



# CORPORATE GOVERNANCE STATEMENT

September 2019

ERM Power Limited  
ABN 28 122 259 223

# Contents

Corporate Governance Statement.....	2
Principle 1 – Lay solid foundations for management and oversight.....	2
Principle 2 – Structure the Board to add value.....	6
Principle 3 – Act ethically and responsibly .....	9
Principle 4 – Safeguard integrity in corporate reporting .....	10
Principle 5 – Make timely and balanced disclosure .....	11
Principle 6 – Respect the rights of security holders .....	11
Principle 7 – Recognise and manage risk.....	12
Principle 8 – Remunerate fairly and responsibly.....	13

# Corporate Governance Statement

ERM Power Limited's (Company) board (Board) and management are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the ERM Power Group (Group) in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place and complied with all the ASX Corporate Governance Principles and Recommendations 3<sup>rd</sup> edition (Principles and Recommendations) for the entire year ending 30 June 2019 (reporting period).

Although the 4<sup>th</sup> edition of the ASX Corporate Governance Principles and Recommendations is not required to be reported against until the financial year ending 30 June 2021, the Company has early adopted, such that it was compliant with the 4<sup>th</sup> edition from 1 July 2019.

This Corporate Governance statement was approved by the Board and is current as at 25 September 2019.

## Principle 1 – Lay solid foundations for management and oversight

### The role of the Board and management

The Board is responsible for governance and provides overall strategic guidance for the Group and effective oversight of management.

The role of the Board and ability to delegate to management has been formalised in the Company's Board Charter. The Board Charter, along with other charters and policies of the Group, can be found on the Company's website.

As set out in the Board Charter, the responsibilities of the Board include:

- oversight of financial and capital management;
- reporting to shareholders in accordance with the requirements of the Corporations Act or other relevant law;
- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- appointment, performance assessment and, if necessary, removal of the Managing Director (MD);
- ratifying the remuneration, succession plans, appointment and/or removal of the members of the Executive Team including the Chief Financial Officer and the Company Secretary;
- reviewing and approving business plans, the annual budget and financial plans including capital structure and financing arrangements;
- determining the dividend policy and approval of dividends;
- recommendations to shareholders regarding the appointment of auditors;
- reviewing and ratifying policies and systems of risk management, codes of conduct, legal compliance and corporate governance; and
- approving and monitoring policies in regard to environmental, employment and occupational, health and safety matters as well as relationships with other stakeholders, including the community at large.

The Board has delegated to the MD responsibility for the day to day affairs, financial performance, and operation of the Group, and the authority to control all affairs in relation to all matters other than those responsibilities reserved by the Board in the Board Charter.

The MD has made further delegations to senior executives related to the Company's day to day affairs, within the Board approved delegations and is accountable to the Board for the exercise of those delegated powers.

## Appointments to the Board

Prior to appointment of any proposed director, appropriate background and other checks are undertaken and considered before the Remuneration & Nomination Committee will recommend a candidate(s) for consideration by the Board as a whole. New directors are issued with a formal letter of appointment that sets out the key terms and conditions of their appointment, and the appointment is subject to signed acceptance of the Company's Board governance protocols. These protocols outline their director's duties, conduct expected of directors, meeting procedures, rights and responsibilities, and the Board's expectations regarding time commitment.

The Company provides shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a non-executive director in the AGM notice of meeting.

## The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its committees on governance matters, monitoring that the Board and committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

## Gender Diversity

ERM Power is committed to building a workplace which supports and encourages diversity. The Company's Diversity Policy, available on the website, outlines the commitment to fostering a corporate culture that promotes opportunity and embraces diversity. This helps build an inclusive culture where individuals are encouraged to draw on their unique set of skills, experience and background, contributing to an environment of high performance. ERM Power regularly undertakes diversity reporting to monitor progress towards this commitment and to track progress against achievement of measurable objectives as set by the Board.

The Remuneration & Nomination Committee has responsibility for diversity at all levels of the Company, including the Board. This is actively supported by the Executive Team.

Recognising that leadership starts at the top of an organisation, on 1 March 2019 Julieanne Alroe was appointed Chair of the ERM Power Board. Having a female chair places ERM Power into a small group with only 5% of ASX 300 companies<sup>1</sup> with a female chair. With two female directors, ERM Power also meets the 30% minimum gender board composition requirements.

