ring-fencing - Annual Compliance Report

Contact Person

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1. Executive Summary

This document is Jemena Electricity Networks (Vic) Ltd's (**JEN** or **DNSP**) Annual Compliance Report (**Report**) as per the reporting requirements outlined in the Australian Energy Regulator's (**AER**) Ring-fencing Guideline for Electricity Distribution (**Guideline**). In this report, a reference to JEN is a reference to the DNSP and its related bodies corporate.

As per reporting requirements in the Guideline, this report has been assessed by an independent authority, Ernst & Young (**EY**). A copy of their Assessment of Compliance accompanies this document.

This Report contains detail on the four (4) reporting requirements as per the reporting obligation in the Guideline. Table 1 summarises the compliance outcome of these requirements and any related findings or recommendation provided by EY through their independent assessment.

Table 1–1: Reporting requirements summary

Report requirements	JEN's Assessment
Measures to ensure compliance	<p>Compliance to the guideline is supported by an online training module that all employees are required to complete and intranet pages that provides additional practical information regarding adherence to ring-fencing requirements.</p> <p>These serve as foundational measures to foster a strong ring-fencing compliance culture.</p> <p>This is further supported by periodic completion of 'compliance tasks' related to the obligations in the Guideline in JEN's Compliance Management System (CMS) by obligation owners.</p>
Breaches of the Guideline	<p>A breach management process exists to manage and treat potential or actual breaches.</p> <p>No breaches of the guideline were identified or reported during 2025.</p>
Other services provided	<p>JEN does not deliver other services, except to the extent permitted under clause 3 of the Guideline or under and in accordance with Waivers granted under the Guideline.</p>
Purpose of transactions between DNSP and affiliated entities	<p>Data produced and verified by the finance team satisfies that JEN has applied its Cost Allocation Methodology (CAM) to prevent cross-subsidies.</p>

2. Background Information

2.1 The Guidelines Purpose

The Australian Energy Regulator's (AER) Ring-fencing Guideline (Guideline) for Electricity Distribution aims to:

- promote the National Electricity Objective by providing for the accounting and functional separation of the provision of direct control services by DNSPs from the provision of other services by them, or by their affiliated entities (i.e., prevent cross-subsidisation and discrimination); and
- promote competition in the provision of contestable electricity services.

The Guideline became effective in December 2016. A transition period applied for existing services and DNSPs were required to comply as soon as reasonably practical and no later than 1 January 2018. In 2018, Jemena submitted its first compliance report based on the transitional period and was found to be compliant with the requirements of the Guideline. Version 4 of the Guideline came into effect February 2025.

2.2 Purpose of this report

Clause 6.2.2 of the Guideline requires DNSPs to submit their Report to the AER annually, within four months of the end of each calendar year.

JEN has complied with this requirement by submitting this Report, based on data from the calendar year of 1 January 2025 to 31 December 2025, to the AER before 30 April 2026.

Clause 6.1 of the Guideline requires that a DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under the Guideline. Additionally, a DNSP may be required to demonstrate the adequacy of these procedures.

The report has been structured in line with the reporting obligation and identifies and describes for the 2025 calendar year:

1. the measures the DNSP has taken to ensure compliance with its obligations under this Guideline (section 4.1);
2. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP (section 4.2);
3. all other services provided by the DNSP in accordance with clause 3.1 (section 4.3); and
4. the purpose of all transactions between the DNSP and an affiliated entity (section 4.4).

The Assessment of Compliance by a suitably qualified independent authority, EY, accompanies this report.

3. About Jemena

3.1 Overview

Jemena owns and manages some of Australia's most significant gas and electricity assets. We supply millions of households and businesses with these essential services every day.

In terms of electricity distribution networks, JEN distributes electricity to over 370,000 customer sites via approximately 6,800 km of distribution system and over 950 square kilometres of north-west greater Melbourne. JEN is one of five licensed electricity distribution networks in Victoria. The network footprint incorporates a mix of major industrial areas, residential growth areas, established inner suburbs and Melbourne International Airport. (Refer to Figure 1).



Figure 1: Jemena electricity networks

The contestable electricity services business of Jemena is primarily conducted by Ovida Pty Ltd (ABN 59 090 855 306) and Ovida Infrastructure Pty Ltd (ABN 63 610 403 882) under the brand Ovida. Ovida's mission was to enable customers to access and integrate renewable energy solutions without any upfront investment, providing a fully managed energy service and a pathway to decarbonisation. From May 2022, Ovida ceased taking on new customers.

3.2 Corporate Ownership & Structure

SGSP (Australia) Assets Pty Ltd, known as SGSPAA, is an Australian energy infrastructure company that owns and operates Jemena. It is jointly owned by State Grid Corporation of China (60%) and Singapore Power (40%).

Jemena's business structure includes functional business divisions and support functions to facilitate the core operations of the business. Jemena is managed and overseen by our Executive Leadership Team and the SGSPAA Board of Directors.

4. Annual Compliance Report

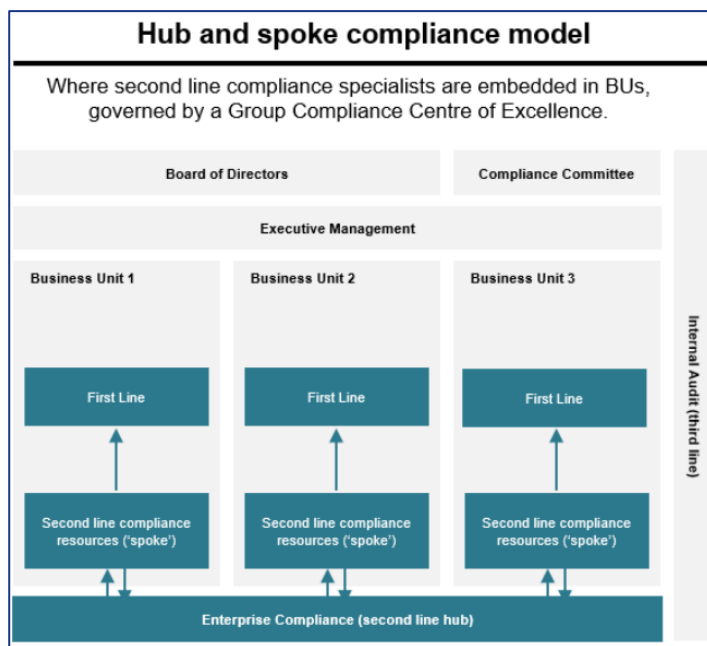
4.1 Measures to ensure compliance

Sub-clause 6.2.1(b)i requires DNSPs to report on the measures the DNSP has taken to ensure compliance with its obligations under this Guideline.

Jemena maintains a Compliance Policy and Framework which is managed by the Group Compliance Function and aligns with compliance standard ISO 37301:2023 Compliance Management System.

The effectiveness of the Compliance Policy and Framework is overseen by the Audit and Compliance Committee (ACC) and the SGSPAA Board with the Group Compliance Function providing confidential compliance papers to the ACC and Board on a regular basis. As part of this oversight, the effectiveness of the Policy and Framework is also subject to periodic audit by external regulators and auditors.

