

REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Dear Securityholders

On behalf of the Board, we are pleased to present our 2019 Remuneration Report for which we will seek your approval at our Annual General Meeting in May 2020. The Report covers the remuneration arrangements for our Executives and Non-Executive Directors for the year ended 31 December 2019.

Group performance

Spark Infrastructure's objective is to create long term sustainable value for Securityholders by investing in comparatively low risk essential services infrastructure businesses. We aim to do this through execution of our three-part strategy of Value Enhance, Value Acquire and Value Build and by providing sustainable distributions and long-term capital growth from our investment portfolio. Spark Infrastructure expects to continue to invest in infrastructure for the future through our existing portfolio of businesses, with a particular focus on opportunities created from the transition to a renewables future, and through disciplined pursuit of acquisition opportunities.

We are pleased with our progress against our objective in 2019 as demonstrated by our:

- Acquisition of the Bomen Solar Farm Project, which was the first step in delivering on the Value Build part of our strategy;
- Pipeline of growth opportunities emerging in the first instance for TransGrid from the Integrated System Plan and associated contingent projects; and
- Strong financial performance in 2019 through our portfolio of investment businesses which continue to perform at the highest levels.

We are, of course, disappointed with the Federal Court decision on the tax treatment of capital contributions for Victoria Power Networks announced in February 2019. This led the Board to make the difficult decision of announcing distribution guidance for FY2019 of 15 cents per security (cps), 1cps lower than the 16cps paid for FY2018, to reflect the impact of the tax decision. We understand our Securityholders were equally disappointed and that the decision took many by surprise.

Link between performance and reward

We consider the structure of the Remuneration Framework to be fair and balanced and an appropriate fit for the operations of Spark Infrastructure and its investment portfolio. The Remuneration Framework provides:

- Value creation for Securityholders by delivering a combination of increasing capital growth and distributions, and focusing on effective cost management through the financial measures of our incentive plans.
- A link to our objective by rewarding for delivering the strategy, encouraging the disciplined pursuit and execution of acquisitions and delivering operational efficiency and enhancing organisational performance.

2019 remuneration outcomes

There were no fundamental changes to our Remuneration Framework and policies during 2019. The MD's fixed remuneration was increased by 2% in 2019.

The financial component of the short term incentive (STI) plan relies on the Distribution Guidance gate being achieved. Due to the Full Federal Court appeal, the Board has made the decision to defer assessment of the Distribution Guidance gate until the outcome of the appeal is known (expected later in 2020). Accordingly, no amount under the financial component of the STI will be payable to the MD until the Distribution Guidance gate is assessed. We note during the year:

- 77.4% of the maximum for the financial component of the STI (60% of the total opportunity) for the MD was achieved. Once the outcome of the appeal is known, the Distribution Guidance gate will be assessed to determine whether it would have been met had the Federal Court case not been brought forward. Once this has been determined, this component of the award will be made to the MD or forfeited in full.
- 74.0% of the maximum for the non-financial component of the STI (40% of the total opportunity) for the MD was achieved and a payment of \$260,184 was made. Half of this proportion is to be paid in cash, and the remaining 50% deferred into Rights over 12 and 24 months.

Risk adjusted TSR performance for the 2016 LTI grant was ranked at the 60th percentile of the peer group (the S&P/ASX 200) and subsequently 56.3% of the award vested. The remaining 43.7% of the award lapsed.

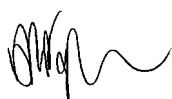
Our former Chief Financial Officer, Mr Schiffer, ceased employment with Spark on 30 August 2019, resulting in all outstanding Rights under the deferred STI and LTI plan lapsing (285,926 rights). However, the Board will make an ex-gratia payment of \$100,000 to Mr Schiffer, to reflect his service and contribution during the financial year. The value of the ex-gratia payment is reflective of approximately 78% of the non-financial component of Mr Schiffer's pro-rated STI, taking into account the time Mr Schiffer was in the role and assessed for performance over that period. The financial component for Mr Schiffer's pro-rated STI was forfeited in full.

Changes to remuneration for FY20

The Board has determined a 2% increase for the MD and 2% increase in Chair and Board fees will apply for 2020, while Board Committee fees will remain unchanged for 2020.

We are receptive to the feedback we receive on our remuneration framework. The Chair, Independent Directors and Management met with investors and governance and remuneration advisers throughout the year to seek feedback and maintain an open and transparent dialogue with Securityholders.

We will continue to engage with Securityholders in FY2020 and expect to review our Remuneration Framework in 2020 to increase the alignment of Executives, Non-Executive Directors and Securityholders.



D McTaggart
Chair
Spark Infrastructure



G Martin
Chair
Remuneration Committee

Sydney
25 February 2020

REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The Directors of Spark Infrastructure RE Limited⁽¹⁾ present this Remuneration Report (Report) on the consolidated entity for the year ended 31 December 2019, prepared in accordance with section 300A of the *Corporations Act 2001* (Act). The Report provides information on the remuneration arrangements for Key Management Personnel (KMP), including Executive KMP (Executives) and Non-Executive Director KMP (NEDs) for 2019.

The information provided in this Report has been audited as required by section 308(3C) of the Act. This Report forms part of the Directors' Report.

The Report covers the following:

1. Summary of KMP Remuneration Arrangements and Defined Terms
2. 2019 Organisational and Financial Performance
3. Remuneration Governance
4. Remuneration Philosophy and Link to Business Strategy
5. Remuneration Policy and Mix
6. Remuneration Structure
7. Employment Contract Key Terms
8. Key Management Personnel
9. 2019 Remuneration Outcomes
10. Non-Executive Director Fees
11. Statutory Remuneration Disclosures.

1. SUMMARY OF KMP REMUNERATION ARRANGEMENTS AND DEFINED TERMS

The Board, through its Remuneration Committee (RemCo), continues to review KMP remuneration arrangements to ensure they align with Spark Infrastructure's business strategy and take into consideration feedback from Securityholders, as appropriate.

This section highlights defined terms used throughout this Report as well as key elements of KMP remuneration for 2019.

1.1 Defined Terms

DEFINED TERMS USED IN THIS REPORT (AND NOT ELSEWHERE DEFINED)

MD	The Managing Director and Chief Executive Officer.
CFO	The Chief Financial Officer.
KMP	Key Management Personnel, being those people who have authority and responsibility for planning, directing and controlling the major activities of Spark Infrastructure, directly or indirectly, including any Director (whether Non-Executive or otherwise) of Spark Infrastructure.
Executives	Executives are the direct reports to the MD (not including Executive assistants). The Board has determined that of the Executives, only the MD and CFO are KMPs.
Fixed Remuneration	Fixed Remuneration is the fixed annual remuneration component of Total Remuneration. Fixed Remuneration includes cash, superannuation and any other allowances which are the responsibility of the Executive.
LTI	The Long Term Incentive Plan.
NEDs	Non-Executive Directors.
KPIs	Key performance indicators set by the Board for the Executives.
Securities	The securities traded on the ASX under the ticker "SKI" (comprising one unit in Spark Infrastructure Trust stapled to one Loan Note issued by Spark Infrastructure RE Limited (ACN 114 940 984) in its capacity as responsible entity for Spark Infrastructure Trust).
Rights	The right to acquire a Security, subject to performance and/or vesting conditions.
Risk Adjusted TSR	Risk adjusted TSR is the return on a Security in excess of what would be expected taking into consideration the relative level of risk in each peer company.
STI	The Short Term Incentive Plan.
Total Remuneration	Total Remuneration comprises Fixed Remuneration plus STI and LTI.
TSR	TSR or Total Securityholder Return is the total return from a security to an investor. It combines security price appreciation or diminution plus distributions reinvested to show the total return to an investor.

⁽¹⁾ In this report, Spark Infrastructure RE Limited is referred to as "Spark RE" or "Company". Spark RE is the responsible entity of Spark Infrastructure Trust, referred to as "Trust". The Trust and its consolidated entities are referred to as "Spark Infrastructure" or "Group".

1. SUMMARY OF KMP REMUNERATION ARRANGEMENTS AND DEFINED TERMS CONTINUED

1.2 Key Changes to Remuneration Structure in 2019 and 2020

There were no changes to the remuneration structure for 2019. We expect to review our Remuneration Framework in 2020.

1.3 Remuneration Arrangements for 2019

The table below summarises the key aspects of the Group's remuneration approach.

ELEMENT	SPARK INFRASTRUCTURE APPROACH	FURTHER INFORMATION									
SUMMARY OF 2019 REMUNERATION AND OUTCOMES											
1. Link between Spark Infrastructure's 2019 performance and Executive remuneration outcomes	<p>Summary of the remuneration structure for 2019 and outcomes is set in this section.</p> <p>Summary of the organisational and financial performance for Spark Infrastructure for 2019 is provided in section 2.</p> <p>STI financial outcomes are subject to achievement of the distribution gate, thereby aligning Executive short term remuneration with distributions to Securityholders.</p> <p>An Executive's STI award is assessed against financial metrics including distributions from investments, EBITDA and unregulated revenues, and non-financial metrics being a combination of business performance and organisational performance.</p> <p>Distribution Gate for 2019: The adjustment to Spark Infrastructure's FY2019 distribution guidance to 15cps announced in February 2019 has resulted in the Board deferring its assessment of achievement of the distribution gate for FY2019 until such time as the outcome from the tax appeal to the Full Federal Court is known, expected to be later in 2020.</p> <p>During the year:</p> <p>77.4% of the maximum for the financial component of the STI (60% of the total opportunity) for the MD was achieved. Once the outcome of the appeal is known, the Distribution Guidance gate will be assessed to determine whether it would have been met had the Federal Court case not been brought forward. Once this has been determined, this component of the award will be made to the MD or forfeited in full.</p> <p>74.0% of the maximum for the non-financial component of the STI (40% of the total opportunity) for the MD was achieved and a payment of \$260,184 was made. Half of this proportion is to be paid in cash, and the remaining 50% deferred into Rights over 12 and 24 months.</p> <p>Our CFO, Mr Schiffer ceased employment on 30 August 2019, resulting in all outstanding Rights under the deferred STI and LTI plan lapsing (i.e. 335,414 Rights). However, the Board will make an ex-gratia payment of \$100,000 to Mr Schiffer, to reflect his service and contribution during the financial year. The value of the ex-gratia payment is reflective of approximately 78% of the non-financial component of Mr Schiffer's pro-rated STI. The financial component for Mr Schiffer's pro-rated STI was forfeited in full.</p> <p>The performance period for the 2016 LTI grant ended on 31 December 2019. The LTI had a single performance measure of risk adjusted TSR. Across the four-year performance period Spark Infrastructure ranked at the 60th percentile against the S&P ASX 200 Index. Based on pro-rata vesting between 30% at the 51st percentile and 100% at the 75th percentile, a 60th percentile ranking results in 56.3% vesting of the 2016 LTI at 31 December 2019. This will be equity settled.</p> <p>Further detail on the 2019 remuneration outcomes, incorporating financial and non-financial KPI performance, for KMP is provided in section 9.</p>	sections 2 and 9									
EXECUTIVE REMUNERATION FRAMEWORK											
2. Proportion of fixed and variable remuneration	<p>Executive remuneration is comprised of fixed remuneration and variable (i.e. 'at-risk') remuneration, which includes STI and LTI. The proportion of fixed and variable remuneration for each Executive is outlined below.</p> <table> <tr> <th>Executive</th><th>Fixed remuneration</th><th>Variable remuneration</th></tr> <tr> <td>MD</td><td>38%</td><td>62%</td></tr> <tr> <td>CFO</td><td>43%</td><td>57%</td></tr> </table>	Executive	Fixed remuneration	Variable remuneration	MD	38%	62%	CFO	43%	57%	section 5
Executive	Fixed remuneration	Variable remuneration									
MD	38%	62%									
CFO	43%	57%									
FIXED REMUNERATION											
3. Fixed remuneration	<p>Fixed remuneration is determined by the Board taking into consideration Spark Infrastructure's market comparator group, composed of ASX-listed entities of a similar size and operational scope.</p> <p>There was a 2% increase to the MD's fixed remuneration in 2019.</p>	section 5.2									