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<sup>1</sup> Source: The Watermark Search International Board Diversity Index 2018

At the end of FY2019 females represented 44% of the permanent and fixed term employees across the Group as shown below:

Categories	Female		
	FY2019	FY2018	Change
Board (including the MD)	33%	14%	+19%
Senior executives <sup>2</sup>	27%	25%	+2%
<b>Total Group<sup>3</sup></b>	<b>44%</b>	<b>43%</b>	<b>+1%</b>

A number of strategic initiatives were implemented during FY2019 in support of the diversity objectives. An overview of these initiatives and progress against hard targets is outlined in Table 1:

Table 1: Progress against objectives FY2019<sup>4</sup>

Measurable Objective	Progress
1. Embed formal talent identification and succession planning	<ul style="list-style-type: none"> <li>A dedicated budget during FY2019 included a comprehensive program of Learning and Development; including 'Women in Leadership', 'Emerging Leaders' and 'Business Leaders' courses</li> <li>Succession plans have been formalised for all executive and key roles across the organisation</li> <li>Monthly diversity updates and weekly executive meetings schedules incorporate emphasis on vacancies and opportunities to promote and develop staff.</li> <li>Personalised development plans have been implemented for talent identified as potential successors to key or executive roles</li> </ul>
2. Ensure a woman is on the shortlist for all vacant roles	<ul style="list-style-type: none"> <li>For FY2019 73% achievement</li> </ul>
3. Sponsor scholarships and events that build recruitment brand and employee value proposition (EVP)	<ul style="list-style-type: none"> <li>ERM hosted and participated in many events in 2018/19 to build profile and attract and retain talent. We've partnered with Australian Industry Group and Women in Mining and Resources to host events which were enormously well received. Additionally, undergraduate scholarships for Women in STEM were awarded in June with candidates employed in the Company's first graduate program, an important part of building the pipeline.</li> <li>The second Women in Leadership Program concluded in late 2018 with high potential women from across the business participating in this course focussed on self-reflection, removing blockers, seeing the possibilities and career coaching.</li> </ul>
4. Actively support flexible working arrangements	<ul style="list-style-type: none"> <li>As at 30 June 2019: <ul style="list-style-type: none"> <li>part time workers represented 8.6% (2018:6.8% including the US) of ERM Power's total workforce.</li> <li>71.4% (2018:70%) of ERM Power's part time workforce were female)</li> </ul> </li> </ul>

<sup>2</sup> Senior executives include the MD & CEO, other executives/general managers and senior managers as defined by the Workplace Gender Equality Agency (WGEA) management categories.

<sup>3</sup> Excluding non-executive directors and inclusive of the Out Performers group in 2019 and US personnel in 2018.

<sup>4</sup> Targets, progress against targets exclude the Out Performers group, which was acquired during the period.

Measurable Objective	Progress
5. 65% of new hires (appointments) to be women	• Women were appointed to 54% (38 of 70) of vacant roles
6. 50% of promotions to go to women hard target	• Women represented 43% (6 of 14) of promotions
7. 40% of manager roles to be occupied by women	• Women represented 40% (30/76) of manager roles (as defined by WGEA)
8. All remuneration, promotions and succession to be actively considered through the lens of gender diversity e.g. dedicated exec moderation of rem reviews (detailed regular reporting and moderation are embedded)	<ul style="list-style-type: none"> <li>• Scheduled review of the People and Diversity Report to the Executive Team every two months so that progress against goals is tracked and issues identified for attention.</li> <li>• The gender pay gap at a base salary level is now under 9% in five of the 12 relevant categories.</li> </ul>
9. Achieving gender diversity in the composition of the Board to have not less than 30% of its directors of each gender	• At June 2019 the Board of 6 included 2 females, thus having achieved the minimum 30% of each gender.

Key performance indicators (KPIs) to build gender diversity are included Company's balanced scorecard which forms the MD & CEO's short-term incentive, and thus, a proportion of their short-term incentive for all other Group employees. The KPI's included in the 2019 Balanced Scorecard are contained within the Remuneration Report.

Reporting requirements were introduced on 1 April 2013 which incorporated a revised workplace profile and a reporting questionnaire for each of the 'gender equality indicators' (GEIs). A copy of ERM Power's and Out Performer's reports for the year ended 31 March 2019 were lodged with the Workplace Gender Equality Agency and are available on the Company's website at <https://ermpower.com.au/investors-media/reports-presentations/>. The WGEA reports are specific to the Australian workforce.

