

SPARQ Solutions Pty Ltd ("SPARQ Solutions") is committed to establishing a rigorous framework for the assessment and approval of its investment opportunities. By doing so:

- Shareholders can have confidence that investments made by SPARQ Solutions provide returns matching or exceeding their internal investment thresholds; and
 - Overall business outcomes are enhanced by undertaking a critical and impartial screening process of investment alternatives so that scarce resources are allocated effectively and efficiently.
1. The assessment framework adopted by SPARQ Solutions is outlined in the ENERGEX documents "Business Cases for Capital Investment Proposals" BMS 01266¹, "Investment Assessment and Approval Process" BMS 01987², ENERGEX Investment Hurdle Rates³ and supporting forms 2215, 2217⁴ and 2218⁵. Any deviation from the processes set out in these documents or differences in terminology or application, except to the extent that these refer to ENERGEX specific positions or approval processes must be approved by the Chief Executive Officer, SPARQ Solutions.
 2. The ENERGEX process framework provides for development of comprehensive business cases based upon the materiality of investments. SPARQ Solutions does not require business cases to be prepared where investments take place under annual replacement policies (eg personal computers) or where the underlying asset is owned primarily for the benefit of one or more shareholders or their related parties:
 - A preliminary business case will be prepared for all eligible proposed investments;
 - Investments \geq \$250,000 require preparation and approval of a formal business case;
 - Investments $<$ \$250,000 require preparation and approval of a small business case.
 3. The investment return threshold to be applied in business cases is the Regulated Cost of Capital approved by the QCA from time to time for use by each SPARQ Solutions shareholder. Any investment which is assessed as not delivering this benchmark return must be approved by the Board if it is considered necessary by the Chief Executive Officer to proceed with the investment. If the QCA approved Regulated Cost of Capital is not the same for both shareholders, SPARQ Solutions will apply the highest approved rate in use at the time in its evaluations.
 4. Timeframes used in the financial evaluation of a business case must be based upon the effective working life of the underlying asset but in no case may the evaluation period exceed five years.
 5. Benefits may be realised internally within SPARQ Solutions or within client operations. Where such savings will be realised within a clients' operations these savings must be confirmed with the client before approval of the Business Case.
 6. Business cases must be approved by an authorised SPARQ Solutions financial delegate. IT systems investment proposals relating to IT systems must also be reviewed by JISIC for consistency with the principles of Joint IT. Proposals not consistent with Joint IT principles will not be proceeded with unless there are compelling reasons to do so and this is approved by the Board.
 7. A post implementation review will be undertaken within 12 months of commissioning of any investment approved under this policy. Findings will be reported to the Board where the investment cost at completion is \geq \$250,000.

¹ Version 3 approved 24 October 2002

² Version 1 approved 7 November 2001

³ Version 2 approved 1 June 2005

⁴ Approved 23 June 2005

⁵ Approved 23 June 2005