

# SPARK INFRASTRUCTURE GROUP CORPORATE GOVERNANCE STATEMENT

## Introduction

### Background

Spark Infrastructure was listed on the ASX in December 2005.

Spark Infrastructure's particular legal framework and structure is important to understanding its governance framework.

Spark Infrastructure comprises three companies and a trust, the securities of which are stapled together. The companies are Spark Infrastructure Holdings No. 1 Limited, Spark Infrastructure Holdings No. 2 Limited and Spark Infrastructure Holdings International Limited. The trust is Spark Infrastructure Trust. These entities are referred to as the "Stapled Entities". A share in each of the companies, a unit in Spark Infrastructure Trust and a loan note issued by the responsible entity for Spark Infrastructure Trust are each "stapled" together to form the "Stapled Securities" of Spark Infrastructure which trade on the ASX effectively as one security.

Spark Infrastructure is managed by Spark Infrastructure Management Limited ("Manager"). The Manager and Spark Infrastructure RE Limited (the responsible entity of Spark Infrastructure Trust) are ultimately owned 50% each by Cheung Kong Infrastructure Holdings Limited ("CKI") and ("RREEF") Infrastructure, which is ultimately owned by Deutsche Bank AG. Under the Management Agreement, the Manager is contracted, for a fee, to provide management services to Spark Infrastructure including making available appropriately qualified individuals to perform the functions allocated to the Manager under the Management Agreement.

### Policies and Charters

Spark Infrastructure's corporate governance policies were set out in its Prospectus/Product Disclosure Statement document and have been reviewed by the Boards. Spark Infrastructure's corporate governance policies and charters are described below by reference to the revised ASX Corporate Governance Council Principles of Good Corporate Governance and Recommendations (August 2007) (referred to as the "Guidelines"). Where Spark Infrastructure's practice differs from the Recommendations in the Guidelines, this is stated.

For ease of reference below, the term the "Board" is used in reference to the Boards of Spark Infrastructure Holdings No. 1 Limited, Spark Infrastructure Holdings No. 2 Limited, Spark Infrastructure RE Limited as responsible entity for Spark Infrastructure Trust and Spark Infrastructure Holdings International Limited. Where a particular entity has different arrangements from those described, this is mentioned specifically.

The tabular format below is adopted for ease of reference.

<b>Principle 1</b>	<b>Lay solid foundations for management and oversight</b> Companies should establish and disclose the respective roles and responsibilities of the board and management.
<b>Recommendation 1.1</b>	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.  Spark Infrastructure has adopted a Board Charter which sets out the functions and responsibilities of the Board and the role of the Manager. Spark Infrastructure's Board Charter is available on the Spark Infrastructure website.
<b>Recommendation 1.2</b>	Companies should disclose the process for evaluating the performance of senior executives.  Spark Infrastructure does not have senior executives. Under the Board Charter, the Board is required to review the performance of the Chief Executive Officer of the Manager, at least annually.
<b>Recommendation 1.3</b>	Companies should provide the information indicated in the Guide to reporting Principle 1.  Refer Recommendations 1.1 and 1.2.
<b>Principle 2</b>	<b>Structure the board to add value</b> Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
<b>Recommendation 2.1</b>	A majority of the board should be independent directors.  <i>Board Structure</i> Spark Infrastructure has adopted the definition of an independent director from the Guidelines.  Spark Infrastructure Holdings No. 1 Limited, Spark Infrastructure Holdings No. 2 Limited and Spark Infrastructure RE Limited share a common Board of directors which is comprised of two CKI representatives, two RREEF Infrastructure representatives and four independent directors.  In the case of Spark Infrastructure Holdings No. 1 Limited, Spark Infrastructure Holdings No. 2 Limited and Spark Infrastructure Holdings International Limited, Stapled Security Holders elect the independent directors and the Manager appoints the representatives of CKI and RREEF Infrastructure through a special voting share which grants the right to appoint half of the maximum number of directors. In the case of Spark Infrastructure RE Limited, CKI and RREEF Infrastructure have the right to appoint all of the directors.