The Group adopts the ‘three lines model’ – specifically the ‘Hub and Spoke’ approach for managing compliance risks and controls, which establishes that each line has a specific role in ensuring compliance requirements are adequately captured and managed across the organisation. The Hub and Spoke model embed second-line compliance specialists in business units (‘Spoke’) that support and challenge the first line to meet their responsibilities while their activities are governed by a centralised Compliance Centre of Excellence (‘Hub’). (Refer to Figure 2)



In terms of compliance with the Guideline, the managers within the operational area that are responsible for obligation adherence ensure adequate controls are in place that ensure compliance or detect when a non-compliance occurs or may occur (first line). Further details of measures to ensure compliance are summarised in **Appendix A**.

The monitoring and internal reporting of compliance adherence is generally performed by the Regulatory Compliance team (second line). Obligation and control assessments completed by first line managers are reviewed by the Regulatory Compliance Team to ensure the responses demonstrate controls are in place and implemented in operations. The Group Compliance function also complete a review to ensure first, and second line actions are conducted in line with the group compliance framework.

In terms of third line defence, the independent assessment of this Report provides additional assurance of the effectiveness of compliance adherence.

4.2 Breaches

Under sub-clause 6.2.1(b)ii any breaches of the Guideline by the DNSP must be reported in the annual compliance report. This includes any breaches already reported to the AER and any breaches not yet reported to the AER during the 2025 calendar year.

During the reporting period, JEN did not identify or report any breaches to the AER.

Table 4–1: Breaches reported during 2025 calendar year

Obligation	Materiality as assessed by AER	Date reported	Further details
Nil to report	Not applicable	Not applicable	Not applicable

4.3 Other Services

In accordance with sub-clause 6.2.1(b)iii, JEN is required to include in its Report ‘all other services’ provided by the DNSP in accordance with clause 3.1.

Clause 3.1 of the Guideline sets out the specific circumstances under which DNSPs can provide ‘other services’ without breaching the Guideline. Specifically, the provision of ‘other services’ is subject to the granting of ring-fencing obligation waivers by the AER (sub-clause 3.1(d)vi).

As of 31 December 2025,

- JEN has four (4) battery assets under the class waiver granted by the AER effective from 3 February 2023 relating to DNSP led projects where the battery asset is funded under the Australian Government’s Community Batteries for Household Solar Program. All these assets are wholly excluded from JEN’s RAB.
- JEN had not provided any services under the Reliability and Emergency Reserve Trader (RERT) services class waiver granted by the AER effective from 14 December 2022. Please note the waiver expired on 15 April 2025.

Waiver information is available in JEN’s waiver register which is published on JEN’s website, per clause 5.7.

4.4 Transactions with affiliated entities

Sub-clause 6.2.1(b)iv of the Guideline requires DNSPs to report on the purpose of all transactions between the DNSP and its affiliated entities.

JEN primarily transacts with Jemena Asset Management Pty Ltd (**JAM**). JAM is the Jemena entity used for procuring and contracting assets and services for Jemena’s distribution networks businesses. Transactions between JAM and JEN are captured within projects using Work Breakdown Structures in Jemena’s accounting and finance Enterprise Resourcing Platform (**ERP**) system.

Throughout the period 1 January 2025 to 31 December 2025, JEN also had a limited number of transactions with the following affiliated entities: SGSPAA, Jemena Limited, Jemena Gas Networks (NSW) Ltd and ZNX (2) Pty Ltd.

Transactions are categorised within Jemena's systems by cost types as either: Labour; Material; Contractor; Maintenance and Transmission; Administration; Fleet; Network Overheads; Corporate Overheads; Dividend Payments; or Other. Further details of transactions and balances are summarised in **Appendix B**.

4.5 Independent assessment

Sub-clause 6.2.1(c) of the Guideline requires DNSPs to ensure the annual compliance report must be accompanied by an assessment of compliance by a suitably qualified independent authority. JEN engaged the services of EY to undertake a reasonable assurance review of JEN's 2025 annual compliance report. JEN's management comments in relation to any recommendations and findings by EY are included in the final assessment report provided to the AER.

Appendix A

Measures to ensure compliance

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Control	Type	Description	3.1 Legal Separation	3.2.1 Separate accounts	3.2.2 Cost allocation and attribution	4.2.3 Branding & cross promotion	4.4.1 Conduct of service providers	4.2.1 Physical separation/co-	4.2.2 Staff sharing	4.2.4 Office and staff registers	4.1 Obligation to not discriminate	4.3.1 Protection of confidential	4.3.2 Disclosure of information	4.3.3 Sharing of information	4.3.4 Information register	5 Waivers	6 Compliance, reporting and	6.2.3 SAPS reporting
Ring-fencing Manual	Preventative	<p>This Manual represents a single reference guide for our compliance approach and training of staff on their obligations:</p> <ul style="list-style-type: none"> explains how Jemena ensures the Guideline is complied with and managed within the business; and applies to all employees, contractors and suppliers. 	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Online training module	Preventative	An online Ring-fencing training module is available for all relevant employees.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
Ring-fencing intranet site	Preventative	A dedicated page on the intranet; accessible to all staff and maintained by the Regulatory Compliance team; containing ring-fencing information.															✓	
HR intranet site	Preventative	Intranet page accessible to all staff and maintained by the HR Services team; containing staffing information, including ring-fencing requirements.						✓									✓	

Control	Type	Description	3.1 Legal Separation	3.2.1 Separate accounts	3.2.2 Cost allocation and attribution	4.2.3 Branding & cross promotion	4.4.1 Conduct of service providers	4.2.1 Physical separation/co-	4.2.2 Staff sharing	4.2.4 Office and staff registers	4.1 Obligation to not discriminate	4.3.1 Protection of confidential	4.3.2 Disclosure of information	4.3.3 Sharing of information	4.3.4 Information register	5 Waivers	6 Compliance, reporting and	6.2.3 SAPS reporting
Media and Brand intranet site	Preventative	Intranet page accessible to all staff and maintained by the Media & Brand team; containing brand information, including ring-fencing requirements.				✓											✓	
Dedicated email address	Detective	Dedicated internal email address for members of the Regulatory Compliance team to address any ringfencing queries raised by staff and or regulators.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Compliance Assessments	Detective	Within the Groups compliance management system, obligation and control owners periodically assess the compliance status of obligations and effectiveness of controls. These assessments are routinely tested by the Regulatory Compliance team.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Breach management	Corrective	The Group's Compliance Policy and Framework accounts for responsibilities in managing any breach (ring-fencing requirements included).															✓	
Regulatory Compliance team	Preventative	A document established that outlines the key dates and tasks to prepare JEN's annual compliance report.															✓	

