

2021 CHAIRMAN'S ADDRESS

Mr Peter Mason AM, Chairman

Good afternoon and welcome to the AusNet Annual General Meeting.

I would like to take this opportunity to thank you, as shareholders, for your continued support of our company during the past year.

I would also like to take the opportunity to recognise all those who work for and with AusNet for their outstanding contributions in the face of so many extraordinary challenges over the last couple of years. The COVID-19 pandemic has affected work practices for all. Extreme weather events, involving extensive bushfires in 2020, the destruction and the rebuilding of a major section of transmission in Western Victoria, the major storm in late August 2020 that impacted around 140,000 customers, and the even more extensive storm in June 2021 that impacted more than 230,000 customers have all been met with sustained commitment from teams on the spot and support functions throughout the whole of AusNet. On behalf of the Board, and of the shareholders, we sincerely thank you.

As Tony and I said in our joint message in the Annual Report, the energy industry is transforming at an accelerating pace. At the heart of this transformation is growing demand from people and communities right across Australia for an accelerated pathway to access renewable energy. Governments, regulators, companies and investors alike are increasingly aligning on the need to achieve carbon neutrality in response to climate change. The role of energy policy and regulation to support this transformation has never been more crucial and a number of critical reviews are in progress that will shape the future of the energy industry. As we look to navigate these changes and grow, we will maintain our focus on providing safe and reliable energy through our networks, while improving customer experience and closely managing our cost base. This is being driven through the organisation-wide transformation program that we introduced during the year.

The rapidly emerging nature of events has required close and considered oversight from our Board and Board Committees, as well as supporting the ongoing building of management capability to support a refreshed strategy. The Board continues to support and guide progress on an environmental, social and governance (ESG) framework and our first Task Force for Climate-related Financial Disclosures (TCFD) report. In addition, the Board has overseen the publication of our inaugural Modern Slavery Statement, outlining our company's framework and actions to manage the risk of modern slavery in our operations and supply chain.

AusNet has been working closely with the Victorian Government and the Australian Energy Market Operator (AEMO) to help Victoria connect communities with energy and accelerate a sustainable future. This is our purpose as articulated in the Annual Report. By connecting new, decentralised energy sources and by maintaining and adapting existing networks, we can bring renewable energy to communities and enable flexible grids for transmission and storage. A great example of this is underway in the current planning for the new Western Victoria

Transmission project. The Victorian Government, AEMO and AusNet are working together to get a great outcome for Victoria. It is a complex project, and a vital one for ensuring that significant sustainable generation facilities in Western Victoria can provide energy to the rest of Victoria as the older coal generation facilities in the Latrobe Valley are phasing out. We understand that the project will inevitably create disruption to some communities along its corridor. Together with the Government and AEMO we are working with those communities to understand their perspectives and deliver practicable outcomes.

On 21 June, we made a statement to the ASX regarding employee underpayments. We identified an issue regarding the coverage and application of one of our Enterprise Agreements to certain categories of employees not previously considered to have been covered, which has resulted in underpayments. A review is being progressed as a priority to determine, among other things, the extent of employee (both current and former) underpayments. This review involves complex matters of interpretation and large volumes of data.

Of course AusNet takes its obligations to employees very seriously and is conducting a detailed review so that all necessary compensation can be made as soon as possible, fairly and reasonably. AusNet's determination is to do the right thing by its employees, and it will continue that focus throughout this review.

Based on the progress of the review to date and the information presently known, employee remediation costs are not anticipated to have a material impact on FY22 financial performance. However, the final outcome of the review remains unknown at this time. AusNet has made a voluntary disclosure to the Fair Work Ombudsman (FWO) regarding the review. AusNet will engage with our employees, unions and the FWO as the review continues, and will keep the market updated of any material developments.

We remain determined to deliver value for shareholders as we play our role in supporting the energy transition. We have a strong mix of diverse, regulated core networks with staggered resets, complemented by a growing contracted infrastructure portfolio which is leveraged to the energy transition. Facilitating and advocating for a low carbon future, by working closely with government, regulators, communities, and customers, forms a key part of our strategy to deliver growth. Our growth aspirations are supported by a disciplined approach to capital allocation underpinned by prudent financial metrics.

As recorded in the Explanatory Notes to the Notice of Meeting in relation to item 4, Board succession planning is underway. I have advised the Board that I will not seek re-election when my term completes at the 2022 AGM. In order to facilitate board renewal and ensure a smooth transition between non-executive directors, and thus to allow for temporary fluctuations in the size of the board, we are recommending an increase in the fee pool for non-executive directors. We have no present intention of increasing fees paid to individual directors. I would also like to advise that both Singapore Power and State Grid have advised that they would like AusNet to retain an independent Chair.

I would like to thank our shareholders, customers, employees, management and my fellow directors for their contribution to AusNet's ongoing transformation.

Our Managing Director, Tony Narvaez, will now provide a more detailed insight into AusNet's operations and financial performance.