

## Appendix 4G

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

Name of entity:

ENERGY ACTION LTD

ABN / ARBN:

90 137 363 636

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 2019 Annual Report:

☒ This URL on our website:

[https://www.energyaction.com.au/  
about/corporate-governance](https://www.energyaction.com.au/about/corporate-governance)

The Corporate Governance Statement is accurate and up to date as at 30 June 2019 and has been approved by the board.

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

Date: 21 October 2019



Name of Secretary authorising lodgement: Anna Sandham

<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 <b>OR</b> <input type="checkbox"/> at [insert location] ... 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"/> at pages 32-34 of the Corporate Governance Statement and within the Board Charter, a copy of which is located at <a href="http://www.energyaction.com.au/about/corporate-governance">http://www.energyaction.com.au/about/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 <b>OR</b> <input type="checkbox"/> at [insert location]	<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 <b>OR</b> <input type="checkbox"/> at [insert location]	<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 <b>OR</b> <input type="checkbox"/> at [insert location]	<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.

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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.energyaction.com.au/about/corporate-governance">http://www.energyaction.com.au/about/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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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>OR</b></p> <p><input type="checkbox"/> at [insert location]</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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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>

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>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> <a href="http://www.energyaction.com.au/about-us/corporate-governance">http://www.energyaction.com.au/about-us/corporate-governance</a>.</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report of the 2018 Annual Report.</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 checked="" 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 <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>

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 <b>OR</b> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> details disclosed in the Directors' Report within the 2018 Annual Report which is available at: <a href="http://www.energyaction.com.au/investors/asx-announcements">http://www.energyaction.com.au/investors/asx-announcements</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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" 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 <b>OR</b> <input type="checkbox"/> at [insert location]	<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"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> <a href="http://www.energyaction.com.au/about-us/corporate-governance">http://www.energyaction.com.au/about-us/corporate-governance</a>.</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> details disclosed in the Directors' Report within the 2018 Annual Report which is available at:</p> <p><a href="http://www.energyaction.com.au/investors/asx-announcements">http://www.energyaction.com.au/investors/asx-announcements</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 [insert location]</p>	<p><input checked="" 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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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>
4.3	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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<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 an annual general meeting and this recommendation is therefore not applicable
<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"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<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 type="checkbox"/> at <a href="http://www.energyaction.com.au">www.energyaction.com.au</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 <b>OR</b> <input type="checkbox"/> at [insert location]	<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 <b>OR</b> <input type="checkbox"/> at [insert location]	<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 <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> <a href="http://www.energyaction.com.au/about-us/corporate-governance">http://www.energyaction.com.au/about-us/corporate-governance</a>.</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> details disclosed in the Directors' Report within the 2018 Annual Report which is available at: <a href="http://www.energyaction.com.au/investors/asx-announcements">http://www.energyaction.com.au/investors/asx-announcements</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 [insert location]</p>	<p><input checked="" 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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



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	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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>	<p>[If the entity complies with paragraph (a):]</p> <p>... 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):]</p> <p>... 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 <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>
7.4	<p>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>	<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 <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>

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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> <a href="http://www.energyaction.com.au/about-us/corporate-governance">http://www.energyaction.com.au/about-us/corporate-governance</a>.</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> details disclosed in the Directors' Report within the 2018 Annual Report which is available at: <a href="http://www.energyaction.com.au/investors/asx-announcements">http://www.energyaction.com.au/investors/asx-announcements</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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	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>... 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"/> in our Corporate Governance Statement <u>OR</u></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 <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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>
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 <b><u>OR</u></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><u>OR</u></b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## 2019 Corporate Governance Statement

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Energy Action Limited (**Energy Action**) is committed to the achievement of superior financial performance and long-term prosperity, while meeting stakeholders' expectations of sound corporate governance practices. The Energy Action Board determines the corporate governance arrangements. As with all its business activities, Energy Action is proactive in respect of corporate governance and puts in place those arrangements which it considers are in the best interests of shareholders, and consistent with its responsibilities to other stakeholders.

This statement:

- reports against the 3<sup>rd</sup> edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**) and the practices detailed in this Statement are current as at 17 October 2019; and
- has been approved by the Board and is available on Energy Action's website at <http://www.energyaction.com.au/about/corporate-governance>

The table at the end of this statement provides cross references between the disclosures and statements in this Corporate Governance statement and the relevant ASX Principles.

### 1. The Board of Directors

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The Board operates in accordance with the general principles set out in its Charter which can be viewed in the Corporate Governance section of the Company's website.