Control	Type	Description	3.1 Legal Separation	3.2.1 Separate accounts	3.2.2 Cost allocation and attribution	4.2.3 Branding & cross promotion	4.4.1 Conduct of service providers	4.2.1 Physical separation/co-	4.2.2 Staff sharing	4.2.4 Office and staff registers	4.1 Obligation to not discriminate	4.3.1 Protection of confidential	4.3.2 Disclosure of information	4.3.3 Sharing of information	4.3.4 Information register	5 Waivers	6 Compliance, reporting and	6.2.3 SAPS reporting
annual work plan																		
Site Separation	Preventative	Access controls to prevent staff who are not exempt under 4.2.1 to be co-located.						✓	✓									
System access change	Preventative	Users associated with the provision of CES were removed from systems that stored Ring-fenced Information.								✓	✓	✓	✓					
Financial procedures	Preventative	<p>The key preventative controls include:</p> <ul style="list-style-type: none"> The creation of an accounting policy for Transactions with Affiliated Entities This policy outlines the requirement to record financial transactions in the correct legal entity and how financial information for different types of services are collated within the DNSP. It also details how financial items are correctly allocated as well as how intercompany 		✓	✓													

Control	Type	Description	3.1 Legal Separation	3.2.1 Separate accounts	3.2.2 Cost allocation and attribution	4.2.3 Branding & cross promotion	4.4.1 Conduct of service providers	4.2.1 Physical separation/co-	4.2.2 Staff sharing	4.2.4 Office and staff registers	4.1 Obligation to not discriminate	4.3.1 Protection of confidential	4.3.2 Disclosure of information	4.3.3 Sharing of information	4.3.4 Information register	5 Waivers	6 Compliance, reporting and	6.2.3 SAPS reporting
		<p>transactions are to be separately recorded within each legal entity;</p> <ul style="list-style-type: none"> Removal of access within our project system module for relevant staff to prevent them from setting up prohibited projects under the DNSP legal entity; and Removal of access within our indirect cost allocation system for relevant staff to prevent the ability to allocate unregulated or prohibited costs to the DNSP legal entity 																
Master Services Agreement	Preventative	<p>Jemena’s Master Services Agreements (MSAs) with affiliated entities provides inputs to its regulated services.</p> <p>These include Statements of Work to apply for services in place at the time ring-fencing commenced.</p> <p>Any additional services provided by an affiliate would be subject to separate negotiation.</p> <p>The MSAs provide a basis for ensuring compliant financial transactions between the entities.</p>					✓			✓	✓	✓	✓					

Control	Type	Description	3.1 Legal Separation	3.2.1 Separate accounts	3.2.2 Cost allocation and attribution	4.2.3 Branding & cross promotion	4.4.1 Conduct of service providers	4.2.1 Physical separation/co-	4.2.2 Staff sharing	4.2.4 Office and staff registers	4.1 Obligation to not discriminate	4.3.1 Protection of confidential	4.3.2 Disclosure of information	4.3.3 Sharing of information	4.3.4 Information register	5 Waivers	6 Compliance, reporting and	6.2.3 SAPS reporting
Staff sharing register	Preventative	This is a public register of the nature of staff positions being shared.								✓								
Office sharing register	Preventative	This is a public register of shared offices.								✓								
Jemena Corporate structure	Preventative	Illustrates the legal separation of the SGSPAA Group. This is monitored and maintained by the Company Secretary as it relates to various corporate governance requirements.	✓															
Information sharing protocol	Preventative	A protocol to govern the process and publication of a register setting out the kind of information sought by any entity, and to add entities to the register if they wish to receive similar information from the DNSP.										✓	✓	✓	✓			✓

Control	Type	Description	3.1 Legal Separation	3.2.1 Separate accounts	3.2.2 Cost allocation and attribution	4.2.3 Branding & cross promotion	4.4.1 Conduct of service providers	4.2.1 Physical separation/co-	4.2.2 Staff sharing	4.2.4 Office and staff registers	4.1 Obligation to not discriminate	4.3.1 Protection of confidential	4.3.2 Disclosure of information	4.3.3 Sharing of information	4.3.4 Information register	5 Waivers	6 Compliance, reporting and	6.2.3 SAPS reporting
Financial reporting & reviews	Detective	Report generated from SAP to identify and list JEN transactions to ensure transactions are raised in line with the CAM and cost allocation principles.		✓	✓													
Waiver register	Preventative	This is the public register of all waivers granted by the AER.														✓		
SAPS register	Preventative	This is the public register of Jemena’s regulated stand-alone power systems.																✓

Appendix B

Transactions Report

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Affiliated Entity	Cost Type	Nature of the Services Provided	Value (\$)	Transaction Description and Purpose
JAM	Labour	All operational, network construction and non-network services, focusing on maintenance and operational network services, non-network, management and corporate support services such as Finance, HR and Legal.	12,836,458	Comprises direct labour time-writing to JEN projects and work activities using Cross Allocation Time Sheets (CATS) in Jemena's SAP system. Direct labour costs includes: Wages; Overtime; Allowances; Superannuation and defined benefit plan costs; Medical charges; Staff training; Welfare expenses; Personnel insurance; Uniforms & clothing; Annual, long service, personal and other types of leave; Payroll tax. Indirect labour costs are recovered as either Network or Corporate Overheads.
JAM	Material	As above	28,903,564	Material comprises costs that are direct: Direct acquisitions; Goods issued; and Other miscellaneous material costs. Indirect material costs are recovered as either Network or Corporate Overheads.
JAM	Contractor	As above	316,368,582	Contractor comprises cost that are direct: Contractor costs; and Consulting costs, in each case where JAM has engaged contractors to perform works or services in relation to JEN's network.
JAM	Maintenance and Transmission	All operational, maintenance for network and non-network services, including the recording of the transmission type costs	106,103,247	Maintenance comprises work including the following: Feed-in Tariff; Transitional Feed-in Tariff; Use of System; Cross boundary charges; Grid Connection charges; Property tax; Maintenance Building & grounds and computer equipment; Security measures; Maintenance fees.
JAM	Administration	Provision of administration type services for the capex and operational activities.	2,718,587	Administration comprises work items of a back office /support nature that are directly attributable to JEN projects and work activities, such as: Office supplies; Utilities; External audit services; External legal services; Other professional fees & expenses; Licence fees (excluding motor vehicle registration fees); Subscriptions & registrations; Telephone, postage and courier service costs; Rental costs; Insurance (other than motor vehicle and personnel); Meter reading fees. In most cases, Administration costs are indirect in nature and recovered as Network or Corporate Overheads.
JAM	Fleet	Provision of fleet type services for the capex and operational activities.	2,955,384	Fleet costs comprises those that are directly attributable to JEN projects and work activities, such as: Fleet charges; Vehicle and major equipment maintenance; Fuel costs; Lease expense; Registration and third party costs; Unrecovered accident costs; Insurance. In most cases, Fleet costs are indirect in nature and recovered as Network Overheads.