### Gender Pay Audit<sup>5</sup>

A gender pay audit was completed during the period for base salary levels using WGEA job categories reflecting a pay gap greater than 9% in five of the 12 WGEA job categories. The pay gap has reduced in the past two years due to the changing gender mix across the business, including at senior levels, but remains challenging in the Professionals and Other Managers categories. These both have diverse groups of professions in which women are over represented in the typically lower paid professions and men over-represented in the higher paid professions. ERM Power also has had more women join the organisation though at more junior levels in recent years while senior roles have had lower turnover. The targets and programs of work outlines above aim to improve the gender mix and build the talent pipeline through to senior levels while addressing pay gaps.

### Board, committee and director performance evaluations

Through the Remuneration & Nomination Committee, the directors periodically review the performance of the whole Board and Board committees. An external facilitator was last engaged to conduct a full Board performance review in June 2019. The review was based on completion of a questionnaire by all Directors using a High Performance Board Model to provide the framework for the basis of the questionnaire to gauge the approach to governance. The Board identified opportunities for improvement in the areas of review of

<sup>5</sup> The Gender Pay audit completed during the period excluded the Out Performers group, which was acquired during the period.

succession plans and performance overview of senior executives, crisis management planning, Board succession planning, induction and code of conduct.

## Senior executive performance evaluations

The performance of all senior executives, including the MD, is reviewed annually against:

- a) A set of personal, financial and non-financial goals;
- b) Company goals; and
- c) Adherence to the Company's policies, commitments, values and principles.

The Remuneration & Nomination Committee reviews and makes recommendations to the Board concerning the fixed remuneration and incentive packages of the MD and all senior executives who report directly to the MD (the "Executive Team") with reference to external benchmarking indicators where available. Performance reviews for the Executive Team were conducted during the reporting period in accordance with this process.

Further information on executive remuneration is contained in the Remuneration Report.

At the time of joining the Company, directors and senior executives are provided with letters of appointment, together with key Company documents and information setting out their term of office, duties, rights and responsibilities, and entitlements on termination.

## Principle 2 – Structure the Board to add value

At the end of the reporting period, the Company had a six-member Board comprising an independent non-executive Chair, three independent non-executive directors, one non-executive director and a Managing Director, which accords with Recommendations 2.4 and 2.5.

The Company seeks to have directors with a broad range of experience, expertise, skills, qualifications and an understanding of, and competence to deal with, current and emerging issues of the Company's business. The Company's succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board. The director's profiles and details of their skills, experience and special expertise are set out in the Directors' Report.

### The Chair

The principal role of the Chair is to provide leadership to the Board, to ensure the Board works effectively and discharges its responsibilities, and to encourage a culture of openness and debate fostering a high-performing and collegial team. The Chair will not be the same person as the MD & CEO to ensure there is effective Board oversight of management's activities.

The Chair:

- Represents the Board to the shareholders and communicates the Board's position;
- Serves as the primary link between the Board and management; and
- Sets the agenda for each Board meeting in consultation with the MD and Company Secretary and is responsible for ensuring that all directors are adequately briefed in relation to issues addressed at Board meetings.

The Board is conscious of the time commitment required of directors and the Chair in particular. The Board is satisfied that the Chair makes sufficient time available to serve the Group effectively and that none of her other commitments interfere with the discharge of her responsibilities to the Group.

### Director's Independence

In accordance with Recommendation 2.3 of the Principles and Recommendations, the Board considers each director's independence on a regular basis and formed the view that during the reporting period, and up to the date of this report, Tony Bellas, Georganne Hodges, Tony Iannello, Albert Goller and Julieanne Alroe

were independent. The Board considered the skills and experience, and endorsed the appointment of Philip St Baker on 14 July 2017 as nominee director for the St Baker family interests on the retirement of Trevor St Baker. As son and brother of Trevor St Baker, who remains a substantial shareholder in the Company, neither Philip nor Wayne St Baker were considered to be independent. In defining the characteristics of an independent director, the Board uses the Principles and Recommendations, together with its own consideration of the Company's operations and businesses and appropriate materiality thresholds in any relationship that could materially interfere, or be perceived as interfering with the exercise of an unfettered independent judgement in relation to matters concerning the Company. The Board considers that the independent directors do not have any interests, positions, associations or relationships of the type described in Box 2.3 of Recommendation 2.3.