ELEMENT	SPARK INFRASTRUCTURE APPROACH	FURTHER INFORMATION				
SHORT TERM INCENTIVE PLAN (STI)						
4. Structure and quantum	<p>Maximum STI opportunities in 2019 expressed as a percentage of Fixed Remuneration were as follows:</p> <table><tr><th>MD</th><th>CFO</th></tr><tr><td>100%</td><td>80%</td></tr></table> <p>In the normal course, 50% of any STI earned is paid in cash following the end of the STI performance period. The remaining 50% of STI is deferred into Rights to strengthen the alignment of Executives to the delivery of value to our Securityholders. The Rights vest as follows, subject to continued service through to the end of the relevant vesting period (Refer section 5.3):</p> <ul style="list-style-type: none">– 50% vest 12 months after the end of the STI performance period; and– 50% vest 24 months after the end of the STI performance period. <p>Note that vesting of the financial component of the STI for 2019 for the MD is not yet known due to the Board’s deferral of its decision as to whether the FY2019 distribution gate was achieved.</p> <p>As a result, only the non-financial component of the MD’s STI has vested, with half of this proportion to be paid in cash in March 2020 and the remaining 50% deferred into Rights as set out above.</p>	MD	CFO	100%	80%	sections 5 and 6.1
MD	CFO					
100%	80%					
5. Performance measures and Performance gate	<p>STI performance measures include both financial and non-financial KPIs. Achievement of these KPIs can be influenced by Executives in exercising oversight of Spark Infrastructure’s investments and driving performance through efficiency, regulatory outcomes and growth in the unregulated businesses. The relative weighting between financial and non-financial KPIs may differ among Executives depending on their relative influence in each area of focus. For the MD and CFO financial KPIs comprise 60% of their total STI with 40% attributable to non-financial KPIs.</p> <p>In 2019, financial KPIs were:</p> <ul style="list-style-type: none">– distributions from investments;– Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA);– unregulated revenue targets; and– total Spark Infrastructure controllable costs. <p>Non-financial KPIs were aligned to our strategy of Value Enhance, Value Build and Value Acquire including stakeholder management, public advocacy (within the economic regulatory and energy sector), portfolio management, operations and people and culture measures.</p> <p>In order for the financial component of the STI to be awarded, a performance gate applies such that Spark Infrastructure must achieve its Distribution Guidance for the relevant year.</p> <p>The performance gate does not apply to the non-financial KPI component of the STI.</p>	section 6.1				
LONG TERM INCENTIVE PLAN (LTI)						
6. Structure and quantum	<p>Maximum LTI opportunities in 2019 expressed as a percentage of Fixed Remuneration were as follows:</p> <table><tr><th>MD</th><th>CFO</th></tr><tr><td>65%</td><td>50%</td></tr></table> <p>LTI awards are granted in the form of Rights to acquire Securities, subject to achievement of performance measures over the performance and vesting period.</p> <p>Executives ordinarily receive one Security for each Right that vests, together with a distribution equivalent payment for each Security allocated on vesting (equal to the distributions the Executive would have been entitled to receive had they held the Securities during the vesting period).</p>	MD	CFO	65%	50%	sections 5 and 6.2
MD	CFO					
65%	50%					

1. SUMMARY OF KMP REMUNERATION ARRANGEMENTS AND DEFINED TERMS CONTINUED

1.3 Remuneration Arrangements for 2019 continued

ELEMENT	SPARK INFRASTRUCTURE APPROACH	FURTHER INFORMATION
LONG TERM INCENTIVE PLAN (LTI)		
7. Performance measures and performance/ vesting periods	<p>The Board believes a mix of external (i.e. risk adjusted TSR) and internal (i.e. OCF) measures for the LTI provides the right focus for Executives on delivering long term Securityholder value. Accordingly, grants made from 1 January 2018 and thereafter are assessed against the following performance measures:</p> <ul style="list-style-type: none"> – Tranche 1 (50% of LTI award): Spark Infrastructure's risk adjusted TSR (assessed against the constituent entities in the S&P/ASX 200 index) measured over a four-year period; – Tranche 2 (25% of LTI award): Standalone OCF measured over a three-year period (the test period), plus require a further one-year service period; and – Tranche 3 (25% of LTI award): Look-through OCF measured over a three-year period (the test period), plus a further one-year service period. <p>Vesting occurs at the end of four years, to the extent the relevant performance/ service conditions are met.</p> <p>Details of past awards that remain on foot are set out at section 11.3.</p>	section 6.2
NON-EXECUTIVE DIRECTOR (NED) FEES		
8. NED fee quantum	<p>With the exception of the Board Chair, NEDs receive a base fee and additional fees for chairing or participating in Board committees. The Board Chair's fee is inclusive of committee membership.</p> <p>The Board has determined that NED fees for 2020 will be increased by 2%, while Board Committee fees will remain unchanged.</p>	section 10
9. NED fees from other entities	<p>NEDs may be appointed to the boards of the investment portfolio companies from time to time and discharge their role as Directors of those companies separately and in addition to their role on the Spark Infrastructure Board.</p> <p>NEDs receive fees directly from those investment portfolio companies. These fees are not paid by Spark Infrastructure because they are separate to fees paid for their role as NEDs of Spark Infrastructure. Directors' fees for investment portfolio companies are determined by the boards of those companies.</p>	section 10.4
MINIMUM SECURITYHOLDING REQUIREMENT		
10. Minimum requirement	<p>NEDs and KMP are required to hold a minimum number of Securities equivalent to:</p> <ul style="list-style-type: none"> – MD: 100% of Fixed Remuneration; – CFO: 50% of Fixed Remuneration; and – NEDs: Equivalent of one years' Director base fees. <p>Securities include Securities and Rights (earned but not yet vested) under the Deferred STI Plan but not unvested Rights delivered under the LTI Plan which are subject to performance/ service conditions.</p> <p>NEDs and KMP are required to meet the minimum Securityholding requirement within a three-year period from appointment.</p>	sections 9.4, 11.5 and 11.6
2019 REMUNERATION		
11. Changes to Fixed Remuneration for 2019	For 2019, an increase of 2% was considered appropriate for the MD.	section 5.2

2. 2019 ORGANISATIONAL AND FINANCIAL PERFORMANCE

Impact of ATO litigation

We are deeply disappointed with the Federal Court decision on the tax treatment of capital contributions for Victoria Power Networks announced in February 2019. This led the Board to make the difficult decision of announcing distribution guidance for FY2019 of 15cps, 1cps lower than the 16cps paid for FY2018, to reflect the impact of the tax decision. While we had previously disclosed the details of these tax matters in our financial statements, we understand our Securityholders were equally disappointed and that the decision took many by surprise. The matter is currently on appeal to the Full Federal Court with the outcome expected later in the year. Due to the Full Federal Court appeal, the Board has decided to defer its assessment of the achievement of the Distribution Guidance until the outcome of the appeal is known (expected later in 2020).

Economic and Regulatory Environment

Our main investment businesses operate on five year regulatory cycles and in the medium term we expect that distributions to Securityholders will align more closely with the five-year regulatory periods of our major investments, primarily being SA Power Networks and Victoria Power Networks.

2019 also presented challenges with regard to the economic regulatory environment within which the businesses in our investment portfolio operate. We announced that the impact of the AER's Rate of Return Instrument combined with lower inflation will negatively impact regulatory returns for the upcoming five-year regulatory periods commencing 1 July 2020 for SA Power Networks and 1 July 2021 for Victoria Power Networks, noting that Victoria Power Networks is transitioning to a 1 July commencement date but will be subject to the new rate of return from 1 January 2021 for its six month transition period. Taking into account these regulatory and macro-economic headwinds and notwithstanding the best efforts of the investment businesses to mitigate these impacts, we expect distributions to Securityholders will need to reset to a lower base for the next five-year regulatory periods.

Achievements in 2019

Spark Infrastructure delivered a strong performance result for 2019. This was enabled through the high performing businesses in our investment portfolio, the clarity and delivery of our strategy, and the quality of our management team.

A few of our significant achievements for 2019 are set out below.

- Acquisition of Bomen Solar Farm and completion of mechanical construction as of January 2020. Project remains on-time and on-budget with commercial operations expected to commence in Q2 2020.
- Delivery on our Value Enhance, Acquire & Build strategy.
- Continued strong performance and efficiency gains from our high performing investment businesses.
- Significant progress on Project Energy Connect and other ISP related projects with TransGrid.
- Significant contributions to regulatory submissions for our investment businesses.
- Continued public advocacy as a key influencer in the regulatory and energy sector, with regulators, state and federal departments.

Future Opportunities

Looking further forward, we are excited by the tremendous opportunities emerging from the transformation of Australia's energy system to a renewable future as demonstrated in AEMO's Integrated System Plan (ISP). In the first instance this will be particularly important for TransGrid who is partnering with ElectraNet on Project Energy Connect, a proposal to build an energy interconnector between NSW and South Australia. The AER recently confirmed the Project has met the RIT-T requirements, which means that it will provide a net benefit to consumers. TransGrid and ElectraNet plan now to submit a joint Contingent Project Application (CPA). If the CPA is approved, the Project will represent significant capital investment and corresponding growth in the asset base of TransGrid. And this is just one of a number of such investment opportunities being presented to TransGrid.

