



19 August 2022

ASX ANNOUNCEMENT

APA Group (ASX: APA)

PAYMENT ERRORS IDENTIFIED

APA Group today announced that following an APA initiated independent review of payroll, it has found system errors relating to seven Enterprise Agreements (EAs), which has resulted in the identification of payment errors to employees over a seven year-period.

APA apologises unreservedly to those affected and is committed to meeting all its employee obligations.

APA has commenced a process to remediate the errors for affected employees and will include a provision of \$32 million in its financial statements for the year ended 30 June 2022 (FY22).

The provision follows an independent review of the FY21 payroll which APA initiated after identifying payroll errors relating to two EAs. The provision represents an estimate over a seven-year period, including associated superannuation and interest payments to employee entitlements under all seven of APA's EAs, with the majority of the provision relating to periods prior to FY22.¹

APA Group CEO and Managing Director Rob Wheals said: "We are sorry this has occurred and will work expeditiously to remediate, with interest, all affected current and former employees."

The payment errors have arisen primarily due to the incorrect interpretation of the EAs, which are highly complex agreements, and other system, process and administrative issues.

APA has made a voluntary disclosure to the Fair Work Ombudsman about the initial payroll review and will continue to work with the Ombudsman to finalise the amount to be remediated and ensure payment errors are

¹ As a consequence of the payment errors, it was determined the cumulative amount of the provision, representing the seven year impacted period, was material (notwithstanding that the annual amounts were not material to the performance of APA in any of the individual periods to which they related). Accordingly, the financial statements for prior periods will be restated for the matter.

The provision estimate involves a substantial volume of data, a high degree of complexity, interpretation, estimation assumptions, will be the subject of consideration by the Fair Work Ombudsman and is subject to further detailed analysis over the seven year review period. Changes to any of these estimates and judgements have the potential to result in a future adjustment to the provision in subsequent periods as the review process continues.

About APA Group (APA)

APA is a leading Australian Securities Exchange (ASX) listed energy infrastructure business. We own and/or manage and operate a diverse, \$21 billion portfolio of gas, electricity, solar and wind assets. Consistent with our purpose to strengthen communities through responsible energy, we deliver approximately half of the nation's gas usage and connect Victoria with South Australia and New South Wales with Queensland through our investments in electricity transmission assets. We also own and operate renewable power generation assets in Australia, with wind and solar projects across the country.

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APA Infrastructure Limited is a wholly owned subsidiary of APA Infrastructure Trust and is the borrowing entity of APA Group.

For more information visit APA's website, apa.com.au.

rectified as quickly as possible. APA is also engaging with our current and former employees, as well as other stakeholders, on the matter.

Mr Wheals said, "We are carefully considering the results of the initial FY21 review as well as making the necessary investments to strengthen our systems and processes."

"Further, we have begun a detailed analysis of payroll data and records covering the seven-year period and seven EAs, and have engaged expert consultants to support this review. We anticipate this will take approximately 12 months. We will be communicating with current and former employees through this period and will update the market on any material developments."

Authorised for release by Amanda Cheney

Company Secretary
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