The Board schedules a minimum of six meetings a year. If required, additional unscheduled meetings are held to deal with urgent matters. An agenda is prepared for each Board meeting by the Company Secretary to ensure operational, financial, strategic, regulatory and major risk areas are addressed. The MD also provides the Board each month with a report which outlines the activities of the Group over the preceding period. This report includes: financial progress against key KPIs; business unit activity; a health, safety, environment and sustainability report; and reports on the progress of strategic projects, funding, corporate affairs, and, as appropriate, other Company and operational matters. All directors have unfettered access to any of the Company's records and information they consider necessary to fulfil their responsibilities, and the Board may invite external advisers to attend Board meetings where necessary or desirable.

The Audit & Risk Committee and Remuneration & Nomination Committee each have a charter which sets out roles and responsibilities, composition, structure, membership requirements and operation. These are available on the Company's website.

A list of the members of each committee and their attendance at committee meetings during FY2019 is set out in the Directors' Report. The composition of each committee complies with the minimum number of members and independence requirements for members and chair as recommended by the Principles and Recommendations.

## The Remuneration & Nomination Committee

The Company has a Remuneration & Nomination Committee compliant with Recommendation 2.1 which consists of a majority of independent non-executive directors; being Julieanne Alroe who replaced Tony Bellas as Chair on 1 March 2019, Tony Iannello and Albert Goller, as well as non-independent non-executive director Philip St Baker. Attendance at meetings during FY2019 is set out in the Directors' Report. The Remuneration & Nomination Committee Charter can be found on the Company's website.

The Remuneration & Nomination Committee provides advice and makes recommendations to the Board to ensure that it is comprised of individuals who are best able to discharge the responsibilities of directors, having regard to the law and the highest standards of governance by:

- assessing the skills required by the Board and the extent to which the required skills are represented on the Board having regard to the Board skills matrix and the attributes of existing directors and potential candidates;
- establishing processes for evaluating the performance of the Board as a whole, its committees and individual directors;
- establishing processes for the identification of suitable candidates for appointment to the Board as additional members or to succeed existing members and reviewing Board succession plans;
- reviewing and reporting, at least annually, on the relative proportion of women and men on the Board;
- making recommendations to the Board on directors' appointments or Board and committee structures; and
- ensuring there are plans in place to manage the succession of the CEO and other senior executives.

Each year one third of the Board, other than the MD, retires in accordance with the constitution, and is eligible for re-election by shareholders at the Annual General Meeting (AGM). Any director appointed to fill a

casual vacancy since the previous AGM must submit themselves to shareholders for election at the next AGM.

Prior to each AGM the Remuneration & Nomination Committee evaluates any new directorship nominations, and evaluates the performance of those directors retiring by rotation, the results of which form the basis of the Boards' recommendation to shareholders.

The Company will provide shareholders with information relevant to a director's election or re-election in the notice of meeting for the 2019 AGM.

## Board skills matrix, induction and professional development

In June 2018, the Board updated its Board skills matrix, re-evaluating and affirming the following 11 criteria to be considered when reviewing the diversity of skills and experience that the Board had or was looking to achieve in its membership.

Skills & Experience	Description
1. Strategy	Track record of developing and implementing a successful strategy (strategy development & strategy execution).
2. Financial acumen	Experience in financial accounting and reporting, corporate finance, risk management, and internal financial controls.
3. Australia Electricity/Energy	Senior executive experience across the energy retail value chain. Understanding of industry structure.
4. US Electricity/Energy	Senior executive experience across the energy retail value chain. Understanding of industry structure.
5. Going global	Experience to enter global markets/jurisdictions.
6. Wholesale energy markets and risk management	Experience of wholesale energy markets including up to date knowledge of sophisticated risk management practices
7. Solutions business	Experience in the entire product line/solution 'bundle' life cycle from strategic planning to tactical activities.
8. Information strategy	Experience in using information as a core product and solution differentiator, and experience in using information and systems as a strategic asset to grow businesses.
9. Executive management	Experience in evaluating performance of senior management and oversee strategic human capital planning. Experience in organisational change and management programs.
10. Human capital	Experience and understanding of key company-wide people related initiatives including performance management, employee engagement, employee enablement and gender diversity.
11. External communications	Experience in using external communications to influence political, public sector, financial market and investor stakeholders.