This transformation also informed the acquisition of Bomen Solar Farm Project as our first step in delivering our Value Build Strategy. While only a minor component (circa 3%) of our investment portfolio, Bomen Solar Farm demonstrates our credentials in the renewable space and provides attractive risk adjusted returns and value creation for Securityholders, albeit on a small scale.

With the growth opportunities emerging from the ISP, we are investing in infrastructure for the future and our focus remains on growing an investment portfolio that delivers a combination of long-term capital growth and distributions to Securityholders.

2.1 Spark Infrastructure Financial Performance

The table below shows the reported financial performance of Spark Infrastructure over the last five years. These financial performance outcomes are a key component for achievement of the STI financial metrics each year.

Standalone and look-through net operating cashflows are also key components of the LTI Plan weighted at 25% each and measured over a 3-year performance period.

5 YEAR FINANCIAL PERFORMANCE					
	2019	2018	2017	2016	2015
Profit after tax attributable to Securityholders (\$'000)	79,138	92,285 ²	88,641	81,083	88,024
Profit before Loan Note Interest and tax expense (\$'000)	258,470	270,516 ²	265,804	225,816	252,820
Closing Security price at year end (\$)	2.09	2.21	2.51	2.38	1.92 ¹
Distribution per Security (cents)	15.00	16.00	15.25	14.50	12.00
Operating costs (\$'000) – excluding project costs	14,075	14,193	12,607	11,352	8,862
Standalone Net Operating Cash flow (cps)	15.2	17.3	15.9	18.2	12.3
Net Look-through Operating Cash flow (cps)	22.5	19.1	21.4	22.1	28.9

1. The opening security price at the start of 2015 was \$2.13
 2. Excluding asset Impairment in 2018

3. REMUNERATION GOVERNANCE

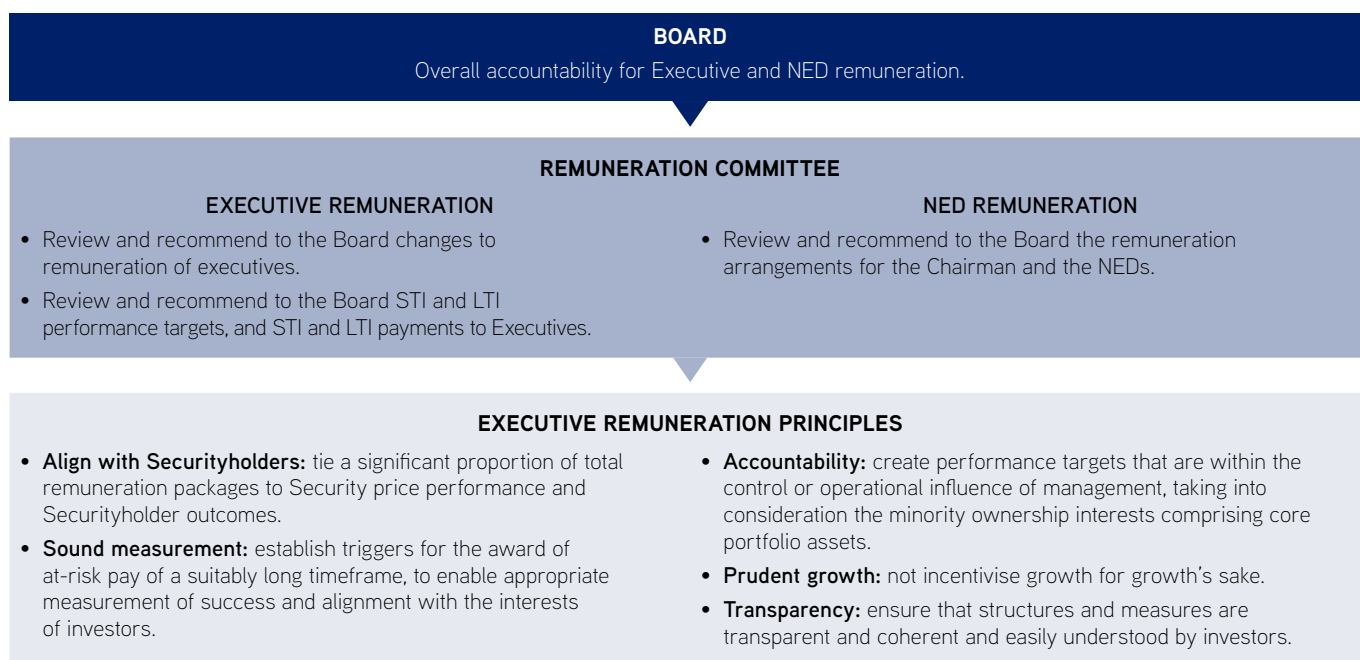
The Board, RemCo, external advisors and management work together to apply our remuneration principles and ensure our remuneration strategy supports sustainable Securityholder value, while always maintaining high standards of corporate governance.

The RemCo works closely with the Board and Audit Risk and Compliance Committee (ARC) to ensure executive remuneration outcomes reflect contributions to Spark Infrastructure's financial and non-financial performance, adherence to the risk management and compliance framework, and demonstrate our value and behaviours.

The ARC:

- advises the RemCo of material risk issues, behaviours and compliance breaches which may impact remuneration outcomes;
- reviews the measurement/calculation of financial incentive plan performance measures;
- advises whether any one-off adjustments to financial incentive plan measures and targets are appropriate; and
- reviews the annual Remuneration Report to ensure compliance with accounting standards and relevant legislation.

The diagram below represents Spark Infrastructure's remuneration decision making framework.



The composition of the RemCo is set out in Section 8. Further information on the RemCo's role, responsibilities and membership is available at www.sparkinfrastructure.com/about/corporate-governance/governance-documents.

3.1 Use of Remuneration Advisors

The RemCo appointed Ernst & Young (EY) as its external remuneration advisor during 2019.

The RemCo has established protocols to ensure that advice provided by advisors is free from undue influence from the members of the KMP to whom the advice relates.

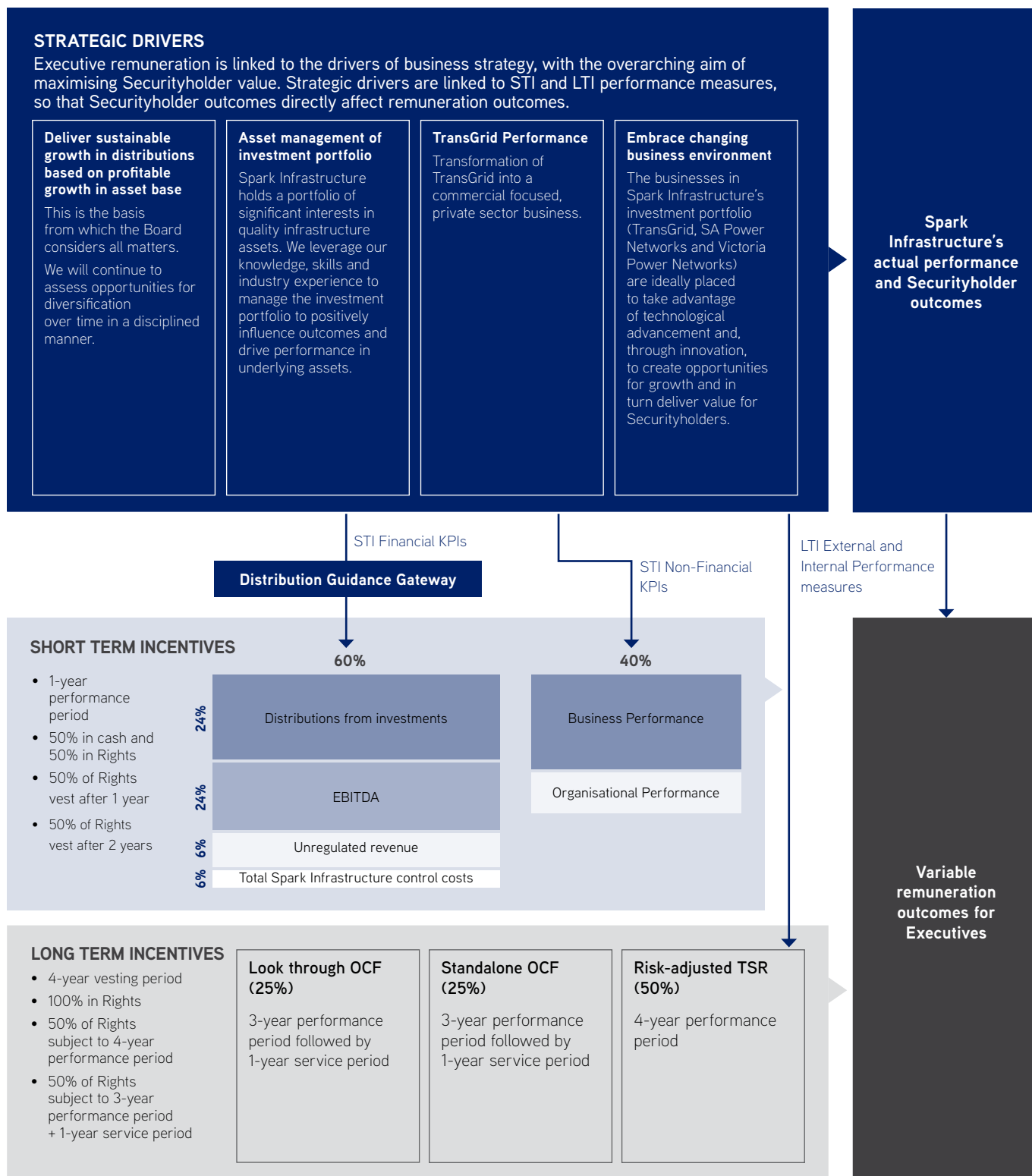
During 2019, the services EY provided the RemCo were:

- Provision of market practice and considerations regarding the executive remuneration framework;
- Valuation of the long-term incentive grant; and
- Feedback on the Remuneration Report.

No remuneration recommendations were provided by EY or any other advisor during the year.

4. REMUNERATION PHILOSOPHY AND LINK TO BUSINESS STRATEGY

At Spark Infrastructure, our Executive remuneration is linked to the drivers of our business strategy, with the overarching aim of maximising Securityholder value. STI and LTI performance measures reflect our strategic drivers, so that Spark Infrastructure's actual performance directly affects what Executives earn.