#### 1.1 Role of the Board

The role of the Board is to create sustainable shareholder wealth in a manner consistent with the Company's Constitution and principles of good corporate governance. The Board achieves this by representing the interests of shareholders in setting and overseeing the company's values, direction, strategies, financial objectives and performance within a framework of prudent and effective controls for the assessment and management of risk. The Board has adopted a formal Charter which sets out the functions of the Directors and matters that are delegated to management, having regard to the recommendations in the ASX Principles.

An outline of the Board's responsibilities under the charter is set out below:

#### Strategic Direction

- Oversight of the strategic direction for Energy Action and endorsing Energy Action's strategy developed by the Chief Executive Officer (CEO);
- Decision making in relation to matters of a sensitive or extraordinary nature;
- Providing advice and counsel to management on a periodic and ad hoc basis; and,
- Ensuring management implement the policies and decisions of the Board.



#### Governance

- Undertaking all reasonable measures to ensure best practice corporate governance;
- Monitoring the performance of the CEO and approving senior management remuneration policies and practices; and,
- Reporting to shareholders.

#### Compliance

- Undertaking all reasonable measures to ensure that appropriate compliance frameworks and controls are in place and are operating effectively; and,
- Approving and monitoring the effectiveness of and compliance with policies governing the operations of Energy Action.

#### Risk Management

- Monitoring the integrity of internal control and reporting systems; and,
- Monitoring strategic risk management systems, including the review of processes for identifying areas of significant business risk, monitoring risk management policies and procedures, monitoring insurance coverage and oversight of internal controls and review of major assumptions used in the calculation of significant risk exposure.

#### Operating Performance

- Approving decisions concerning the capital of Energy Action, including capital restructures;
- Reviewing and approving the annual operating budget, the annual and half-yearly statutory financial statements and monitoring the financial results on an on-going basis; and,
- Determining dividend policy and approving dividends.

#### Operational Development

- The appointment of the CEO and the approval of the succession plan; and,
- Endorsing the appointment of the CEO's direct reports.

#### The Energy Action Constitution

The Energy Action Constitution is Energy Action's key governance document. The Board ensures that it and Energy Action complies with the provisions of the Constitution.

#### Compliance with Laws

Energy Action recognises that it must comply with the Corporations Act 2001 (Cth) (**Corporations Act**) and the ASX Listing Rules, as well as all other applicable laws.



As a company which is planning to operate in other jurisdictions, Energy Action recognises that it must ensure that it is aware of and complies with all applicable laws in those jurisdictions.

At least once each year, the Directors will review this Charter and approve any required amendments including those required to comply with the ASX Principles.

## **1.2 Composition and size of the Board**

It is intended that the Board should comprise a majority of non-executive Directors with a broad range of skills, expertise and experience, consistent with the Energy Action Diversity & Inclusion Policy to the extent possible give the size and scale of the company and its activities.

The Directors will determine the size of the Board, subject to the company's Constitution and applicable laws. The Company's Constitution provides that the Board must comprise of a minimum of three (3) Directors.

The Board together with the Nomination & Remuneration Committee of the Board (**NRC**), will review the skills, expertise and experience required by Directors on the Board and determine whether the composition and mix of those skills, expertise and experience remain appropriate for Energy Action's strategy, subject to limits imposed by the Constitution.

Mr John Mackay AM resigned as a Director of the Company on 30 June 2019. Other than this change, there have been no other changes to the Board in the past financial year.

As at the date of this statement, the Board is a four member Board comprising 4 non-executive Directors of which 2 are independent (Nitin Singhi and Mark de Kock). This is in line with the Board seeking to sustain and improve shareholder value by adding independent Directors progressively.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

## **1.3 Director Independence**

The independence of Directors is determined by objective criteria acknowledged as being desirable to protect investor interests and optimise the financial performance and returns to investors. The Board regularly assesses the independence of its Directors. In determining the status of a Director, Energy Action considers that a Director is independent when he or she is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with the exercise of unfettered and independent judgement. Energy Action's criteria for assessing independence is in line with standards set by the ASX Principles.

The Board requires each Director to disclose any new information, matter or relationship which could, or could reasonably be perceived to, impair the Director's independence, as soon as these come to light. All material personal interests are verified at each Board meeting under a standing agenda item.

Mr Nitin Singhi is considered to be an independent director under the guidelines in ASX Principle 2. Mr Mark de Kock is also considered to be an independent Director as he ceased to be a nominee Director of Microequities in February 2019. The Board has made a determination that from 30 June 2019, he should be considered as an independent director of the company under the guidelines in ASX Principle 2.

Mr Paul Meehan is not regarded as independent under the guidelines in ASX Principle 2 nor the criteria adopted by the Company, as he is a substantial shareholder and has been a director of the company since inception in 2003. Mr Murray

Bleach is not regarded as independent under the guidelines in ASX Principle 2 nor the criteria adopted by the Company, as he is a substantial shareholder.