The names and details of the experience and qualifications of each director of the Company as at the date of this Report can be found on pages 8 to 10 of the Annual Report. The Board believes it currently has an appropriate mix of these skills and experiences amongst its directors to enable the Board to operate effectively.

The Board is committed to maintaining its diversity of membership. As at the date of this report, 33.3% of directors are female. Other aspects considered in maintaining and contributing to diverse viewpoints in Board discussions and to assist in avoiding unconscious bias include tenure and age of directors<sup>6</sup> :

Tenure	No. of directors	Age	No. of directors
0-3 years	3	45-55	3
3-7 years	2	56-65	2
>7 years	1	>65	1

Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as directors effectively. Where required, the Company provides information concerning key developments in the Group and the industry, and environments within which it operates, including site visits to the Group's operations, updates to relevant policies, discussion of relevant legal developments, corporate governance updates and other matters of interest for directors.

The Company continues to undertake a detailed induction process for new directors which includes: discussions with existing directors and senior executives on operational issues and the future strategic direction of the Company; the provision of key materials such as the Code of Business Conduct and the Company's Security Trading Policy; together with site visits where appropriate.

## Principle 3 – Act ethically and responsibly

The Board strongly encourages ethical and responsible decision making and has implemented policies to achieve this while in pursuit of the Company's objectives.

The Code of Business Conduct (Code) outlines the general principles of conduct that characterises the way the Company does business. The continued demonstration of integrity, honesty, respect and fairness in all the Company's dealings is fundamental to the Company's ongoing long-term success. The principles are heavily influenced by the Company's values and core behaviours and are aligned with its aspiration for "Zero Harm and Zero Loss" where care for people and the environment are put first, closely followed by value creation and resource efficiency. The core values and expected professional behaviours are articulated in the Code which is available on the Company's website.

Supporting good corporate governance and strengthening the Company's core values, the Company's Whistleblower, Anti-Bribery & Anti-Corruption and Securities Trading policies apply to all directors and employees, as well as contractors, consultants and any other person who might be engaged by the Company to perform services for or on behalf of the Company where appropriate. The Company encourages employees to report known or suspected instances of inappropriate conduct, including breaches of the Code or any of the Company's policies. The Company will protect a whistleblower, including their identity to the extent permitted by law, and will not allow any detrimental treatment to happen to a whistleblower because of the whistleblower's report of any misconduct or improper state of affairs or circumstances. A copy these policies is available on the Company's website along with other corporate governance policies of the Company.

Any material breaches of the Code, Whistleblower or Anti-Bribery & Anti-Corruption policies, are to be reported to the Board immediately. For non-material breaches/matters, reporting to the Audit & Risk Committee is scheduled on a six-monthly basis.

The Board has approved the Company's statement of values, the Code and related policies, and charged the Executive Team with the responsibility of instilling those values across the organisation. This includes ensuring that all employees receive appropriate training on the values and senior executives continually reference and reinforce those values in their interactions with staff (i.e. setting the "tone at the top"), in order to instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

<sup>6</sup> As at the date of this report

All directors of the Company also agree to comply with the Board governance protocols which outline, amongst other matters, the directors' duties and the conduct expected of them as directors.

## Principle 4 – Safeguard integrity in corporate reporting

The Company has an Audit & Risk Committee compliant with Recommendation 4 which consists of all of the independent non-executive directors; Tony Iannello (as Chair, who is not Chair of the Board), Tony Bellas (until his departure in February 2019), Albert Goller, Georganne Hodges and Julieanne Alroe (since her appointment in August 2018). The Audit & Risk Committee Charter is available on the Company's website and includes review of:

- a) risk matters;
- b) internal processes in preparation of financial statements and key accounting judgements;
- c) internal control processes; and
- d) audit related issues.

The Audit & Risk Committee discusses with management and the external auditors the half-yearly and annual financial reports including notes to the financial accounts and other disclosures, and recommends to the Board whether the financial reports should be approved.

The Audit & Risk Committee monitors the adequacy, integrity and effectiveness of management processes that support financial reporting. It also maintains and oversees a sound system of internal controls based on the adoption by the Board of a risk-based approach to the identification, assessment, monitoring and management of risks that are significant to the fulfilment of the Company's business objectives.