5. REMUNERATION POLICY AND MIX

Executives' remuneration and mix of remuneration are appropriate to each Executive's position, responsibilities and performance, in a way that aligns with our business strategy.

Executives receive Fixed Remuneration and variable 'at-risk' remuneration consisting of short and long-term incentive opportunities. Executive remuneration is reviewed annually by the RemCo with reference to the market and Spark Infrastructure's business operations.

Spark Infrastructure's remuneration policy has a strong performance focus, with a large proportion of Executives' remuneration contingent on maximising Securityholder value. The charts below set out the remuneration structure and maximum remuneration mix for the MD and CFO in 2019. Refer to section 6.1 and 6.2 for detail on the structure of the STI and LTI.

MD

Fixed remuneration 38%	Maximum STI 38% (50% cash, 50% deferred equity)	Maximum LTI 24% (100% equity)
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CFO

Fixed remuneration 43%	Maximum STI 35% (50% cash, 50% deferred equity)	Maximum LTI 22% (100% equity)
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5.1 Potential Maximum at Risk Remuneration for Executives in 2019

Presented below are the maximum STI and LTI opportunities for 2019 expressed as a percentage of Fixed Remuneration. The opportunities are determined with reference to market norms and the Executive's relative influence on Spark Infrastructure's performance. The minimum STI and LTI opportunities are nil.

POSITION	MAXIMUM STI OPPORTUNITY % OF FIXED REMUNERATION	MAXIMUM LTI OPPORTUNITY % OF FIXED REMUNERATION
MD	100%	65%
CFO	80%	50%

5.2 The MD's Remuneration Package for 2019

Details of the MD's 2019 remuneration package are set out in the table below.

	FIXED 2019 (INCL. SUPER- ANNUATION) \$	2019 STI MAXIMUM OPPORTUNITY %	2019 STI MAXIMUM OPPORTUNITY \$	2019 LTI MAXIMUM OPPORTUNITY %	2019 LTI MAXIMUM OPPORTUNITY \$	TOTAL REMUNERATION MAXIMUM OPPORTUNITY \$
Rick Francis	879,000	100	879,000	65	571,350	2,329,350

The MD will receive a CPI increase of 2% in Fixed Remuneration in 2020. There are no other changes to the MD's remuneration package for 2020.

5.3 STI and LTI Common Features: Clawback, Treatment of Awards on Cessation of Employment and Trading Policy

Below are key common features shared between the STI and LTI.

Clawback	<p>Clawback arrangements remain in place for Executives. Unvested and vested but unpaid STI and/or LTI may be forfeited if an Executive:</p> <ul style="list-style-type: none"> – has personally acted fraudulently or dishonestly; – has breached his or her material obligations to Spark Infrastructure; or – receives remuneration as a result of the fraud, dishonesty or breach of obligation of another person. <p>Spark Infrastructure's clawback policy may be accessed at: www.sparkinfrastructure.com/about/corporate-governance/governance-documents.</p>
Cessation of employment	<p>The treatment of Rights on termination of employment will vary based on assessment by the Board of the circumstances of termination.</p> <p>If an Executive ceases employment with Spark Infrastructure prior to the end of the performance period, vesting period (including additional service period in respect of the OCF component of the LTI award) or deferral period by reason of resignation or termination for cause, all unvested Rights automatically lapse, unless the Board determines otherwise.</p> <p>If an Executive ceases employment for any other reason (including death, redundancy, genuine retirement), a pro-rata portion of their unvested Rights will remain 'on-foot' subject to the original terms until the end of the performance vesting or deferral period (as relevant), unless the Board determines otherwise. The pro-rata portion that remains 'on-foot' will be determined based on the portion of the performance vesting or deferral period elapsed on the date of their cessation, and the remaining portion will lapse on the date of cessation.</p> <p>Executives who cease employment remain eligible for the cash (i.e. non-deferred into Rights) component of their STI, pro-rated for the part year of their completed service (unless their employment is terminated for cause) in an amount to be determined by the Board by reference to their KPIs for that year. Any payment of the cash component of their STI will remain subject to achievement of the financial and non-financial KPIs as set by the Board.</p> <p>This leaver provision enhances Spark Infrastructure's risk management by:</p> <ul style="list-style-type: none"> – encouraging retention; – allowing discovery of any factors that could contribute to financial restatement that may result in forfeiture of reward; – allowing for a review of Executive behaviours to ensure they have complied with Spark Infrastructure's ethical and risk management guidelines and standards of business conduct; – encouraging the establishment and maintenance of a sound management legacy; and – maintaining Securityholder alignment for a longer period.
Trading Policy	<p>Spark Infrastructure's Securities Trading Policy applies to all KMP. The Policy prohibits KMP from entering into transactions that operate to limit the economic risk of their Spark Infrastructure Securities (e.g. Hedging arrangements) with respect to unvested remuneration entitlements held pursuant to any plan, or Securities that are subject to a holding lock or other restriction on dealing under a plan. The Policy also prohibits employees from dealing in Spark Infrastructure Securities while in possession of Inside Information (as defined in the Policy) being information which is non-public and would be expected to have a material effect on the price or value of Spark Infrastructure's securities. Spark Infrastructure's Trading Policy may be viewed at: www.sparkinfrastructure.com/about/corporate-governance/governance-documents.</p>

6. REMUNERATION STRUCTURE

6.1 Short Term Incentives

The following table sets out the key features of Spark Infrastructure's STI arrangements.

Purpose	<p>The STI plan is operated to:</p> <ul style="list-style-type: none">– focus Executives, through challenging performance measures, on the achievement of results in areas that are expected to impact the performance of Spark Infrastructure in the short term;– create sustained annual performance over a longer term period through STI deferral;– assist in the attraction, reward and retention of high quality employees;– constrain the potential for unacceptable risk taking;– ensure that a significant portion of remuneration is “at risk” with a mix of financial and non-financial performance measures; and– strengthen the link between Executive remuneration and long-term Securityholder returns through STI deferral.									
Performance Gate	<p>In order for the financial component of the STI to be awarded, Spark Infrastructure must achieve its Distribution Guidance for the year.</p> <p>The performance gate does not apply to the non-financial component of the STI.</p>									
Performance measures	<p>An Executive’s STI award is assessed based on financial KPIs (subject to the distribution gate) and non-financial KPIs over a 12-month performance period. Non-Financial KPIs may be weighted differently among participants depending on their relative influence in the area. The weighting of financial and non-financial KPIs for each Executive in 2019 was as follows:</p> <table><tr><th>POSITION</th><th>FINANCIAL KPIs</th><th>NON-FINANCIAL KPIs</th></tr><tr><td>MD</td><td>60%</td><td>40%</td></tr><tr><td>CFO</td><td>60%</td><td>40%</td></tr></table>	POSITION	FINANCIAL KPIs	NON-FINANCIAL KPIs	MD	60%	40%	CFO	60%	40%
POSITION	FINANCIAL KPIs	NON-FINANCIAL KPIs								
MD	60%	40%								
CFO	60%	40%								

In 2019, Spark Infrastructure Financial KPIs and Non-Financial KPIs were:

Financial KPIs: definition and rationale

- **Distributions (24%)** – Spark Infrastructure's objective is to deliver sustainable levels of distributions to Securityholders over time, based on distributions received from its investments.
- **Look-through EBITDA (24%)** – Look-through earnings demonstrate growth and operational excellence and performance of the underlying businesses, which produces distribution sustainability and growth.
- **Unregulated revenue (6%)** – growth in unregulated revenue at TransGrid demonstrates achievement of key business priorities of our investment and ability to participate in rapid industry change and the move to a renewable energy future.
- **Total Spark Infrastructure controllable costs (6%)** – Disciplined management of Spark Infrastructure's costs is an area of continual focus to deliver value for Securityholders.

A “target” and “stretch” goal is set at the start of the financial year for financial KPIs with the outcome calculated based on the following scale. Outcomes are reviewed by the RemCo and recommended to the Board for approval.

PERFORMANCE LEVEL	% OF MAXIMUM STI AWARDED BASED ON EACH OF SPARK INFRASTRUCTURE'S FINANCIAL KPIs
Below threshold	0%
Threshold	50%
Target	70%
Exceed stretch target	100%

Performance measures continued

Non-financial KPIs: definition and rationale

BUSINESS PERFORMANCE

- **Strategic** – Spark Infrastructure’s vision is to be the leading ASX-listed infrastructure owner of a portfolio of infrastructure for the future, to provide long-term value creation through capital growth and distributions from our existing portfolio of businesses, and through disciplined pursuit of acquisitions. Our strategy is
 - **Value Enhance** – managing for performance and organic growth;
 - **Value Acquire** – evaluate opportunities to grow and diversify the portfolio through disciplined acquisitions;
 - **Value Build** – building and developing a platform of businesses in adjacent sectors and opportunities emerging from the transformation of the energy sector and the Integrated System Plan.
- **Special projects** – Spark Infrastructure will undertake special projects such as the assessment of a potential acquisition opportunities as we invest in infrastructure for the future. The level of achievement will be based on the diligence of execution and discipline applied to the conduct of the project rather than the success of the outcome.
- **Operations** – operational efficiency, reliability and safety of the underlying businesses in our investment portfolio coupled with identifying and prosecuting unregulated business opportunities is a key tenet of success. Spark Infrastructure exercises robust stewardship of the business through participation on the boards in its investment portfolio. As we have seen to date, sustainability in look through cashflows will come from managing the businesses as efficiently as possible within the constraints of the regulatory framework, and from organic growth prospects for the capital asset bases of the businesses, whether from unregulated connection assets or a pipeline of contingent transmission projects in TransGrid.
- **Optimising regulatory outcomes** – is critical to the ongoing financial performance of the businesses that comprise Spark Infrastructure’s investment portfolio.

ORGANISATIONAL PERFORMANCE

- **People and culture, governance and process improvement** – maintaining a robust culture and investing in people is fundamental in maintaining and growing a sustainable business and harnessing our strategic objectives. Spark Infrastructure has a small, high quality specialist team. Continuing to support and build our people capability is essential to deliver our Value Strategy and deliver long term growth and create sustainable value for Securityholders coupled with a robust and effective risk and compliance framework.

- **Target – building and enhancing our people capability, supported by a strong culture and robust risk management to deliver performance and the right behaviours, supported by appropriate remuneration structures**

- **Stakeholder management** – interaction of management with investment partners, industry participants, market participants, regulators, government and the communities in which its underlying businesses operate is critical to realising long term sustainable growth of the investment portfolio, and creating value for Securityholders. Spark Infrastructure is an active participant and thought leader in industry and regulatory change.