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Recommendation 2.1 continued	<p>CKI and RREEF Infrastructure have undertaken to ensure that all of the directors of Spark Infrastructure Holdings No. 1 Limited, Spark Infrastructure Holdings No. 2 Limited, Spark Infrastructure RE Limited, and to the extent relevant, Spark Infrastructure Holdings International Limited are common.</p> <p>Stephen Johns (Chairman), Don Morley, Cheryl Bart and Anne McDonald (who replaced Peter St George effective 1 January 2009) are independent directors. Hing Lam Kam and Andrew Hunter are CKI representatives and John Dorrian and Timothy Keith (who replaced Shaun Mays effective 17 March 2008) are RREEF Infrastructure representatives.</p> <p>The composition of the Board provides an appropriate balance between the expertise and resources brought to Spark Infrastructure by CKI and RREEF Infrastructure to fulfil Spark Infrastructure's investment mandate and the additional rigour and assurance provided by the fact that half of the directors are independent directors. Spark Infrastructure believes that all of its directors act independently in the best interests of Spark Infrastructure and each also provides skills and experience which enhance Spark Infrastructure's ability to fulfil its investment mandate.</p> <p>In addition, Spark Infrastructure maintains internal procedures to guide the Board in considering transactions that involve CKI or RREEF Infrastructure whether directly in an acquisition or disposal or indirectly such as through co-participation in a transaction or appointment as adviser for the purposes of a transaction. The procedures set out how the Board considers and votes on such matters and reinforce the obligation of directors to avoid conflicts of interest.</p> <p>The directors of Spark Infrastructure Holdings International Limited are Stephen Johns, Timothy Keith and Andrew Hunter. The Board composition of Spark Infrastructure Holdings International Limited is of an interim nature and will be reviewed once a decision is made to acquire an offshore asset.</p>
<b>Recommendation 2.2</b>	<p>The chair should be an independent director.</p> <p>The Chairman Stephen Johns is an independent director.</p>
<b>Recommendation 2.3</b>	<p>The roles of chair and chief executive officer should not be exercised by the same individual.</p> <p>The role of the Chairman is not combined with the Chief Executive Officer of the Manager, and may not be so under the Board Charter.</p>
<b>Recommendation 2.4</b>	<p>The board should establish a nomination committee.</p> <p>Given the size and nature of Spark Infrastructure, the Board has not established a Nominations Committee. The role and responsibilities typically delegated to a Nomination Committee are undertaken by the Board.</p>
<b>Recommendation 2.5</b>	<p>Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.</p> <p>Under the Board Charter, the Board is required to review its own performance, the performance of individual directors, any director to be elected or re-elected and Board committees.</p> <p>A description of Spark Infrastructure's performance evaluation process is available on the Spark Infrastructure website.</p>
<b>Recommendation 2.6</b>	<p>Companies should provide the information indicated in the Guide to reporting on Principle 2:</p> <ul style="list-style-type: none"> <li>• the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report</li> </ul> <p>Each director brings skills relevant to the successful conduct of the Spark Infrastructure businesses. These include, on a combined basis, experience in infrastructure businesses, financial analysis and reporting skills, knowledge of the Asset Companies, experience in corporate activity such as mergers, acquisitions and structuring of transactions, experience in corporate governance and disclosure matters, experience in financial services and licence obligations. Further details are contained in the Director biographies at pages 8 to 9 in the Directors' Report.</p> <ul style="list-style-type: none"> <li>• the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds</li> </ul> <p>Refer Recommendation 2.1.</p> <ul style="list-style-type: none"> <li>• a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company</li> </ul> <p>The letter of appointment to directors states that, with the approval of the Chairman, directors may seek independent professional advice at the expense of the relevant company within Spark Infrastructure, on any matter connected with the discharge of a director's responsibilities as a member of the Board.</p>