APPENDIX B

Affiliated Entity	Cost Type	Nature of the Services Provided	Value (\$)	Transaction Description and Purpose
JAM	Other	Provision of miscellaneous type services for the capex and operational activities.	19,432,676	This category comprises work items that are attributable to JEN projects and work items, such as: Tender expenses; Management fees; Marketing services; Travel and Accommodation expenses; Minor equipment. In most cases, other costs are indirect in nature and recovered as Network or Corporate Overheads.
JAM	Network Overheads	Provision of property, engineering and program management support type services for the capex and operational activities.	43,431,543	Network overheads comprise indirect costs that are recovered to capex or opex projects using costing sheets and assessment cycles in SAP. These costs consist of: Direct Support Allocations (DSA) (indirect labour recoveries); Non labour recoveries (such as Indirect materials, Indirect contractor costs, Indirect maintenance other, Administration costs and Other costs) Property recoveries; Store Recoveries; and Fleet costs.
JAM	Corporate Overheads	Provision of administration type services for the capex and operational activities.	0	Corporate overheads comprise indirect costs that are recovered to JEN capex or opex projects using costing sheets and assessment cycles in SAP. These costs consist of: Indirect labour recoveries; and Non labour recoveries (such as indirect materials, indirect contractor costs, indirect maintenance other, administration costs).
JAM	Settlement of receivables / payables	n/a	(667,125,950)	Settlement of outstanding receivable / payable balances with related parties through a process of net loan reassignments.
Jemena Ltd	Dividend Payments	Dividend payments to shareholders.	0	Dividend paid during the year.
Jemena Ltd	Settlement of receivables / payables	n/a	742,147,234	Settlement of outstanding receivable / payable balances with related parties through a process of net loan reassignments.
SGSPAA	Settlement of receivables / payables	n/a	(66,745,409)	Settlement of outstanding receivable / payable balances with related parties through a process of net loan reassignments.
Jemena Gas Networks (NSW) Ltd	Labour	All operational, network construction and non-network services, focusing on maintenance and operational network services, non-network, management and corporate support services such as Finance, HR and Legal.	(1,474,096)	Labour costs (see above for detailed description).
Jemena Gas Networks	Settlement of receivables / payables	Settlement of outstanding receivable / payable balances with related parties through a process of net loan reassignments.	(18,072,253)	Settlement of outstanding receivable / payable balances with related parties through a process of net loan reassignments.

Affiliated Entity	Cost Type	Nature of the Services Provided	Value (\$)	Transaction Description and Purpose
(NSW) Ltd				
ZNX (2) Pty Ltd	Settlement of receivables / payables	n/a	(2,413)	Settlement of outstanding receivable / payable balances with related parties through a process of net loan reassignments.
ZNX (2) Pty Ltd	Labour	All operational, network construction and non-network services, focusing on maintenance and operational network services, non-network, management and corporate support services such as Finance, HR and Legal.	(142)	Labour costs (see above for detailed description).



Jemena Electricity Networks (Vic) Ltd

Independent Assurance Report on
Annual Ring-fencing Compliance
for the regulatory year ended 31
December 2025

■ ■ ■
The better the question. The better the answer. The better the world works.



Shape the future
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EXECUTIVE SUMMARY

Introduction

Jemena Electricity Networks (Vic) Ltd (“JEN”) is a licensed electricity distribution network service provider (“DNSP”). JEN’s operations are subject to the National Electricity Law (“NEL”) and National Electricity Rules (NER) which regulate the National Electricity Market (“NEM”).

The Australian Energy Regulator (“AER”) is the economic regulator over distribution network service providers (“DNSPs”) in the national electricity market (“NEM”). The role of AER includes monitoring compliance with the Ring-fencing Guidelines - Electricity Distribution Version 4 (the “Guideline”) issued under clause 6.17.2. of the National Energy Sector Rules. The Guideline was amended to Version 4 and is applicable for DNSPs from 27 February 2025 under the National Electricity Rules, to provide for functional separation of regulated and competitive business activities to competition in the provision of electricity services.

DNSPs are required to prepare an annual report on ring-fencing compliance for submission to the AER. This compliance report must include:

- The measures the DNSP has taken to ensure compliance with its obligations under the Guidelines
- Any breaches of the Guideline by the DNSP, or which otherwise relate to the DNSP
- All other services provided by the DNSP in respect of Clause 3.1 in the Ring-fencing Guideline
- The purpose of all transactions between the DNSP and an affiliated entity.

In accordance with Ring-fencing Guideline clause 6.2.1(c), DNSPs are required to accompany their annual compliance report with an assessment of compliance, performed by a suitably qualified independent authority.

Scope

Ernst and Young (“We” or “we”) have been engaged to perform a “reasonable assurance engagement” as defined by Standards on Assurance Engagements, pursuant to Section 6.2.1 (c) Compliance Reporting of the Guideline to report on JEN’s compliance with the Guideline for the period 1 January 2025 to 31 December 2025.

Methodology

JEN has prepared an annual compliance report under the Guideline for the regulatory period from 1 January 2025 to 31 December 2025.

We obtained an understanding of the Guideline and other engagement circumstances specific to JEN, sufficient to enable the identification and assessment of the risk of non-compliance with the Guideline, in the annual compliance report for the period from 1 January 2025 to 31 December 2025.

We tested the obligation clauses as per the Guideline and conducted interviews with key stakeholders to understand how JEN satisfies each obligation. From our interviews we identified the relevant key policies and procedures, processes and controls that management has put in place to satisfy each obligation.

We performed an analysis of the controls that management has put into place to comply with each obligation, to understand whether control gaps exist which could enable an obligation to remain unsatisfied.

We conducted limited sample testing of the identified controls where applicable to determine whether JEN complied, in all material respects, with the Guideline for the period from 1 January 2025 to 31 December 2025. Our sample sizes are determined using professional judgement.

We have reviewed the annual compliance report prepared by JEN for the period ended 31 December 2025 as part of our process of understanding the overall compliance strategy, internal controls in place and findings reported during the year.

Compliance has been assessed to a level of reasonable assurance in accordance with Standard on Assurance Engagement ASAE3100 Compliance Engagements.

Conclusion

Refer to page 20 of the report for the assurance conclusion.

There were no compliance breaches noted for the period from 1 January 2025 to 31 December 2025.

EXECUTIVE SUMMARY (CONTINUED)

Contents

Page Number

2024 Observation - Resolved	4
2025 Observation - Open	5
Breaches	6
Detailed Observation	7
Assurance report	22

Not Effective

NOT EFFECTIVE

Controls in place are not effective in meeting the obligation of the Ring-fencing Guideline.

Partially Effective

PARTIALLY EFFECTIVE

Controls in place are partially effective in meeting the obligation of the Ring-fencing Guideline.

Effective

EFFECTIVE

Controls in place are effective in meeting the obligation of the Ring-fencing Guideline

This section provides a summary of JEN's compliance with the ring-fencing obligations.

Section	Obligation	JEN's compliance rating	EY Control Assessment
3.1	Legal Separation	Compliant	Effective
3.2.1	Separate accounts	Compliant	Effective
3.2.2	Cost Allocation and Discrimination	Compliant	Effective
4.1	Obligation not to discriminate	Compliant	Effective
4.2.1	Physical separation / co-location	Compliant	Effective
4.2.2	Staff sharing	Compliant	Effective
4.2.3	Branding and cross-promotion	Compliant	Effective
4.2.4	Office and Staff Registers	Compliant	Effective
4.3	Information access and disclosure	Compliant	Effective
4.4.1	Conduct of Service Providers	Compliant	Effective
5.7	Waiver register	Compliant	Effective
6	Compliance, reporting and enforcement	Compliant	Effective

Summary of Observations (All categories)	NOT EFFECTIVE	PARTIALLY EFFECTIVE	EFFECTIVE
Reported in the previous auditor 2024 assurance report*	0	0	2
Closed 2024 findings	0	0	2
New points raised in 2025	0	0	1
Total Open or in progress findings for 31 December 2025	0	0	1

2024 OBSERVATIONS - RESOLVED

As part of our procedures, we have considered the 5 recommendations made in the 2024 assurance report issued by KPMG, the predecessor auditor, and the remediation actions taken by JEN. As set out in the table below, 2 of the matters have been appropriately actioned by JEN and are closed. The remaining 3 recommendations were only applicable in the event that Zinfra (an affiliated entity to JEN) became a RESP in the future. Zinfra is not a RESP for the 2025 compliance period. Management has advised that it will continue to consider its strategic objectives and will implement further ring-fencing compliance policies and procedures if the business decides to change Zinfra’s status to a RESP in the future.