‘At Target’ means the key objectives for each area of performance were assessed to be at least 70% of their weighting, in aggregate. ‘Above Target’ means one or more of the key objectives for the performance area must have been fully achieved with majority of key objectives at least substantially achieved.

Non-Financial KPIs and targets for Executives (other than the MD) are set and assessed by the MD and are reviewed by the RemCo. The maximum achievement for non-financial KPIs is 100% of opportunity.

The MD’s performance is assessed and approved by the Board. The Board’s assessment and review is conducted on both a quantitative and qualitative level.

For a summary of overall 2019 organisational and financial performance, refer to section 2.

Performance and deferral period	<p>Performance is measured at the end of Spark Infrastructure’s financial year.</p> <p>For Executives, 50% of any STI award is paid in cash in March following the year of assessment. The remaining 50% of the STI is delivered in the form of Rights and vests (subject to continuous service) as follows:</p> <ul style="list-style-type: none"> – 50% vests 12 months after the end of the performance period; and – 50% vests 24 months after the end of the performance period (deferral periods). <p>Rights are granted at no cost to the Executive. Upon vesting, rights are automatically exercised and no amount is payable by the Executive on exercise. One Security is ordinarily received for every Right that vests. A dividend equivalent payment is also made upon vesting, equal to the distributions the Executive would have been entitled to receive had they held the physical Securities during the deferral period. Under the Terms of the Equity Incentive Plan Rules, the Board retains discretion to settle these amounts in cash.</p> <p>Spark Infrastructure uses a face value methodology for allocating Rights to each Executive, being the VWAP of Securities traded in the 30 trading days up to and including 31 December. The relevant VWAP for determination of the Grant of Rights attributable to the FY2019 performance year is \$2.12.</p>
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6. REMUNERATION STRUCTURE CONTINUED

6.2 Long Term Incentives

The following table sets out the key features of Spark Infrastructure's LTI arrangements.

Purpose	<p>The LTI is operated to:</p> <ul style="list-style-type: none"> – align Executive reward with the long-term interests of Spark Infrastructure and its Securityholders, ensuring creation of sustainable Securityholder returns; – focus on performance hurdles that measure performance in terms of risk management as well as returns; and – ensure that a significant portion of remuneration is "at risk". 										
Performance measures	<p>Grants made in 2019 were subject to three independent performance measures:</p> <ul style="list-style-type: none"> – Risk Adjusted TSR (50% of LTI award) – Standalone OCF (25% of LTI award) – Look-through OCF (25% of LTI award) 										
Risk adjusted relative TSR	<p>Risk adjusted TSR is the return on a Security in excess of what would be expected taking into consideration the relative level of risk in each peer company. The relationship between risk and return is well understood; that is, if risk is high, then there is an expectation of higher returns, and vice versa.</p> <p>Traditional TSR does not consider the riskiness of an investment in a particular company. For example, two companies could have the same shareholder return, but one may be a much riskier investment than the other. While TSR is a common method of assessing long-term performance, in our view, executives who deliver the same level of return at a lower risk should be rewarded accordingly.</p> <p>We understand investors in Spark Infrastructure generally seek stable returns and lower than average risk. To reflect this, we identified two key factors which influence returns: systemic risk (e.g. economic and political) and non-systemic risk (e.g. management skills and judgement). By adjusting for systemic risk in our calculation of TSR, the variability in adjusted returns is more strongly related to management performance.</p> <p>Risk adjusted TSR is selected as the LTI measure as it provides Spark Infrastructure with a measure of how we are performing in comparison to the market. Where an absolute TSR measure is used, Executives could be rewarded by a rising market even if Spark Infrastructure performs relatively poorly.</p> <p>Ranking companies by their risk-adjusted return, over a specific period, provides a comparison that more closely reflects how investment decisions are actually made. That is, when making an investment decision, an investor will have a requirement for a company return that is informed by the perceived risk associated with the company.</p> <p>The Board views the constituents of the S&P/ASX 200 index to be the most appropriate comparator group as this group should represent the competing investment preferences of our investors.</p> <p>Calculation of risk adjusted TSR and vesting schedule</p> <p>The excess return of Spark Infrastructure (above what would be expected taking into consideration the relative level of risk in each peer company's security) is compared to the excess returns of S&P/ASX 200 index companies over the four-year performance period, to determine Spark Infrastructure's percentile ranking.</p> <p>The degree to which the risk adjusted TSR component of the LTI opportunity (i.e. 50%) vests is determined by reference to the following scale:</p> <table> <tr> <th>TSR PERCENTILE RANKING</th><th>% OF RISK ADJUSTED TSR COMPONENT OF LTI AWARD THAT VESTS</th></tr> <tr> <td>Below the 51st percentile</td><td>0%</td></tr> <tr> <td>At the 51st percentile</td><td>30%</td></tr> <tr> <td>Between the 51st percentile and the 75th percentile</td><td>Pro-rata vesting between 30% and 100%</td></tr> <tr> <td>At or above the 75th percentile</td><td>100%</td></tr> </table> <p>Testing of the risk adjusted TSR part of the award will occur shortly after the end of the four-year performance period. If any LTI awards do not vest on testing, they will immediately lapse. There is no retesting of LTI awards.</p> <p>The risk adjusted TSR calculation is undertaken independently of management and is externally reviewed on an annual basis. The Board has disclosed the methodology used to calculate the risk adjusted TSR applicable to assess the LTI on Spark Infrastructure's website at www.sparkinfrastructure.com/about/corporate-governance/governance-documents.</p>	TSR PERCENTILE RANKING	% OF RISK ADJUSTED TSR COMPONENT OF LTI AWARD THAT VESTS	Below the 51st percentile	0%	At the 51st percentile	30%	Between the 51st percentile and the 75th percentile	Pro-rata vesting between 30% and 100%	At or above the 75th percentile	100%
TSR PERCENTILE RANKING	% OF RISK ADJUSTED TSR COMPONENT OF LTI AWARD THAT VESTS										
Below the 51st percentile	0%										
At the 51st percentile	30%										
Between the 51st percentile and the 75th percentile	Pro-rata vesting between 30% and 100%										
At or above the 75th percentile	100%										

Standalone OCF and Look-through OCF	<p>Standalone Operating Cash Flow (OCF) and Look-through OCF were selected as performance measures for the LTI as they:</p> <ul style="list-style-type: none"> – can be influenced by Executives by actively managing the cost, performance, capital expenditure and debt strategy of our investments; – clearly demonstrate the performance of Spark Infrastructure; and – reflect Spark Infrastructure's ability to influence the investment companies to ensure distributions are received and are available to be paid to Spark Infrastructure investors. <p>The OCF measures increase transparency and reduce any potential for artificial growth in distributions to Securityholders by more clearly linking the operational performance of the investment portfolio to the performance of Spark Infrastructure. The decision to use both look-through and standalone cash flow measures seeks to emphasise this balance.</p> <p>Use of a look-through cash flow measure recognises the importance of protecting Securityholder interests through the appropriate extraction of cash from the investment portfolio. Use of a standalone cash flow measure recognises the application of management's particular skills in the management of minority interests and represents a significant part of the value added by Spark Infrastructure.</p> <p>Calculation of OCF and vesting schedule</p> <p>Operating Cash flow is the cash flow from operating activities of the businesses comprising Spark Infrastructure's investment portfolio. Operating cash flow is set each year in accordance with Spark Infrastructure's budget and business plan and reflects the underlying 5-year business plans of the investment portfolio businesses. Operating Cash flow is measured on a standalone and a look through basis. Standalone OCF is calculated as the distributions from the portfolio businesses less corporate expenses and represents the cash flow available for distribution to Securityholders. Look-through OCF is comprised of the net cash flow from business operations of the investment portfolio.</p> <p>The degree to which the OCF component of the LTI opportunity vests (i.e. 50%) is determined by reference to OCF performance over the three-year performance period and continued service until the end of the four-year vesting period. A three-year performance period was selected as it allows smoothing of outcomes over the testing period in order to reduce volatility between and across regulatory periods.</p> <p>OCF performance is measured by reference to the following scale:</p> <table data-bbox="416 1070 1520 1200"> <thead> <tr> <th data-bbox="432 1093 823 1122">THREE-YEAR AGGREGATED OCF TARGET</th><th data-bbox="1246 1070 1505 1122">% OF OCF COMPONENT OF LTI AWARD THAT VESTS</th></tr> </thead> <tbody> <tr> <td data-bbox="432 1133 639 1162">Below 97.5% of target</td><td data-bbox="1469 1133 1505 1162">0%</td></tr> <tr> <td data-bbox="432 1173 847 1200">Between 97.5% of target and 105% of target</td><td data-bbox="1118 1173 1505 1200">Pro-rata vesting between 25% and 100%</td></tr> </tbody> </table> <p>Testing of the OCF part of the LTI awards will occur shortly after the end of the three-year performance period. To the extent any LTI awards are not eligible for vesting based on performance, they will immediately lapse.</p> <p>The OCF part of the LTI awards that become eligible for vesting (based on performance) will vest subject to continued service over an additional one-year service period.</p> <p>There is no retesting of LTI awards.</p>	THREE-YEAR AGGREGATED OCF TARGET	% OF OCF COMPONENT OF LTI AWARD THAT VESTS	Below 97.5% of target	0%	Between 97.5% of target and 105% of target	Pro-rata vesting between 25% and 100%
THREE-YEAR AGGREGATED OCF TARGET	% OF OCF COMPONENT OF LTI AWARD THAT VESTS						
Below 97.5% of target	0%						
Between 97.5% of target and 105% of target	Pro-rata vesting between 25% and 100%						
LTI grant based on "face value" methodology	<p>Spark Infrastructure uses a face value methodology for allocating Rights to each Executive, being the VWAP of stapled securities traded in the 30 trading days up to and including 31 December. The VWAP for assessment of the 2020 Grant of LTI Awards is \$2.12.</p>						
Delivery of LTI awards	<p>LTI awards are delivered in the form of Rights, which are granted at no cost to the Executive. Executives ordinarily receive one Security for every Right that vests, together with a distribution equivalent payment for each Security allocated on vesting. This distribution equivalent payment will be equal to the distributions the Executive would have been entitled to receive had they held the Securities during the vesting period. Rights are automatically exercised on vesting and no amount is payable by the Executive on exercise. Under the Terms of the Equity Incentive Plan Rules, the Board retains discretion to settle these amounts in cash.</p>						

7. EMPLOYMENT CONTRACT KEY TERMS

Each Executive, including the MD, has a formal employment agreement. These employment agreements are of a continuing nature and have no fixed term of service. There were no changes to the employment agreements for Executives in 2019.