Recommendation 2.6 continued	<ul style="list-style-type: none"> <li>the period of office held by each director in office at the date of the annual report</li> </ul> <p>The director appointment dates are set out in the Director biographies at pages 8 to 9 in the Directors' Report.</p> <ul style="list-style-type: none"> <li>the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out</li> </ul> <p>Refer Recommendation 2.4.</p> <ul style="list-style-type: none"> <li>whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed.</li> </ul> <p>A performance evaluation for the board, the Audit &amp; Risk Management Committee and directors has taken place in the reporting period in accordance with the process disclosed.</p>
<b>Principle 3</b>	<p><b>Promote Ethical and Responsible Decision-Making</b> Companies should actively promote timely ethical and responsible decision-making.</p>
<b>Recommendation 3.1</b>	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity</li> <li>the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul> <p>Spark Infrastructure is committed to high standards of ethics and conduct on the part of its directors and the employees of the Manager. Spark Infrastructure's Code of Conduct is available on the website and it applies to both the directors of Spark Infrastructure and directors and employees of the Manager.</p>
<b>Recommendation 3.2</b>	<p>Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.</p> <p>Spark Infrastructure has adopted a Trading Policy which applies to directors of Spark Infrastructure and directors and employees of the Manager.</p>
<b>Recommendation 3.3</b>	<p>Companies should provide the information indicated in the Guide to reporting on Principle 3:</p> <ul style="list-style-type: none"> <li>any applicable code of conduct or a summary</li> <li>the trading policy or a summary.</li> </ul> <p>Spark Infrastructure's Code of Conduct and Trading Policy are available on the Spark Infrastructure website.</p>
<b>Principle 4</b>	<p><b>Safeguard integrity in financial reporting</b> Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.</p>
<b>Recommendation 4.1</b>	<p>The board should establish an audit committee.</p> <p>The Board has established an Audit and Risk Management Committee.</p>
<b>Recommendation 4.2</b>	<p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>consists only of non-executive directors</li> <li>consists of a majority of independent directors</li> <li>is chaired by an independent chair, who is not chair of the board</li> <li>has at least three members.</li> </ul> <p>Spark Infrastructure's Audit and Risk Management Committee is structured in accordance with the Recommendation. Its members are Don Morley (Chairman), Cheryl Bart, Anne McDonald, Andrew Hunter and John Dorrian.</p>
<b>Recommendation 4.3</b>	<p>The audit committee should have a formal charter.</p> <p>The Audit and Risk Management Committee has adopted a formal charter.</p>

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<p><b>Recommendation 4.4</b></p>	<p>Companies should provide the information indicated in the Guide to reporting on Principle 4:</p> <ul style="list-style-type: none"> <li>the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out</li> </ul> <p>Refer Recommendation 4.2 and the Director biographies on pages 8 to 9 in the Directors' Report.</p> <ul style="list-style-type: none"> <li>the number of meetings of the audit committee</li> </ul> <p>This is disclosed at page 15 of the Directors' Report.</p> <ul style="list-style-type: none"> <li>the audit committee charter and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.</li> </ul> <p>This information is available on the Spark Infrastructure website.</p>
<p><b>Principle 5</b></p>	<p><b>Make timely and balanced disclosure</b> Companies should promote timely and balanced disclosure of all material matters concerning the company.</p>
<p><b>Recommendation 5.1</b></p>	<p>Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.</p> <p>These matters are addressed in Spark Infrastructure's Disclosure Policy.</p>
<p><b>Recommendation 5.2</b></p>	<p>Companies should provide the information indicated in the Guide to reporting on Principle 5:</p> <ul style="list-style-type: none"> <li>the policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements.</li> </ul> <p>Spark Infrastructure's Disclosure Policy is available on the Spark Infrastructure website.</p>
<p><b>Principle 6</b></p>	<p><b>Respect the rights of shareholders</b> Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.</p>
<p><b>Recommendation 6.1</b></p>	<p>Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p> <p>Spark Infrastructure has developed a Stapled Security Holder Communication Policy.</p> <p>Spark Infrastructure's website also contains information designed to assist Stapled Security Holders to understand Spark Infrastructure and keep abreast of latest developments. For example, all ASX announcements are posted on the Spark Infrastructure website, as are web-casts of briefings to analysts and annual general meetings.</p>
<p><b>Recommendation 6.2</b></p>	<p>Companies should provide the information indicated in the Guide to reporting on Principle 6:</p> <ul style="list-style-type: none"> <li>the company should describe how it will communicate with its shareholders publicly.</li> </ul> <p>Spark Infrastructure's Stapled Security Holder Communication Policy is available on the Spark Infrastructure website.</p>
<p><b>Principle 7</b></p>	<p><b>Recognise and manage risk</b> Companies should establish a sound system of risk oversight and management and internal control.</p>
<p><b>Recommendation 7.1</b></p>	<p>Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p> <p>The Board is responsible for overseeing the processes in place to manage risk. It has delegated the detailed performance of this function to the Audit and Risk Management Committee. The Committee and the Board have both approved Spark Infrastructure's Risk Management Policy. The Board has also established a Compliance Committee.</p>
<p><b>Recommendation 7.2</b></p>	<p>The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p> <p>The Audit and Risk Management Committee and the Board have both approved Spark Infrastructure's Risk Management Policy. The company has established a risk management framework to support the Risk Management Policy. A risk register exists for the effective management and reporting of material business risks. The Audit &amp; Risk Management Committee receives regular reports on risk management. The Board also receives reports on the effectiveness of Spark Infrastructure's management of its material business risks.</p>