Clause	Obligations	Compliance rating / Controls rating	Previous observation	Previous recommendation	JEN's remediation performed
All	All	Compliant EFFECTIVE	The predecessor auditor noted that management have yet to implement a formal process to monitor ring-fencing training completion as there was a change in business strategy impacting JEN's RESP business. We acknowledge that management intends to formalise a process upon finalisation of the business strategy.	Annual Compliance Training In relation to monitoring ring-fencing training completion, it was recommended that management: <ul style="list-style-type: none"> review the overall training completion rate at different points during the regulatory year (for example, bi-annually); implement a process to investigate incomplete training records in order to ensure that training is completed by staff identified as requiring ring-fencing training within a certain timeframe; and formalise the above monitoring activities within the compliance plan. 	In line with the recommendation, Management have implemented a process where weekly monitoring of completion rates was carried out once the training module was launched. Where necessary, this prompts management to provide timely reminders to employees to complete their training leading up to the 31 December 2025 period end. This matter is considered closed.
6 Compliance		Compliant EFFECTIVE	We noted that following the transition to the new Compliance and Risk System in RY2023, management are yet to expand the ring-fencing obligations in the Omnia system to monitor ring-fencing obligations and controls to a more granular level. We acknowledge that management intends to formalise this process upon finalisation of the business strategy.	Implementation of compliance obligations in Omnia Based on the inspection of the Compliance and Risk System (Omnia), it was noted that the compliance obligations within the system are logged and managed in a condensed summary as opposed to being monitored in a detailed manner at each individual obligation level. It was noted that management was progressively enhancing the Omnia system, however, the recommendation was for management to continue implementing its monitoring controls for the compliance obligations in Omnia in accordance with the Ring-fencing Control Testing Plan. This will help to ensure that Omnia captures all compliance obligations in detail in accordance with management's control testing framework so that management do not inadvertently overlook any of their compliance obligations and would also promote a more comprehensive compliance documentation within Omnia.	In line with the recommendation, Management has completed expanding the ringfencing obligations in the Compliance and Risk system and are currently monitoring compliance on the individual obligation level. This matter is considered closed.

2025 OBSERVATIONS

The findings and reference to details within this report, where applicable, are outlined below:

Clause	Obligations	Compliance rating / Controls rating	Observation	Recommendation
All	All	Compliant EFFECTIVE	<p>Management apply a role-based filter across all Jemena and Zinfra employees, based on roles, functions and exposure to JEN/Ovida activities when identifying the employees that are required to undertake training.</p> <p>Mandatory training covers employees who are in asset & operations, customer & commercial, people safety, legal, finance and compliance roles, while non-mandatory training covers employees in corporate, finance and digital roles, with Zinfra included where relevant.</p> <p>Whilst we note that there is email communication to evidence that the employee identification process was performed and approved internally, however we note that there is no formal documentation evidencing how the role-based filter is applied and the rationale supporting the appropriateness of those filters.</p> <p>Management is of the view that given only 1 employee exists for Ovida (RESP), there is no compliance issue as the employee has completed the training on time.</p>	<p>Annual Compliance Training Management should have a documented set of criteria to be able to identify employees who are most at risk of breaching the guidelines (due to roles) therefore required to be trained.</p>

BREACHES

The findings and reference to details within this report, where applicable, are outlined below:

Clause	Obligations	Compliance rating / Controls rating	Observations	EY recommendation
Based on the procedures performed, no breaches of the AER Ring-fencing Guideline were identified for the 2025 period.				

DETAILED OBSERVATIONS

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Prevention of cross subsidies - Clause 3

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>3.1 Legal Separation</p> <p>COMPLIANT</p>	<ul style="list-style-type: none"> a) DNSP must be a legal entity b) A DNSP may provide distribution services and transmission services but must not provide other services. c) This clause 3.1 does not prevent: <ul style="list-style-type: none"> i. an affiliated entity of a DNSP from providing other services; ii. DNSP and a TNSP from being the same legal entity. d) This clause 3.1 does not prevent a DNSP: <ul style="list-style-type: none"> i. granting another legal entity the right to use assets of the DNSP (other than new energy storage devices) in providing transmission services, distribution services or other services, where those assets are also used by the DNSP to provide distribution services or other services, but only where doing so does not materially prejudice the provision of direct control services by the DNSP; ii. providing corporate services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services) to a related electricity service provider or other legal entity; iii. providing staff, and / or offices to a related electricity service provider or other legal entity where doing so is not prohibited by clause 4.2 (including by reason of a waiver granted by the AER in respect of clause 4.2); iv. providing electricity information to another legal entity where doing so is not prohibited by clause 4.1(c)iv. or clause 4.3; 	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Dedicated email address • Compliance Assessments • Jemena Corporate structure • Financial reporting & reviews 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • Obtained and inspected the group legal structure to confirm Jemena Electricity Networks (Vic) Ltd ("JEN") is incorporated and operating as separate legal entity. • We performed ABN lookup from Australian Government Business Register to confirm that JEN existed as a separate entity. • Obtained and inspected the current Distribution Licence to ensure currency. • Inquired with Management about the service offerings to RESP's and other legal entities noting that no services such as general admin, accounting, payroll or human resources are provided. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>EFFECTIVE</p>

(continued to next slide)

DETAILED OBSERVATIONS

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Prevention of cross subsidies - Clause 3

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>3.1 Legal Separation</p> <p><i>(continued)</i></p> <p>COMPLIANT</p>	<p><i>(continued from previous slide)</i></p> <ul style="list-style-type: none"> v. 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; vi. providing any other services authorised in accordance with the waiver process set out in clause 5 of this Guideline; vii. supplying other services as a SAPS Resource Provider, provided that the revenue the DNSP receives as a SAPS Resource Provider in a regulatory year does not exceed the generation revenue cap; viii. supplying other services as a SAPS Resource Provider, using a particular regulated stand-alone power system, where: <ul style="list-style-type: none"> a. the DNSP was previously permitted to do so under clause 3.1(d)vii. of this Guideline; but b. A change in the DNSP's annual revenue requirement, and / or in the revenue the DNSP receives as a SAPS Resource Provider for using one or more regulated stand-alone power systems, and / or in the number of regulated stand-alone power systems used by the DNSP to supply other services as a SAPS Resource Provider, means that the DNSP is no longer permitted to do so under clause 3.1(d)vii. of this Guideline; a <p>as long as the DNSP complies with clause 3.2 in relation to those arrangements.</p> e) A DNSP can apply for a waiver of the obligations set out in this clause 3.1. 	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Dedicated email address • Compliance Assessments • Jemena Corporate structure • Financial reporting & reviews 	<ul style="list-style-type: none"> • Obtained and reviewed the deep dive training material provided to the staff and ensured that the training content covered that new services are distribution only. • Inquired of management as to whether any new or varied contracts granting usage of any energy storage asset were entered into during the period. • During our independent audit in connection with the regulatory information templates of JEN prepared under the AER’s Annual Information Order (AIO) for the 12-month period ended 30 June 2025, we note that JEN operates and compiles with regulatory reporting requirements as a standalone legal entity. • Inquired with Management if any waiver was applied during the reporting period 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>EFFECTIVE</p>