The key terms of the employment agreements are summarised below:

POSITION	CONTRACT	NOTICE PERIOD (BY EXECUTIVE OR SPARK INFRASTRUCTURE)	TERMINATION PAYMENT – WITHOUT CAUSE
Managing Director	Permanent	6 months	12 months' Fixed Remuneration
Chief Financial Officer	Permanent	3 months	6 months' Fixed Remuneration

8. KEY MANAGEMENT PERSONNEL

This Report covers Spark Infrastructure's KMP, comprised of Executives and Independent NEDs.

For the year ended 31 December 2019, the KMP were as follows.

KMP	POSITION	TERM AS KMP
Executives		
Mr Rick Francis	Managing Director and Chief Executive Officer	Full Year
Mr Nicholas Schiffer	Chief Financial Officer	Part Year to 30 August 2019
Mr Gerard Dover	Chief Financial Officer	Part Year commencing 8 October 2019
Independent Non-Executive Directors		
Dr Douglas McTaggart	Independent Non-Executive Director and Board Chair, Member of Remuneration Committee and Chair of the Nomination Committee	Full Year
Mr Andrew Fay	Member of Audit, Risk and Compliance Committee and Nomination Committee	Full Year
Mr Greg Martin	Member of Remuneration Committee (Chair of Remuneration Committee from 10 September 2019) and Nomination Committee	Full Year
Ms Anne McDonald	Chair of Remuneration Committee (to 9 September 2019), Member of Remuneration Committee (from 10 September 2019), Member of Audit, Risk and Compliance Committee and Nomination Committee	Part Year to 30 November 2019
Ms Karen Penrose	Chair of Audit, Risk and Compliance Committee and Member of the Nomination Committee	Full Year
Mr Miles George	Non-Executive Director (Appointed as a Member of the Remuneration Committee, the Audit, Risk and Compliance Committee and the Nomination Committee in February 2020)	Part Year commencing 11 October 2019

9. 2019 REMUNERATION OUTCOMES

The sections below set out the outcomes for our Executives in 2019.

9.1 STI Awards Reflect Spark Infrastructure Performance

Spark Infrastructure's financial performance directly influences the STI received by Executives in a number of ways:

1. Spark Infrastructure's STI has key STI financial performance measures which demonstrate alignment and delivery of Spark Infrastructure's strategy and reflect the performance of Spark Infrastructure and its investment portfolio: Distributions from investments, look-through EBITDA, TransGrid unregulated revenue, and total Spark Infrastructure controllable costs.
2. The financial component of the STI plan relies on the Distribution Guidance gate being achieved for that year.
3. In February 2019, the Board announced Distribution Guidance for FY2019 of 15cps, 1cps lower than the 16cps paid for FY2018, to reflect the impact of the tax outcome following the Federal Court decision on the tax treatment of capital contributions for Victoria Power Networks.
4. Due to the Full Federal Court appeal, the Board has made the decision to defer assessment of the Distribution Guidance gate until the outcome of the appeal is known (expected later in 2020). Accordingly, no amount under the financial component of the STI will be payable to the MD until the Distribution Guidance gate is assessed. If the gate is not deemed to be met, the MD will forfeit the 60% financial component of his 2019 STI award.

Spark Infrastructure delivered a strong financial performance in 2019 with a number of significant achievements against performance measures:

Financial Performance

Distribution Gate

- Achievement of distribution guidance is a gate condition for STI financial metrics

Assessment
Deferred

Financial Performance Results

FINANCIAL KPI's	LEVEL OF ACHIEVEMENT
Distributions from investments (Total investment portfolio distributions up 2.4% to \$312.5 million)	84.4%
Look-through EBITDA financial measures (Aggregated proportional EBITDA increased by 3.4% to \$856.6 million)	74.7%
TransGrid unregulated revenue (TransGrid's unregulated revenue decreased by 19.7% to \$120.1 million)	79.2%
Total Spark Infrastructure controllable costs	58.6%
TOTAL FINANCIAL KPI's	77.4%

Non-Financial Performance

Business Performance Results (overall weighted at 70% of Non-Financial KPI component)

Strategic, Special Projects and Operations – continued efficiency and outperformance by investment businesses with growth in unregulated business opportunities. Investment businesses continue to operate in line with Business Plans with strong distribution results. TransGrid Services business established a \$355 million debt facility to fund unregulated business opportunities. Clear effective communication of our Value Strategy and acquisition of Bomen Solar Farm Project as first step in delivery of our Value Build Strategy.

- Target – achieving efficiency and outperformance by investment businesses, resulting in growth of the capital asset bases or unregulated business opportunities, and distributions to Spark Infrastructure

Above Target

Optimise regulatory outcomes – enhanced engagement with regulators, government and industry in response to regulatory change with a significant number of regulatory submissions made throughout the year. Significant progress on Project Energy Connect and other ISP related projects with TransGrid. Significant contributions to regulatory submissions for our investment businesses. Continued public advocacy as a key influencer in the regulatory and energy sector, with regulators, state and federal departments.

- Target – engaging with regulators, government and other key stakeholders, influencing and taking a thought leadership role in response to regulatory change

At Target

Organisational Performance Results (overall weighted at 30% of Non-Financial KPI component)

People and culture, Governance and Process Improvement – continued focus on leadership and culture together with our strong governance framework to support long-term growth and performance. Built out team of high quality specialists including enhancement of our skills and expertise in the renewables sector and recruitment of new CFO. Remuneration structure and incentive and reward for investment companies aligned to Spark Infrastructure key metrics. Strong governance framework in place recognised by investors. Maintained strong risk and compliance framework.

- Target – building and enhancing our people capability, supported by a strong culture and robust risk management to deliver performance and the right behaviours, supported by appropriate remuneration structures

At Target

Stakeholder Management – Stakeholder engagement remains a priority. Engagement with regulators, government and other stakeholders throughout 2019 and demonstrated thought leadership within the energy industry. Continued program of engagement with investors through investor roadshows and Chair's governance roadshows. Positive relationship and reputation with investment partners.

- Target – enhanced engagement with investors and partner relationships and contribution to energy sector policy

At Target

'At Target' means the key objectives for each area of performance were assessed to be at least 70% of their weighting, in aggregate.

'Above Target' means one or more of the key objectives for the performance area must have been fully achieved with majority of key objectives at least substantially achieved.

The Board assessed the performance of the MD with an overall achievement of 74% against non-financial KPIs.

9. 2019 REMUNERATION OUTCOMES CONTINUED

9.1 STI Awards Reflect Spark Infrastructure Performance continued

The following table shows the actual STI outcomes for the MD for 2019. The STI outcome below sets out the assessment of achievement against personal KPIs, reflecting the Board's decision to defer assessment of the Distribution Guidance gate with no amount under the financial component of the STI payable until the Distribution Guidance gate is assessed. For further detail regarding the STI and the weighting of financial and non-financial KPIs for individual KMP, refer to section 6.1.

EXECUTIVE	STI MAXIMUM OPPORTUNITY % OF FIXED REMUN- ERATION	ACTUAL STI (% OF OPPORTUNITY)	STI FORFEITED (% OF OPPORTUNITY)	CONTINGENT STI (% OF OPPORTUNITY)	ACTUAL STI \$	ACHIEVEMENT OF FINANCIAL KPIs	ACHIEVEMENT OF PERSONAL KPIs	CONTINGENT STI PAYMENT
Rick Francis	100%	29.6%	10.4%	60%	260,184	77.4%	74.0%	408,208

Other KMP – CFO Incentives during 2019:

- Nick Schiffer resigned as CFO during the year and ceased employment on 30 August 2019. Upon leaving, all of Mr Schiffer's outstanding Rights under the Deferred STI Plan and LTI Plan lapsed (285,926 rights). A one-off ex-gratia cash payment of \$100,000 will be made to Mr Schiffer in March 2020 representing his service and contribution during 2019, which reflects approximately 78% of the non-financial component of Mr Schiffer's pro-rata STI.
- Gerard Dover commenced as CFO on 8 October 2019. Under Mr Dover's contract he was not entitled to any pro-rata STI incentive in relation to the 2019 year.

9.2 LTI Performance Testing at 31 December 2019

The LTI Award granted to KMP at 1 January 2016 (FY2016) had a performance period of four years i.e. ended 31 December 2019. The FY2016 LTI Award had one measure, being relative performance measured on risk adjusted TSR basis (Jensen's Alpha approach) against all entities in the S&P ASX 200 index at grant date. The vesting schedule was 30% vesting at the 51st percentile, increasing up to 100% at the 75th percentile – i.e. below the 51st percentile there is no vesting, while vesting is capped at 100% for any result above the 75th percentile.

The risk adjusted TSR result for the four-year period ended 31 December 2019 was that Spark Infrastructure ranked at the 60th percentile against the S&P ASX 200 index. Accordingly, 56.3% of the FY2016 LTI Award vested (and the remaining 43.7% forfeited) at 31 December 2019. The LTI Award will be settled with Spark Infrastructure Securities acquired on-market in March 2020.

The calculation of risk adjusted TSR and of the relative performance against the S&P ASX 200 index was produced by an external expert, independent of Management.

9.3 Actual Remuneration Received by Executive KMP in 2019

The following table shows details of the actual remuneration received by Executives in 2019 and 2018. The amounts in the table differ from the Executive statutory remuneration set out in section 11.1. Actual remuneration received is provided in addition to the statutory reporting of remuneration expense to increase transparency about what the Executives actually received during the year.

		SHORT TERM BENEFITS			POST- EMPLOYMENT	LONG TERM BENEFITS	TOTAL \$
		BASE SALARY \$	STI ¹ \$	NON MONETARY \$	SUPER- ANNUATION \$	VESTED LTI ² \$	
Executives							
Rick Francis	2019	854,000	604,212	–	25,000	509,293	1,992,505
	2018	836,470	709,752	–	25,000	687,068	2,258,290
Nicholas Schiffer ³	2019	402,790	200,270 ⁴	–	13,766	–	616,826
	2018	560,200	81,180	–	20,290	–	661,670
Gerard Dover ³	2019	119,323	–	–	5,251	–	124,574
	2018	–	–	–	–	–	–

1. The STI received in 2019 represents cash amounts earned in relation to the individual's performance from FY2018 (not deferred) and from amounts previously deferred into Rights from both FY2016 and FY2017 (both under the Deferred STI Plan) that have now vested, including distribution equivalent amounts earned. The STI received in 2018 represents cash amounts earned in relation to the individual's performance from FY2017 (not deferred) and from amounts previously deferred into Rights from FY2015 and FY2016 (both under the Deferred STI Plan) that have now vested, including distribution equivalent amounts earned.