<b>Recommendation 7.3</b>	<p>The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p> <p>The Chief Executive Officer and Chief Financial Officer of the Manager provide the required statement in relation to half year and full year financial reports.</p>
<b>Recommendation 7.4</b>	<p>Companies should provide the information indicated in the Guide to reporting on Principle 7:</p> <ul style="list-style-type: none"> <li>• whether the board has received the report from management under Recommendation 7.2</li> </ul> <p>Refer Recommendation 7.2.</p> <ul style="list-style-type: none"> <li>• whether the board has received assurance from the chief executive officer and the chief financial officer under Recommendation 7.3</li> </ul> <p>Refer Recommendation 7.3.</p> <ul style="list-style-type: none"> <li>• a summary of the company's policies on risk oversight and management of material business risks.</li> </ul> <p>A summary of Spark Infrastructure's Risk Management Policy is available on the Spark Infrastructure website.</p>
<b>Principle 8</b>	<p><b>Remunerate fairly and responsibly</b></p> <p>Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.</p>
<b>Recommendation 8.1</b>	<p>The board should establish a remuneration committee.</p> <p>The Board has not established a Remuneration Committee. Given the limited exposure to remuneration expenses, the Board does not consider it necessary or appropriate to constitute a Remuneration Committee.</p>
<b>Recommendation 8.2</b>	<p>Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p> <p>The non-executive directors' remuneration is disclosed at page 16 in the Directors' Report. Spark Infrastructure does not have senior executives. One of the responsibilities of the Manager under the Management Agreement is to make available senior executives to the Stapled Entities. Spark Infrastructure pays the Manager a management fee disclosed in Note 24 to the Financial Statements which is calculated by reference to the enterprise value of Spark Infrastructure and its performance as a listed structure with no reference to the remuneration paid to senior executives of the Manager. The Manager is responsible for and must bear the costs incurred by it in providing the management services, including staff costs.</p> <p>On the basis of this structure, the remuneration details of individuals employed by the Manager are not disclosed in the financial reports.</p> <p>Board remuneration policy is discussed at pages 16 to 17 in the Directors' Report.</p>
<b>Recommendation 8.3</b>	<p>Companies should provide the information indicated in the Guide to reporting on Principle 8:</p> <ul style="list-style-type: none"> <li>• the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out</li> </ul> <p>Refer Recommendations 8.1 and 8.2. The Remuneration Report is set out at pages 16 to 17 in the Directors' Report.</p> <ul style="list-style-type: none"> <li>• the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors</li> </ul> <p>There are no retirement benefit schemes in existence.</p> <ul style="list-style-type: none"> <li>• the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee</li> </ul> <p>Spark Infrastructure does not have a remuneration committee. Refer Recommendation 8.1 and 8.2.</p> <ul style="list-style-type: none"> <li>• a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.</li> </ul> <p>Spark Infrastructure does not have an equity compensation scheme in place for its directors; nor does the Manager pay equity based compensation to its staff.</p>