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Prevention of cross subsidies - Clause 3

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
3.2.1 Separate accounts 3.2.2 Cost allocation and attribution	3.2.1 A DNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the DNSP and its affiliated entities.	<ul style="list-style-type: none"> Ring-fencing Manual Online training module Dedicated email address Compliance Assessments Financial procedures Financial reporting & reviews 	<ul style="list-style-type: none"> We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. Obtained and inspected a listing on all transactions between JEN and its affiliated entities. EY are the independent auditors in connection with the financial statement audit of the SGSPAA Group for the 12 month period ended 31 December 2025, we are able to identify and audit JEN's financial information separately from other entities within the consolidated Group. We have also audited the regulatory information templates of JEN prepared under the AER's Annual Information Order (AIO) for the 12-month period ended 30 June 2025. We considered the appropriateness of the SGSPAA Cost Allocation Methodology (CAM) and JEN AER Approved CAM as part of these audit engagements. Our procedures included: <ul style="list-style-type: none"> Walkthroughs and testing key controls for processes and activities related to cost allocation in accordance with the CAMs; Comparing cost and project allocation mapping used by JEN for cost allocation against the AER approved CAM; Testing general IT controls over the SGSPAA SAP ERP system, as well as IT automated and/or dependent manual controls for processes in the initial set up of project codes and subsequent ability to modify / edit project codes; and For a sample of costs incurred, we agree to supporting documentation such as invoices and approved project codes allocation. 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.
	3.2.2 a) A DNSP must allocate or attribute costs (including costs allocated or attributed to the DNSP by a parent entity) to distribution services in a manner that is consistent with the Cost Allocation Principles and its approved CAM, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services. b) A DNSP must only allocate or attribute costs to distribution services in accordance with clause 3.2.2(a), and must not allocate or attribute other costs to the distribution services it provides. c) A DNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and 3.2.2(b). d) A DNSP cannot apply for a waiver of the obligations set out in this clause 3.2.2.			

COMPLIANT

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Functional Separation - Clause 4

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>4.1 Obligation to not discriminate</p> <p>COMPLIANT</p>	<p>b) A DNSP 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:</p> <ul style="list-style-type: none"> i. direct control services by the DNSP (whether to itself or to any other legal entity); and / or ii. contestable electricity services by any other legal entity. <p>c) Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <ul style="list-style-type: none"> 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 DNSP); 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; 	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Dedicated email address • Compliance Assessments • System access change • Master Services Agreement 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • We enquired with Management for any new contracts entered between JEN and Ovida (RESP) during the reporting period and noted there was none. • We obtained an understanding of the training activities implemented by management during the current regulatory period related to Annual Compliance training and inspected the online training modules/videos to ascertain whether the training materials appropriately covered JEN's ring-fencing obligations with respect to non-discrimination. • We considered management's process to identify the group of employees that are of higher risk and therefore requiring mandatory ring-fencing training compliance and assess for appropriateness. • We inspected training completion records for the period from 1 January 2025 to 31 December 2025 to ascertain the completion rate of ring-fencing training in the compliance period. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>Refer to page 5 for improvement observation identified.</p> <p>EFFECTIVE</p>

(continued to next slide)

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Functional Separation - Clause 4

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>4.1 Obligation to not discriminate (continued)</p> <p>COMPLIANT</p>	<p><i>(continued from previous slide)</i></p> <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 4.3.2(b), not disclose to a related electricity service provider information the DNSP 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> <p>d) A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection with the supply of contestable electricity services by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the DNSP.</p> <p>e) A DNSP cannot apply for a waiver of the obligations set out in this clause 4.1.</p>	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Dedicated email address • Compliance Assessments • System access change • Master Services Agreement 	<ul style="list-style-type: none"> • We tested IT General Controls of the SAP system to check that system access controls are in place to ensure RESP staff are unable to access JEN information in accordance with the guidelines. This included performing walkthrough and tested whether a RESP staff was able to access JEN confidential data within Enterprise Content Management System (ECMS - shared directories) and SAP systems. • We sighted evidence of interactions between the Regulatory Compliance team and Zinfra regarding ring-fencing compliance matters. • We reviewed the terms of the agreement between JEN and Zinfra (affiliated entity) to assess if the terms of the arrangement are in accordance with the ringfencing guidelines. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>EFFECTIVE</p>

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Functional Separation - Clause 4

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>4.2.1 Physical separation / co-location</p> <p>COMPLIANT</p>	<p>a) Subject to this clause 4.2.1, in providing direct control services, a DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.</p> <p>b) Clause 4.2.1(a) does not apply in respect of:</p> <ul style="list-style-type: none"> i. offices for staff who, in the course of their duties: <ul style="list-style-type: none"> a) do not have access to electricity information; b) have access to electricity information but do not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or c) only have access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services). ii. providing assistance to the extent necessary to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control; iii. regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline. 	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Dedicated email address • Compliance Assessments • Site Separation 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • We performed a walkthrough to confirm that the RESP employee did not have access to the office level where JEN operates. • We tested a sample of service requests raised in relation to RESP staff throughout the regulatory period and assessed: <ul style="list-style-type: none"> • that the nature of the service request was not contradictory to the guideline obligations; • the appropriateness of any change of access request (if any); and • whether they were approved by appropriate personnel. • Obtained Deep Dive Training provided to staff and inspected content covered to address the Guidelines requirement. • Tested employee compliance with training. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>EFFECTIVE</p>

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Functional Separation - Clause 4

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>4.2.2 Staff sharing</p> <p>COMPLIANT</p>	<p>a) Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p> <p>b) Clause 4.2.2(a) does not apply in respect of:</p> <ol style="list-style-type: none"> i. a member of staff who, in the course of their duties: <ol style="list-style-type: none"> a. does not have access to electricity information; b. has access to electricity information but does not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or c. only has access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services); ii. 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; iii. staff located at a regional office, except to the extent that this exemption has been varied or revoked under clause 5.6; or iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline <p>c) The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP's obligations under this Guideline.</p> <p>d) Clause 4.2.2(a) does not apply in respect of a member of the staff of a DNSP where the member of staff is an officer both of the DNSP and of a related electricity service provider.</p>	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • HR intranet site • Dedicated email address • Compliance Assessments • Site Separation 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • We considered the staff roles and responsibilities and assessed for compliance with staff sharing restrictions in accordance with the Ring-fencing Guidelines. • We assessed JEN staff employment contracts to understand whether they have any incentive plans that may incentivise employees to engage in conduct that may contravene the obligations of the Guidelines • Obtained Deep Dive Training provided to staff and inspected content covered to address the Guidelines requirement. • We inspected training completion records for the period from 1 January 2025 to 31 December 2025 to ascertain the completion rate of ring-fencing training in the compliance period. • We made inquiries with management to determine whether there were any internal staff transfers between JEN and its RESP (Ovida) during the regulatory period, to assess if the Identity Management Software appropriately tracked staff sharing requests in line with the ring-fencing classification framework for these transfers. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>EFFECTIVE</p>