The qualifications of the members of the Audit & Risk Committee and their attendance at meetings of the Committee during FY2019 are set out in the Directors' Report.

The Board has ultimate responsibility for ensuring the integrity of the Company's corporate reporting to the market. The following practices and processes are used to verify the integrity of any periodic corporate reports:

- a) When presenting financial statements for Board approval, the MD and Chief Financial Officer provide a formal statement in accordance with section 295A of the Corporations Act 2001 (Cth). This includes an assurance that the statement is founded upon a sound system of risk management and internal control that is operating effectively in all material respects in relation to financial reporting risks.
- b) Prior to review and confirmation by the Board, the Audit & Risk Committee reviews reports from the auditor and tax advisor, as well as a report from the CFO covering the basis of preparation of financial statements including:
  - details of all significant transactions during the period and accounting treatment;
  - significant accounting judgements in the period applicable to the financial statements;
  - tax reporting under tax risk management policy; etc.
- c) The Audit & Risk Committee review the appropriateness of the Company's accounting policies and practices, considering:
  - critical accounting policies, judgements and any changes in them;
  - decisions requiring a major element of judgment;
  - materiality and adjustment thresholds; and
  - the adequacy and integrity of management processes supporting financial reporting.
- d) The audit process is inclusive of the Operating & Financial Review, as well as the Directors and Remuneration Reports. The Company's auditor for FY2019 will attend the AGM and will be available to answer shareholders' questions.

Non-audited corporate reports, such as the Corporate Social Responsibility Report incorporated into the Annual Report, receives extensive management review prior to release to the market, whilst the Corporate Governance Statement is reviewed and endorsed by the Audit & Risk Committee prior to Board approval.

## Principle 5 – Make timely and balanced disclosure

The Company's practice on disclosure is consistent with the Principles and Recommendations. The Board strictly adheres to the Company's Continuous Disclosure Policy and procedures are in place to ensure compliance with ASX Listing Rule disclosure requirements, which includes the requirement that any new or substantive information is released on the ASX Market Announcements Platform ahead of being provided to analysts and investors during a one-on-one or group briefing

The Continuous Disclosure Policy and the Shareholder Communication Policy are available on the Company's website.

The Board and the Executive Team are included in an email distribution list to receive a copy of all ASX market announcements made by the Company to ensure they have visibility of the nature and quality of the information being disclosed to the market, and the frequency of such disclosures.

All material presentations by the Company are released to the ASX and posted on the Company's website.

## Principle 6 – Respect the rights of security holders

The Company is committed to providing regular communication to shareholders about the performance of the Group and its business and operations.

The Company's website contains extensive information on its operations and corporate governance. The Company attempts to keep its website as current and informative as possible for shareholders and other stakeholders, including updates on its operations and biographical information for each of its directors and the Executive Team, a copy of the Constitution, Board charter and the charters of each of its Board committees, and a copy of significant policies, including the Code of Business Conduct which includes the statement of values.

All announcements to the ASX are posted on the Company's website, as are any media releases, annual or periodic corporate reports, copies of notices of shareholder meetings, dates of key events, dividend history, and various presentations to investors.

The Company has an investor relations program involving two-way interactions with institutional investors (including buy-side analysts), sell-side analysts, financial media and other members of the investment community, which for the reporting period included:

- "Roadshows" after the full year and half results involving face-to-face and one-on-one or group meetings in Sydney and Melbourne. The meetings begin with an opening presentation from the MD and continue with questions and answers.
- Teleconference/s on the day of the results with investors and analysts as a group, involving a presentation and questions and answers, and otherwise as necessary; also one-on-ones with individual investors or analysts/brokers, organised proactively or in response to requests.
- Meetings – face-to-face throughout the year in Brisbane, Sydney and Melbourne.
- Conferences – The MD occasionally presents at investment conferences organised by brokers and which are attended by institutional investors.
- Filmed presentations and Q&A sessions – The MD participates in filmed presentations and Q&A sessions which are distributed through retail investor networks.

The Company held one general meeting during the reporting period, the AGM on 25 October 2018. The explanatory memorandum in the notice of meeting sets out the process whereby shareholders may attend and ask questions, including written questions submitted prior to the meeting. All resolutions are decided by

poll rather than by a show of hands, allowing all shareholders to vote based on of the number of shares held by them, also providing access to register their vote regardless of whether they attend or not.