2. LTI received in 2019 relates to the vested 2015 LTI Tranche and was cash settled. (2018: In relation to vested 2014 LTI Tranche and cash settled).

3. Nicholas Schiffer ceased as CFO on 30 August 2019 and the period reported on is from 1 January 2019 until that date. Gerard Dover commenced as CFO on 8 October 2019 and the period reported on is from that date.

4. Excludes ex-gratia payment of \$100,000 on ceasing employment, to be paid in March 2020.

9.4 Executive Minimum Securityholding Policy

The MD is required to hold the equivalent of 100% of Fixed Remuneration in Securities within a three-year period. For the CFO, the requirement is the equivalent of 50% of Fixed Remuneration in Securities within a three-year period.

For these purposes, Securities include Securities and Rights earned but not yet vested (under the Deferred STI Plan).

Both the MD and CFO have met the requirements of the Executive Minimum Securityholding Policy.

For the statutory table of equity instruments held by executives refer to section 11.5.

10. NON-EXECUTIVE DIRECTOR FEES

10.1 Approach to Non-Executive Director Fees

Remuneration for NEDs is designed to ensure that Spark Infrastructure can attract and retain suitably qualified and experienced Directors. Unlike Executive remuneration, fees for NEDs are not linked to performance. However, all NEDs are expected to hold Securities to reflect alignment with Securityholder interests.

NED fees are reviewed annually utilising external market data or the advice of an independent consulting firm. NED fees take the following matters into consideration:

- the Board Chair's fee is a single fee inclusive of committee membership duties;
- the Board considers the relative workloads of committees in setting the fees applicable to committee chairs and committee members;
- members of committees shall be eligible to receive a committee membership fee in addition to the NED base fee; and
- NEDs may be appointed to special purpose committees established from time to time. NEDs who are members of special purpose committees may receive a one-off committee membership fee in addition to their other fees (for regular Board duties) to recognise the significant additional workload. Special purpose committee membership fees are determined by the Board.

10.2 Schedule of Fees

The fees for NEDs during 2019 are set out in the table below.

ROLE	2019 FEE ¹ \$	2018 FEE \$
Board Chair ²	303,000	303,000
Non-Executive Director Base	130,000	130,000
Audit, Risk and Compliance Committee (ARC) Chair	39,800	39,800
Audit, Risk and Compliance Committee member	19,900	19,900
Remuneration Committee (REMCO) Chair	34,200	34,200
Remuneration Committee member	17,100	17,100

1. There was no increase in NED fees for 2019.

2. The Board Chair fee is inclusive of all fees for committee memberships or attendance.

No fees are payable for membership of the Nomination Committee.

Except for the payment of statutory superannuation entitlements, NEDs do not receive any other post-employment benefits. The fees above include any allowances for statutory superannuation entitlements. The aggregate fee limit for NEDs approved by Securityholders is \$2 million per annum and is unchanged from 2015. There will be no change to the aggregate fee limit for 2020.

10. NON-EXECUTIVE DIRECTOR FEES CONTINUED

10.3 Statutory Remuneration of NEDs

The annual fees paid to NEDs (inclusive of statutory superannuation) for 2019 and 2018 were:

	YEAR	SHORT TERM BENEFITS				TOTAL (INCLUSIVE OF SUPER- ANNUATION) \$	POST- EMPLOYMENT
		DIRECTOR FEES \$	ARC FEES \$	REMCO FEES \$	DUE DILIGENCE CTEE FEES \$		SUPER- ANNUATION CONTRIBUTION ¹ \$
Current Non-Executive Directors							
Douglas McTaggart	2019	303,000	–	–	–	303,000	20,767
	2018	303,000	–	–	–	303,000	20,290
Andrew Fay	2019	130,000	19,900	–	–	149,900	13,005
	2018	130,000	19,900	–	–	149,900	13,005
Greg Martin	2019	130,000	–	22,359	–	152,359	13,218
	2018	130,000	–	17,100	–	147,100	12,762
Karen Penrose	2019	130,000	39,800	–	–	169,800	14,732
	2018	130,000	39,800	–	–	169,800	14,732
Miles George ²	2019	28,938	–	–	–	28,938	2,511
	2018	–	–	–	–	–	–
Anne McDonald ³	2019	119,582	18,305	27,571	–	165,458	14,355
	2018	130,000	19,900	34,200	–	184,100	15,972
TOTAL	2019	841,520	78,005	49,930	–	969,455	78,588
	2018	823,000	79,600	51,300	–	953,900	76,761

1. Contributions to personal superannuation on behalf of NEDs are deducted from their overall fee entitlements.

2. Miles George commenced as a Director on 11 October 2019 and the period reported on is from that date.

3. Anne McDonald retired as a Director with effect on 30 November 2019 and the period reported on is from 1 January 2019 until that date.

10.4 NED Fees from Other Entities

Where it is deemed appropriate for Spark Infrastructure to nominate NEDs for appointment as Directors of the boards of investment portfolio companies, those NEDs are entitled to receive fees in that capacity from those portfolio companies. Those Directors have separate corporate responsibilities to each company of which they are a Director. The Directors' duties they owe to the investment companies are separate and distinct from their responsibilities as NEDs of Spark Infrastructure. Fees received in their capacity as Directors on such boards are to compensate for those separate additional responsibilities. Those fees are determined and paid for by the investment portfolio company, not by Spark Infrastructure. The following Spark Infrastructure NEDs were Directors on boards and committees of investment portfolio companies during 2019.

Victoria Power Networks

Board Member	Annual Fee \$	Audit Committee	Annual Fee \$	Risk Committee	Annual Fee \$	Remuneration Committee	Annual Fee \$	Total Fees for 2019 \$
Anne McDonald ¹	75,000	Chair	15,000	Member	10,000	Member	10,000	100,658

1. Anne McDonald retired as a director of Victoria Power Networks with effect from 30 November 2019. Fees received for 2019 were on a pro-rata basis.

SA Power Networks

Board Member	Annual Fee \$	Audit Committee	Annual Fee \$	Risk Committee	Annual Fee \$	Remuneration Committee	Annual Fee \$	Total Fees for 2019 \$
Andrew Fay	75,000	Chair	15,000	Member	10,000	Member	10,000	110,000

Note that the Spark Infrastructure MD and CFO were both Directors on the Boards of Victoria Power Networks and SA Power Networks in 2019. However, all board and committee fees received for their services were paid to Spark Infrastructure. No separate board or committee fees are paid by TransGrid. Spark Infrastructure receives a shareholder allowance from TransGrid which covers the costs of Directors.

11. STATUTORY REMUNERATION DISCLOSURES (AUDITED)

11.1 Executive Statutory Remuneration (for the Years Ended 31 December 2019 and 31 December 2018)

The following table shows the statutory remuneration required to be disclosed for Executives in 2019 and 2018. These disclosures are calculated in accordance with Accounting Standards and will therefore differ from the information presented in the 2019 actual remuneration received table in Section 9.3 as the remuneration in the form of equity (Deferred STI and LTI) in this section is based on the amount expensed by the company over the vesting period, rather than the amount delivered or received by the Executive in the relevant year.

KMP		SHORT TERM BENEFITS			POST-EMPLOYMENT	BENEFIT BASED ON SECURITIES		TOTAL	
		CASH SALARY \$	STI CASH \$	NON MONETARY BENEFITS \$	SUPER-ANNUATION \$	DEFERRED STI – RIGHTS ¹ \$	LTI ² \$	CONTINGENT STI \$	STI PAYMENT
Rick Francis	2019	854,000	130,092	–	25,000	225,390	410,289	1,644,771	408,208
	2018	836,470	286,008	–	25,000	299,862	385,117	1,832,457	–
Nicholas Schiffer – ceased 30 August 2019	2019	402,790	–	–	13,766	(95,178)	(94,844)	226,534	–
	2018	560,200	161,144	–	20,290	102,218	61,096	904,948	–
Gerard Dover – commenced 8 October 2019	2019	119,323	–	–	5,251	–	–	124,574	–
	2018	–	–	–	–	–	–	–	–
TOTAL	2019	1,376,113	130,092	–	44,017	130,212	315,445	1,995,879	408,208
	2018	1,396,670	447,152	–	45,290	402,080	446,213	2,737,405	–

1. Represents the fair value of the component of the STI that is deferred in Rights – refer note 11.2.

2. Represents the fair value of the LTI recognised in the year – refer note 11.3.

3. Nicholas Schiffer resigned as CFO during the year and ceased to be CFO on 30 August 2019. The period reported on is from 1 January 2019 until 30 August 2019. Upon leaving, all of Mr Schiffer's outstanding Rights under the Deferred STI Plan and LTI Plan lapsed. A one-off ex-gratia cash payment of \$100,000 will be made to Mr Schiffer in March 2020 representing his service and contribution during 2019.

4. Gerard Dover commenced as CFO on 8 October 2019 and the period reported on is from that date.

The financial component of the STI plan relies on the Distribution Guidance gate being achieved. Due to the Full Federal Court appeal, the Board has made the decision to defer assessment of the Distribution Guidance gate until the outcome of the appeal is known (expected later in 2020). Accordingly, no amount under the financial component of the STI will be payable to the MD until the Distribution Guidance gate is assessed.

Therefore, only the non-financial component of the FY2019 STI for the MD (40% opportunity) has vested with 50% of the achievement paid in cash and 50% of achievement deferred into Rights to vest in equal proportions over 12 months and 24 months after the end of the STI performance period (namely 31 December 2019), subject to continued service through to the end of the relevant vesting period.

11. STATUTORY REMUNERATION DISCLOSURES (AUDITED) CONTINUED

11.2 Deferred STI at 31 December 2019

Shown below are the number of outstanding Rights received under the Deferred STI arrangements for 2017, 2018 and 2019, the year in which the Rights may vest, and the expense recognised.

The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant, amortised in accordance with the accounting standard requirements.

The deferred STI awards that vested as at 31 December 2019 will be settled with Spark Infrastructure Securities acquired on-market in March 2020.