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Functional Separation - Clause 4

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>4.2.3 Branding and cross-promotion</p> <p>COMPLIANT</p>	<p>a) A DNSP:</p> <ul style="list-style-type: none"> i. must use branding for its direct control services that is independent and separate from the branding used by a related electricity service provider for contestable electricity services, such that a reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related; ii. must not advertise or promote its direct control services and its contestable electricity services that are not direct control services together (including by way of cross-advertisement or cross-promotion); iii. must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself. <p>b) Clause 4.2.3(a)i. does not apply to:</p> <ul style="list-style-type: none"> i. a regional office, if clause 4.2.1(a) does not apply to that office by reason of clause 4.2.1(b)iii.; ii. staff located at a regional office, if clause 4.2.2(a) does not apply to that office by reason of clause 4.2.2(b)iii.; iii. branding in connection with the use of an asset of the DNSP by a part of the DNSP that provides contestable electricity services, where the asset is also simultaneously used by the DNSP to provide direct control services, but only where doing so does not materially prejudice the provision of direct control services by the DNSP; or to iv. 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. 	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Media and Brand intranet site • Dedicated email address • Compliance Assessments 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • We assessed JEN's branding and promotion protocols to determine whether they complied with the Ring-fencing Guidelines including: <ul style="list-style-type: none"> • Checking JEN's and Ovida's respective websites to identify any cross advertisement or promotion; and • Assessing for cross-promotion between JEN and Ovida when performing our financial statement and regulatory audits of the SGSPAA group and JEN respectively. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>EFFECTIVE</p>

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Functional Separation - Clause 4

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>4.2.4 Office and staff registers</p> <p>COMPLIANT</p>	<p>a) A DNSP must establish, maintain and keep a register that identifies:</p> <ul style="list-style-type: none"> i. the offices to which it has not applied clause 4.2.1(a) by reason of clauses 4.2.1(b)i. or 4.2.1(b)iii.; ii. the staff positions (including a description of the roles, functions and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d); iii. the staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that member of staff commenced to hold and (if applicable) ceased to hold that position. <p>b) No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 4.2.4(b).</p>	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Dedicated email address • Compliance Assessments • Staff sharing register • Office sharing register 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • We obtained copies of the staff and office register that were published during the regulatory compliance period and reviewed that they were prepared accurately based on our knowledge of JEN. • We enquired and performed a walkthrough of JEN's process for reviewing and updating the staff and office sharing register in order to assess if the updates made were appropriate. • We assessed that the staff and office registers were published no later than the required date in accordance with the guidelines. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>EFFECTIVE</p>

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Functional Separation - Clause 4

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>4.3 Information access and disclosure</p> <p>COMPLIANT</p>	<p>4.3.1 Subject to this clause 4.3, a DNSP must keep ring-fenced information confidential and only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p>4.3.2 A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless any of clause 4.3.2 (a) to (i) are met.</p> <p>4.3.3</p> <p>a) Subject to clause 4.1(c)iv. and to this clause 4.3.3, where a DNSP shares ring fenced information with a related electricity service provider, or where ring-fenced information that a DNSP has disclosed under clause 4.3.2(f) is then disclosed by any person to a related electricity service provider of the DNSP, the DNSP must provide access to that ring-fenced information (including the derived information) to other legal entities on an equal basis.</p> <p>b) A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <ul 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 the DNSP, or a related electricity service provider of the DNSP, in relation to the provision of contestable electricity services. <p>c) A DNSP is not required by clause 4.3.3(a) to provide information to a legal entity where the DNSP has disclosed the information in the circumstances set out in clauses 4.3.2(a) to (e).</p> <p>d) Without limiting clause 4.3.3(a), a DNSP must establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.3.3(a) available to legal entities, and must make that protocol publicly available on its website.</p>	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Dedicated email address • Compliance Assessments • System access change • Master Services Agreement • Information sharing protocol 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • We tested IT General Controls of the SAP system to check that system access controls are in place to ensure RESP staff are unable to access JEN information in accordance with the guidelines. This included performing walkthrough and tested whether a RESP staff was able to access JEN confidential data within Enterprise Content Management System (ECMS - shared directories) and SAP systems. • We tested a sample of service requests raised in relation to RESP staff throughout the regulatory period and assessed: <ul style="list-style-type: none"> • that the nature of the service request was not contradictory to the guideline obligations; • the appropriateness of any change of access request (if any); and • whether they were approved by appropriate personnel. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>EFFECTIVE</p>

(continued to next slide)

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Functional Separation - Clause 4

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>4.3 Information access and disclosure</p> <p>(continued)</p> <p>COMPLIANT</p>	<p><i>(continued from previous slide)</i></p> <p>e) Where a DNSP discloses information referred to in clause 4.3.3(a) to any other legal entity under this clause 4.3.3, it must do so on terms and conditions that require the other legal entity to comply with clause 4.3.1 and 4.3.2(a) to (d) in relation to that information as if the other legal entity was a DNSP. A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <p>4.3.4</p> <p>a) A DNSP must establish, maintain and keep a register of all:</p> <ul style="list-style-type: none"> i. related electricity service providers; ii. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP; <p>who request access to information identified in clause 4.3.3(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 DNSP provide access to information identified in clause 4.3.3(a), the DNSP's information register must:</p> <ul style="list-style-type: none"> i. identify the kind of information requested by the related electricity service provider or other legal entity; and 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 DNSP. <p>c) A legal entity may request that the DNSP include it on the information register in relation to some or all of the kinds of information that the DNSP is required to provide under clause 4.3.3(a), and the DNSP must comply with that request.</p>	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Dedicated email address • Compliance Assessments • System access change • Master Services Agreement • Information sharing protocol 	<ul style="list-style-type: none"> • We made inquiries with management to determine whether there were any internal staff transfers between JEN and its RESP (Ovida) during the regulatory compliance period, to assess if the Identity Management Software appropriately tracked physical access change requests in line with the ring-fencing classification framework for these transfers. • We checked that the information sharing protocol and information register was accessible on Jemena's website and that it was consistent with our observations and inquiries. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>We note that there were no information sharing requests in the regulatory period and therefore no information register was required to be published during the regulatory period in line with the requirements.</p> <p>EFFECTIVE</p>

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Functional Separation - Clause 4