Accordingly the Company does not meet Recommendations 2.4 of the ASX Principles, insofar as the majority of the Board are not independent directors. Despite this, the Board considers that its composition is appropriate for the size and scale of the Company and its activities, and that the Company benefits from the skills, knowledge and experience of Mr Bleach and Mr Meehan individually and collectively. Mr Bleach and Mr Meehan also bring quality independent judgement to bear on all relevant issues falling within the scope of non-executive directors, notwithstanding their respective substantial shareholdings in the Company, and are subject to the same duty of care and diligence as other non-executive directors to discharge their duties in good faith in the proper interests of the company as a whole and for a proper purpose. All directors are required to excuse themselves from any discussions in which a potential conflict of interest is perceived. The Chair and Independent Chair of the Audit & Risk Management Committee of the Board (**ARMC**) will resolve and make the final decision on any conflict of interest matter.

The Company does not meet Recommendation 2.5 of the ASX Principles as the Chair is not an independent Director. Despite this, the Board considers that there is an appropriate culture of openness and constructive challenge that allows for a diversity of views to be considered by the Board. The Board considers Nitin Singhi to be the senior independent Director who fulfils the role of chair whenever the Chair is conflicted.

The Board also has procedures in place to ensure it operates independently of management. Non-executive Directors meet together periodically in the absence of executives of the company to discuss the operation of the Board and a range of other matters.

The Board believes the separation of the roles of Chair and CEO and the composition of the Board comprising 2 independent and 2 non-independent Directors is appropriate.

Directors' shareholdings are set out in the Remuneration Report.

#### **1.4 Term of office and re-election of Directors**

At appointment, each non-executive Director of Energy Action receives a letter of appointment which details the key terms of their appointment, including their powers, rights and obligations. Energy Action's senior executives, including the CEO, have formalised job descriptions and, as with all Energy Action employees, letters of appointment.

The Board has established a Nomination & Remuneration Committee (**NRC**) which as at the date of this statement consisted of an independent non-executive Chair, Nitin Singhi and each of Murray Bleach, Mark de Kock and Paul Meehan as members.

A copy of the NRC Charter which sets out the roles and responsibilities of the Committee is available on the company's website.

In making recommendations to the Board regarding the appointment of Directors, the NRC assesses the appropriate mix of skills, experience and expertise required by the Board and assesses the extent to which the required skills and experience are represented on the Board. When a vacancy exists, NRC determines the selection criteria based on the skills deemed necessary. The Committee identifies potential candidates, and if appropriate, will utilise an external consultant to assist in identifying potential candidates. The Board then appoints the most suitable candidate.



The company will undertake appropriate background checks and screening checks prior to nominating a Director for election by shareholders and provides to shareholders all material information in its possession concerning the Director standing for election or re-election in the explanatory notes to accompany the Notice of the Annual General Meeting.

New Directors will participate in an induction program to assist them to understand Energy Action's business and the particular issues it faces.

All Directors are elected by shareholders at the Annual General Meeting following their appointment and thereafter are subject to re-election at least once every three years.

#### **1.5 Access to information and independent advice**

The Board collectively has the right to seek independent professional advice as it sees fit. Each Director individually has the right to seek independent professional advice, subject to the approval of the Chair. All Directors have direct access to the Company Secretary.

Directors also have complete access to the senior management team. In addition to regular reports by senior management to the Board meetings, Directors may seek briefings from senior management on specific matters and are entitled to request additional information at any time when they consider it appropriate.

## **2. Board Committees**

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The Board generally operates as a whole across the range of its responsibilities but, to increase its effectiveness, uses committees where closer attention to particular matters is required. The role of the Board Committees is to make recommendations to the Board on matters set out in each Committee's Charter.

After a review of the Committee structure during the year, the Board determined that the Remuneration and Nomination Committees should be combined into a single Committee to be named the Nomination & Remuneration Committee (**NRC**). This change was effective on 8 July 2019.

The Charters for each of the ARMC and NRC are available on the corporate governance section of the Company's website.

The composition of each of the Audit & Risk Management Committee (ARMC) and the Nomination & Remuneration Committee (NRC) as at the date of this statement are set out below. Details regarding the number of Board meetings and Committee meetings held during the year and the attendance of each member is set out in the Directors' Report.

### **2.1 Audit & Risk Management Committee**

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#### **Composition & size**

The ARMC is chaired by an independent non-executive Director and currently comprises four non-executive Directors, two of whom are independent Directors and all of whom are financially literate. The Chair of the Board does not (and is not permitted to) chair the committee.

The composition of the ARMC as at the date of this statement comprises Nitin Singhi (Independent non-executive Chair), Murray Bleach (Non-executive Director), Mark de Kock (independent non-executive Director) and Paul Meehan (non-executive Director). The Board aims to progressively appoint independent Directors onto the Committee.