The Board has not considered it necessary to hold general meetings outside of Brisbane, the location of its head office. The Board considers the makeup of the Company's share register and monitors investor feedback as to whether the use of telecommunications during general meetings would be useful to investors, and is satisfied that the current process sufficiently encourages participation by shareholders.

The Company gives shareholders the option to receive communications from, and send communications to, the Company and its share registry electronically. Annual reports are able to be accessed by shareholders via the Company's website, with a hardcopy able to be mailed out on request.

The Company's policies and procedures, and in particular the Shareholder Communication Policy, comply with the Principles and Recommendations in relation to the rights of shareholders.

## Principle 7 – Recognise and manage risk

The composition and attendance at meetings for the Audit & Risk Committee was previously outlined under Principle 4 above and complies with Recommendation 7.1.

The Board, through the Audit & Risk Committee, has an overarching Risk Management Framework Policy governing the Company's approach to risk oversight and management and internal control systems which is available on the Company's website. The Board is also responsible for ensuring that there are other appropriate policies in relation to risk management and internal control systems.

The Company's policies are designed to identify, assess, address and monitor strategic, operational, legal, reputational, commodity and financial risks to enable it to achieve its business objectives. Where appropriate, certain risks are covered by insurance or by Board-approved policies for hedging of interest rates, foreign exchange rates and commodities.

Board, executive and business unit level controls are designed to safeguard Company and stakeholders' interests in respect of these risks. The Company has an Enterprise Risk Register that contains the most significant risk events identified for the organisation, a framework for quantifying those risk events and a risk mitigation plan for each risk. The Enterprise Risk Register is designed to provide assurance to the Board and management on the strength of the Company's risk management practices and operationally to ensure that managers across the Group manage risks under their area of control. The Enterprise Risk Register is reviewed and updated on a quarterly basis by the Enterprise Risk Committee (comprising senior management members) to address the evolving requirements of the business. The Chief Financial Officer is responsible for reporting to the Board and the Audit & Risk Committee and to provide assurance that the Company is not unduly exposed to risks it is not consciously willing to accept.

The Company undertakes regular reviews of business units for major risks and the Risk Management Framework Policy. During the reporting period the Company:

- completed an internal study on organisational risk levels, examining the current and target risk levels and formulated certain 'what if' scenarios, considering relevant influencing factors such as feasibility, costs and strategic impact of implementing such changes;
- provided an assessment of the primary risks impacting the growth of the Energy Solutions division and the associated mitigation strategies;
- reviewed the internal controls framework and documentation with a view to introduce an internal audit function during FY2020;
- introduced an additional governing metric for risk reporting to include Earnings at Risk (EaR) exposure;
- modified the Liquidity Policy to accommodate additional mitigating steps in the event of extreme stress events; and
- considered the impact of climate change on the Company (sustainability) and the Company's impact on the evolving climate change scenario (mitigation and support for the transition to a lower-carbon economy).

The Company will be introducing a dedicated internal audit function in FY2020, and periodically engages external consultants to perform internal control reviews. As noted above, the Company is looking to introduce an internal audit function during FY2020.

Any material exposures to economic, environmental and social sustainability risks are incorporated into the Enterprise Risk Register as summarised under “Material business risks”, in the Corporate Social Responsibility section of the 2019 Annual Report. Responsibility for oversight of these matters is held by the Board, management’s Enterprise Risk Committee, and the Health, Safety, Environment & Sustainability Committee. The Health, Safety, Environment & Sustainability Committee Charter and Policy can be found on the Company’s website.

Further details on ERM Power’s strategy and leadership in managing environment and social risks can be located in the Corporate Social Responsibility section of the Annual Report

## Principle 8 – Remunerate fairly and responsibly

The composition and attendance at meetings for the remuneration committee (which operates within the Remuneration & Nomination Committee) was previously outlined under Principle 2 above and complies with Recommendation 8.1.

The Remuneration & Nomination Committee reviews and reports, at least annually, on the relative proportion of women and men in the workforce at all levels of the Group. These proportions are contained in the commentary on Principle 1 above.

The remuneration of non-executive directors is structured separately from that of the MD and the Executive Team. The MD and the Executive Team are remunerated by way of a mix of fixed and variable remuneration in a manner that motivates them to pursue the long-term growth and success of the Group as endorsed by the Remuneration & Nomination Committee which may seek the advice of external remuneration consultants who provide analysis to ensure remuneration levels are set to reflect the market for comparable roles.