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>4.4.1 Conduct of Service providers</p> <p>COMPLIANT</p>	<p>A DNSP:</p> <p>a) must ensure that any new or varied agreement between the DNSP and a service provider, for the provision of services to the DNSP that enable or assist the DNSP to supply direct control services, requires the service provider to comply, in providing those services, with:</p> <ul style="list-style-type: none"> i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.1 of this Guideline; and ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP. <p>b) must not, directly or indirectly, encourage or incentivise a service provider to engage in conduct which, if the DNSP engaged in the conduct itself, would be contrary to the DNSP's obligations under clause 4 of this Guideline.</p>	<ul style="list-style-type: none"> • Ring-fencing Manual • Online training module • Dedicated email address • Compliance Assessments • Master Services Agreement 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • We enquired with management if there was any new service provider agreements entered during the year. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>We note that there have been no new service provider agreements during the year.</p> <p>EFFECTIVE</p>

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Waivers - Clause 5

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>5.7 Waiver Register</p> <p>COMPLIANT</p>	<p>a) A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) granted to the DNSP by the AER under clause 5 of this Guideline, and must make the register publicly available on its website.</p> <p>b) The register established under clause 5.7(a) must include:</p> <ul style="list-style-type: none"> i. the description of the conduct to which the waiver or interim waiver applies; and ii. the terms and conditions of the waiver or interim waiver; <p>as set out in the AER’s written decision, provided by the AER to the DNSP, to grant (or vary) the waiver or interim waiver.</p>	<ul style="list-style-type: none"> • Ring-fencing Manual • Dedicated email address • Compliance Assessments • Waiver register 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • Inquired with Management for any waivers requested during the period. • Obtained the waiver register and corroborate the waivers listed within the register with Management’s confirmation of any waivers that remained effective and/or newly applied for during the period. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>We noted that there were two class waivers granted by the AER in previous periods that were active during the year:</p> <ul style="list-style-type: none"> • Allows distribution network service providers (DNSPs) to contract with the Australian Energy Market Operator (AEMO) to provide Reliability and Emergency Reserve Trader (RERT) services via voltage management. • Enable DNSPs to lease battery capacity to third parties for batteries funded under the Commonwealth Government’s Community Batteries for Household Solar Program, subject to strict controls and criteria. This waiver expired on 15 April 2025 and was no longer applicable as at 31 December 2025. <p>These waivers were provided by the AER as a class waiver that applies to all DNSPs. We note that however management has not actively used the waiver during the period.</p> <p>EFFECTIVE</p>

DETAILED OBSERVATIONS (CONTINUED)

Refer to detailed observations relating to each provision of the Guidelines per section 6.2.1(c) below:

Obligation: Compliance, reporting, and enforcement - Clause 6

Guidance Assessment Criteria and Assessment Controls

Clause and management assessment	Compliance Obligation	Management Controls	Procedures Performed	Observations and Findings
<p>6 Compliance, reporting, and enforcement</p> <p>COMPLIANT</p>	<p>A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this Guideline.</p>	<ul style="list-style-type: none"> • Ring-fencing Manual • Dedicated email address • Compliance Assessments • Online training module • Ring-fencing intranet site • HR intranet site • Media and Brand intranet site • Breach management • Regulatory compliance team annual work plan • Information sharing protocol • SAPS Register 	<ul style="list-style-type: none"> • We reviewed the documentation provided by management to assess the policies, guidelines and training modules appropriately address the ring-fencing requirements which included evaluating the design and implementation of processes and internal controls adopted to monitor and support compliance. • We obtained and inspected the internal documents relating to JEN's compliance with the Ring-fencing Guideline including JEN's Annual Compliance Report and considered it as part of preparing this independent assurance report. • We obtained copies of the SAPS register that were effective during the regulatory compliance period and checked that they were prepared accurately based on our knowledge of JEN from the external website • We inquired of management and performed walkthroughs to obtain an understanding of JEN's Compliance and Risk System. • We considered the adequacy of JEN's breach management and reporting policies and procedures. • During the course of our financial statement and regulatory audits of the SGSPAA group and JEN, we attended or obtained all minutes of the quarterly SGSPAA Audit and Compliance Committee meetings and observed that compliance matters were regularly raised to the attention of the committee and received due consideration. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>EFFECTIVE</p>

ASSURANCE REPORT

Independent assurance report to the management of Jemena Electricity Networks (Vic) Ltd

Opinion

We have undertaken a reasonable assurance engagement, as defined by Standards on Assurance Engagements, to report on whether the Annual Compliance Report of Jemena Electricity Networks (Vic) Ltd (the “Company”) presents fairly the Company’s compliance, in all material respects, with the compliance requirements as evaluated against the Ring-fencing Guideline - Electricity Distribution Version 4 (the “Guideline”), for the period of 1 January 2025 to 31 December 2025 for the purpose of reporting to the Australian Energy Regulator.

In our opinion the Company’s Annual Compliance Report that states the Company has complied with the compliance requirements, in all material respects, is fairly presented as evaluated against the Guideline for the period of 1 January 2025 to 31 December 2025.

Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 Compliance Engagements issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Jemena Electricity Networks (Vic) Ltd 's responsibilities

The Company is responsible for:

- a. Preparation of an Annual Compliance Report for the period of 1 January 2025 to 31 December 2025, which sets out the measures the Company has taken to ensure compliance with its obligations under the Guideline;
- b. Providing a Statement with respect to the outcome of the evaluation of the Company's compliance against the compliance requirements, which accompanies this independent assurance report;
- c. Completion of the compliance activity undertaken to meet the compliance requirements; and
- d. Identification and implementation of risks that prevent the compliance requirements being met and monitor ongoing compliance

Our independence and quality management

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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ASSURANCE REPORT (continued)

Assurance practitioner's responsibilities

Our responsibility is to express an opinion, on Jemena Electricity Networks (Vic) Ltd's Annual Compliance Report with respect to the Company's compliance, in all material respects, as evaluated against the Guideline, for the period 1 January 2025 to 31 December 2025. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether the Company's Annual Compliance Report is, in all material respects, fairly presented as evaluated against the Guideline for the period of 1 January 2025 to 31 December 2025.

An assurance engagement to report on the Company's Annual Compliance report with respect to the company's compliance with the compliance requirements involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements. The procedures selected depend on our judgement, including the identification and assessment of risks of material misstatements in the Annual Compliance Report are likely to arise.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non compliance with compliance requirements may occur and not be detected.

Our procedures selected were based upon our judgement and involved obtaining an understanding of the Guideline, identifying the obligation clauses as per the Guideline applicable to the Company, and designing and performing procedures to determine whether management controls are in place to satisfy the obligation clauses as per the Guideline. Our tests of controls were primarily conducted using inquiry, observation, and inspection procedures. In certain situations, we have relied upon representations from management through inquiry only.

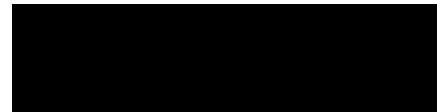
A reasonable assurance engagement for the period 1 January 2025 to 31 December 2025 does not provide assurance on whether compliance with the compliance requirements will continue in the future.

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Restriction on distribution

This assurance report has been prepared in accordance with the requirements of the Guideline. Our report is intended solely for the Company and Australian Energy Regulator (collectively the "Recipients") pursuant to the terms of our engagement agreement dated 12 June 2025.

We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.



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ED NONE

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