KMP	GRANT DATE	FINANCIAL YEAR DEFERRED STI RELATES TO	RIGHTS GRANTED NO.	OPENING VWAP AT GRANT DATE \$	FAIR VALUE \$	DEFERRED STI EXPENSE IN 2019 \$	VESTING DATE
Rick Francis	1 January 2018	2017	59,788	2.61	156,047	52,016	31 December 2019
	1 January 2019	2018	61,906	2.31	143,003	71,501	31 December 2019
	1 January 2019	2018	61,906	2.31	95,335	47,668	31 December 2020
	1 January 2020	2019	30,682	2.12	32,523	32,523	31 December 2020
	1 January 2020	2019	30,682	2.12	21,682	21,682	31 December 2021
TOTAL			244,964		448,590	225,390	
Nicholas Schiffer – ceased 30 August 2019	1 January 2018	2017	16,126	2.61	LAPSED	(28,034)	LAPSED
	1 January 2019	2018	34,880	2.31	LAPSED	(40,286)	LAPSED
	1 January 2019	2018	34,880	2.31	LAPSED	(26,858)	LAPSED
TOTAL			85,886			(95,178)	
Gerard Dover – commenced 8 October 2019	–	–	–	–	–	–	–
TOTAL			330,850		448,590	130,212	

11.3 LTI at 31 December 2019

The table below shows details for the grants made under the LTI plan which are yet to vest, including the number of instruments granted, the years in which they may vest, and the fair value recognised.

Accounting standards require the estimated valuation of the grants recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant, amortised in accordance with the accounting standard requirements. Refer to prior year Remuneration Reports and section 6.2 for detail regarding LTI, including the relevant performance measures and other vesting conditions.

A liability is measured at the fair value of the Rights at the grant date. The fair value determined at the grant date is expensed on a straight-line basis in the profit or loss over the vesting period, there is no subsequent re-measurement of fair value until the date of settlement.

KMP	GRANT DATE	NUMBER OF RIGHTS GRANTED NO.	FAIR VALUE AT GRANT DATE \$/cps	FAIR VALUE AT GRANT DATE \$	LTI EXPENSE IN 2019 \$	VESTING DATE
Rick Francis	1 January 2016 ¹	276,589	1.08	298,716	74,679	31 December 2019
	1 January 2017 ²	234,978	2.11	495,804	123,951	31 December 2020
	1 January 2018 ²	207,537	1.97	408,848	102,212	31 December 2021
	1 January 2019 ²	247,338	1.77	437,788	109,138	31 December 2022
TOTAL		966,442		1,641,156	410,289	
Nicholas Schiffer – ceased 30 August 2019	1 January 2016 ¹	64,129	2.11	135,312	(67,496)	–
	1 January 2017 ²	55,529	1.97	109,392	(27,348)	LAPSED
	1 January 2018 ²	129,870	1.77	229,870	LAPSED	LAPSED
TOTAL		249,528		474,574	(94,844)	LAPSED
Gerard Dover – commenced 8 October 2019	–	–	–	–	–	–
TOTAL		1,215,970			315,445	

1. The 2016 LTI award was assessed against the following performance measure:

– **(100% of LTI award):** Spark Infrastructure's risk adjusted TSR (assessed against the constituent entities in the S&P/ASX 200 index) measured over a four-year period;

2. The LTI awards from 2017 and onwards are subject to the following performance measures:

– **Tranche 1 (50% of LTI award):** Spark Infrastructure's risk adjusted TSR (assessed against the constituent entities in the S&P/ASX 200 index) measured over a four-year period;

– **Tranche 2 (25% of LTI award):** Standalone OCF measured over a three-year period (the test period), plus require a further one-year service period; and

– **Tranche 3 (25% of LTI award):** Look-through OCF measured over a three-year period (the test period), plus a further one-year service period.

11.4 Movements in Rights during 2019

The movement in the number of Rights in relation to Deferred STI and LTI held by Executives during the year is set out below:

	OPENING BALANCE 1 JANUARY 2019 NO.	GRANTED AS REMUNER- ATION NO.	VALUE OF RIGHTS GRANTED ¹ \$	VESTED NO.	VALUE OF RIGHTS VESTED/ EXERCISED \$	LAPSED NO.	NET OTHER MOVEMENTS NO.	CLOSING BALANCE 31 DECEMBER 2019 NO.
Rick Francis	902,704	308,702	491,993	277,414	588,117	120,869	–	813,123
Nicholas Schiffer ²	173,292	129,870	229,221	–	–	303,162	–	–

1. The fair value of LTI Rights granted to Executives on 1 January 2019 is set out in table 11.3 and the fair value of STI Rights is set out in table 11.2.

2. Rights that lapsed were as a result of the assessment of the testing of the FY2016 LTI Award. See section 9.2 for further details

3. Mr Schiffer ceased as CFO on 30 August 2019 and all his Rights lapsed at that date.

11.5 Equity Instrument Disclosures Relating to Executives

The table below details the Spark Infrastructure stapled securities in which Executives held relevant interests during 2019:

	OPENING BALANCE 1 JANUARY 2019 NO.	NET MOVEMENT ACQUIRED/(DISPOSED) NO.	CLOSING BALANCE 31 DECEMBER 2019 NO.
Rick Francis	251,798	208,891 ¹	460,689
Gerard Dover	–	121,251	121,251

1. Securities acquired relate to Rights which vested on 31 December 2018 and via participation in the DRP during the year.

The calculation of Securities under the Executive Minimum Securityholding Policy includes interests in vested and unvested Rights under the Deferred STI Plan.

Excluded from Table 11.4 above are 277,414 Rights that vested at 31 December 2019 in respect of both Deferred STI and LTI (Excluded Vested Rights) but which have not yet been converted to securities and transferred to the holdings of the Executive. The number of Excluded Vested Rights does not include additional Rights in respect of distribution equivalents applicable to the deferral years and is calculated pre the application of tax. Rights are expected to be converted to Securities and transferred to executives during March 2020.

11.6 Equity Instrument Disclosures Relating to Non-Executive Directors

The relevant interest of each NED for 2019 is as follows:

	OPENING BALANCE 1 JANUARY 2019 NO.	NET MOVEMENT ACQUIRED (DISPOSED) NO.	CLOSING BALANCE 31 DECEMBER 2019 NO.
Douglas McTaggart	180,000	6,345	186,345
Andrew Fay	238,590	–	238,590
Greg Martin	100,000	–	100,000
Karen Penrose	55,300	1,949	57,249
Miles George	–	100,000	100,000
Anne McDonald ¹	71,000	–	–

1. Anne McDonald retired on 30 November 2019.

Spark Infrastructure has introduced a minimum Securityholding requirement with effect from 1 January 2017, whereby NEDs must hold the equivalent of one year's base fees (assessed from the later of 1 January 2017 or the date of appointment to the Board) and will be required to do so within a period of three years. The Securityholding requirement will apply throughout tenure of directorship. All NEDs have met the requirements of the NED Minimum Securityholding Policy.

STATUTORY DECLARATIONS

Attendance at Directors' Meetings

The following table sets out the number of Directors' meetings held during 2019 and the number of meetings attended by each Director which they were eligible to attend (that is, in the case of Directors, while they were appointed and provided they were not disqualified from attending because of observation of processes to guard against any perceived conflict of interest).

During 2019, fifteen Board meetings, six Audit, Risk and Compliance Committee (ARC) meetings, three Remuneration Committee (RemCo) meetings, one Nomination Committee (NomCo) and one Insurance Sub-committee meeting of the company were held. References to meetings "Held" means the number of meetings a Director was eligible to attend.

	BOARD OF DIRECTORS		ARC		REMCO		NOMCO		INSURANCE SUB-CO	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dr Douglas McTaggart	15	14	–	–	3	2	1	1	1	1
Mr Rick Francis	15	15	–	–	–	–	–	–	1	1
Mr Andrew Fay	15	15	6	6	–	–	1	1	–	–
Mr Greg Martin	15	14	–	–	3	3	1	1	–	–
Ms Anne McDonald	14	12	5	5	3	3	1	1	–	–
Ms Karen Penrose	15	15	6	6	–	–	1	1	1	1
Mr Miles George	3	3	–	–	–	–	–	–	–	–

By agreement with the committee chairs, there is a standing invitation for all Directors to attend committee meetings. During 2019, Directors took up these invitations and attended a number of committee meetings.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Directors and former Directors of Spark RE and the officers of Spark RE are indemnified under Spark RE's constitution against all liabilities to another person that may arise from their position as Directors or officers of Spark RE subject to the limitations imposed by the *Corporations Act 2001*.

During 2019, the Trust paid a premium in respect of a contract of insurance indemnifying the Directors against a liability incurred as a Director to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The entities have not otherwise, during or since the end of 2019, indemnified or agreed to indemnify an officer or auditor of the Trust or of any related body corporate against a liability incurred as an officer or auditor, except to the extent permitted by law.

NON-AUDIT SERVICES

Details of amounts paid or payable to the external auditor for non-audit services provided during 2019 are outlined in Note 15 to the financial statements.

The Directors are satisfied that the non-audit services provided by the auditor are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are of the opinion that the services as disclosed in Note 15 to the financial statements do not compromise the external auditor's independence, based on advice received from the ARC, for the following reasons:

- non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and comply with Spark Infrastructure's policy on auditor independence; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110, *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, which includes reviewing or auditing the auditor's own work, acting in a management or decision-making capacity, acting as an advocate or jointly sharing economic risks and rewards of Spark Infrastructure.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 82.

ENVIRONMENTAL REGULATIONS

Spark Infrastructure is not subject to any environmental regulations. However, SA Power Networks, Victoria Power Networks and TransGrid are subject to various environmental regulations. The Directors are not aware of any material breaches of those regulations by either SA Power Networks, Victoria Power Networks or TransGrid. With respect to Bomen, so far as the directors are aware, there have not been any material breaches of licences or approvals and all activities for Bomen have been undertaken in compliance with the relevant environmental regulations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Except as otherwise disclosed, there was no significant change in the state of affairs of Spark Infrastructure during 2019.

INFORMATION APPLICABLE TO REGISTERED SCHEMES

Spark RE is the responsible entity of the Trust. Spark RE does not hold any stapled securities. The number of stapled securities at the beginning and end of 2019 is disclosed in Note 12 to the financial statements.

OPTIONS OVER STAPLED SECURITIES

No options have been granted over the unissued Units of the Trust or stapled securities of Spark Infrastructure.

EVENTS OCCURRING AFTER REPORTING DATE

The Directors of Spark Infrastructure are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly affected or may significantly affect the operations or the state of affairs in the period since 31 December 2019 up to the date of this report.

ROUNDING OF AMOUNTS

As permitted by ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors:



D McTaggart
Chair



R Francis
Managing Director

Sydney
25 February 2020