During the period, recommendations arising from Hayne Royal Commission into the misconduct in the financial services industry were considered for relevance to the Company’s remuneration practices, particularly regarding potential payment of commissions to front-line staff. It was determined that the Company’s design and implementation of incentives as part of remuneration fit appropriately within the culture and governance structure to mitigate potential misconduct by employees.

There is currently no minimum holding of the Company’s securities required by a non-executive director.

The Company’s equity-based incentive schemes to which the Executive Team and other employees are eligible to participate in are presented to shareholders for approval at the AGM every three years, the last approval having been received in October 2016.

The Securities Trading Policy contains a prohibition against directors and employees altering the economic benefit derived by the director or employee in relation to an equity-based incentive award or grant made by the Company.

Detailed information on remuneration of directors and other Key Management Personnel is contained in the Remuneration Report.

**All references in this Corporate Governance Statement as being in the Director’s Report or Remuneration Report can be found in the Company’s 2019 Annual Report on the Company’s website: [www.ermpower.com.au](http://www.ermpower.com.au), within “Reports & Presentations”, under the Investors & Media tab.**

**Other documents referred to can be found within the “About ERM” tab, under “Corporate Governance”. More information on the Company can also be found in these locations.**



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## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

ERM Power Limited

**ABN / ARBN**

28 122 259 223

**Financial year ended:**

30 June 2019

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: <https://ermpower.com.au/investors-media/reports-presentations/>

The Corporate Governance Statement is accurate and up to date as at *21 September 2019* and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 25 September 2019

Phil Davis

Group General Counsel & Company Secretary

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<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> within the ERM Power Board Charter at <a href="https://ermpower.com.au/about-erm/corporate-governance/">https://ermpower.com.au/about-erm/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="https://ermpower.com.au/about-erm/corporate-governance/">https://ermpower.com.au/about-erm/corporate-governance/</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b></p> <p><input checked="" type="checkbox"/> in our Workplace Gender Equality Act Report, available at <a href="https://ermpower.com.au/investors-media/reports-presentations/">https://ermpower.com.au/investors-media/reports-presentations/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://ermpower.com.au/about-erm/corporate-governance/">https://ermpower.com.au/about-erm/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in the FY2019 Directors Report at <a href="https://ermpower.com.au/investors-media/reports-presentations/">https://ermpower.com.au/investors-media/reports-presentations/</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and the length of service of each director: <input checked="" type="checkbox"/> in the Board of Directors Profiles (part of the 2019 Annual Report) at <a href="https://ermpower.com.au/investors-media/reports-presentations/">https://ermpower.com.au/investors-media/reports-presentations/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> at <a href="https://ermpower.com.au/about-erm/corporate-governance/">https://ermpower.com.au/about-erm/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://ermpower.com.au/about-erm/corporate-governance/">https://ermpower.com.au/about-erm/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in the Board of Directors Profiles (part of the 2019 Annual Report) at <a href="https://ermpower.com.au/investors-media/reports-presentations/">https://ermpower.com.au/investors-media/reports-presentations/</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> at <a href="https://ermpower.com.au/about-erm/corporate-governance/">https://ermpower.com.au/about-erm/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="https://ermpower.com.au/about-erm/">https://ermpower.com.au/about-erm/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://ermpower.com.au/about-erm/corporate-governance/">https://ermpower.com.au/about-erm/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in the FY2019 Directors' Report (as part of the 2019 Annual Report) at <a href="https://ermpower.com.au/investors-media/reports-presentations/">https://ermpower.com.au/investors-media/reports-presentations/</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and in the Corporate Social Responsibility section of the 2019 Annual Report.</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.ermpower.com.au/about-us/governance/">http://www.ermpower.com.au/about-us/governance/</a> ... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in the FY2019 Directors' Report (as part of the 2019 Annual Report) at <a href="http://www.ermpower.com.au/investor-centre/financial-reports/">http://www.ermpower.com.au/investor-centre/financial-reports/</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> contained within the Remuneration Report (as part of the 2019 Annual Report) at <a href="http://www.ermpower.com.au/investor-centre/financial-reports/">http://www.ermpower.com.au/investor-centre/financial-reports/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>