The Committee met on four (4) occasions during the year to 30 June 2019. Please refer to the Directors' Report for more information on members, including attendance at committee meetings.

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<b>Role</b>	The ARMC's role is to assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, audit, financial and risk management practices of Energy Action.
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<b>Responsibilities</b>	<p>The ARMC's responsibilities include:-</p> <ul style="list-style-type: none"><li>■ Reviewing the internal control and compliance systems of Energy Action;</li><li>■ Monitoring the integrity of the financial statements of Energy Action;</li><li>■ Considering significant financial reporting issues and judgements made in connection with Energy Action's financial statements;</li><li>■ Monitoring and reviewing the performance of the external audit function and make recommendations to the Board;</li><li>■ Monitoring compliance by the Company with legal and regulatory requirements; and,</li><li>■ Where appropriate, and at least twice a year, to meet privately with the external auditor to discuss any matters that the Committee or the External Auditor believe should be discussed privately.</li></ul>
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A copy of the ARMC Charter and Risk Management and Audit Policy is available on the Company's website.

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<b>Consultation</b>	<p>The CEO, Chief Financial Officer (CFO) and external auditors are invited to attend all committee meetings. Other members of management may also attend by invitation. The committee has access to financial and legal advisers as it considers appropriate. The committee also meets separately with the external auditor to ensure the committee can be satisfied that the auditors have had the full cooperation of management in conducting the audit functions and to give the auditor the opportunity to raise any matters of concern. The external auditor must monitor its independence and report to the committee every six months that it has remained independent.</p>
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<b>External Auditor</b>	<p>The external auditor is appointed by the Board and approved by shareholders in accordance with the requirements of the Corporations Act. The ARMC is responsible for reviewing the terms of appointment of the external auditor and for making recommendations to the Board regarding the appointment of the external auditor. It is the Company's policy to require that the external audit partner be rotated within 5 years from the date of appointment. Significant permissible non-audit assignments awarded to the external auditor must be approved in</p>
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advance by the ARMC (or its chair between meetings). All non-audit assignments are to be reported to the ARMC every six months.

The Board and the ARMC are of the view that, it is appropriate to seek shareholder approval for a change of Auditor from Ernst & Young to RSM Australia Partners at the 2019 Annual General Meeting. Further details on the rationale for seeking the change will be set out in the 2019 Notice of Annual General Meeting

The external auditor is required to be independent from the Company and Energy Action. Ernst & Young meets this requirement and RSM Australia Partners also meets this requirement. The external auditor will attend Energy Action's annual meeting and will be available to answer shareholder questions on the conduct of the audit, and the preparation and content of the auditor's report.

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## 2.2 Nomination & Remuneration Committee

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### Composition & size

The NRC is chaired by an independent non-executive Director and currently comprises four non-executive Directors, two of whom are independent Directors. The Chair of the Board does not (and is not permitted to) chair the committee.

The composition of the NRC, as at the date of this statement comprises four non-executive Directors being Nitin Singhi (independent non-executive Chair), Murray Bleach (non-executive Director), Mark de Kock (independent non-executive Directors) and Paul Meehan (non-executive Director). The Board aims to progressively appoint independent Directors onto the Committee.

During the year to 30 June 2019 (when the committees were separate), the Remuneration Committee met twice and the Nomination Committee met once. Given the current composition and structure of the Board (with all Directors currently members of the NRC), the Board determined during the year that it was appropriate that most remuneration and nomination matters should be considered by the board as a whole, rather than by the NRC. Please refer to the Directors' Report for more information on members, including attendance at committee meetings.

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### Role

The role of the NRC in relation to remuneration is to oversee remuneration matters to ensure they are in line with strategic goals and enable the Company to attract and retain high calibre executives and Directors who will create value for shareholders.

The role of the NRC in relation to nomination is to oversee matters and policies to ensure succession planning, recruitment, appointment and remuneration of non-executive Directors. The Committee met once during the financial year.

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### Responsibilities

The responsibilities of the NRC in respect of remuneration include:

- Ensure Directors and executives are fairly and responsibly remunerated having regard to the performance of the Company, the performance of the executives and the general remuneration environment;
- Assisting the Board in determining an appropriate remuneration framework for senior management and remuneration, recruitment, retention and termination policies;
- Making recommendations to the Board on the CEO's remuneration, (including short and long term incentive plans and performance targets); and,
- Liaising with external advisors on remuneration-related matters, if and when external remuneration advice is needed.

For further information in regards to the Company's remuneration framework, please refer to the 2019 Remuneration Report, including a detailed description of the structure of non-executive Directors' remuneration and senior executives' remuneration.

The responsibilities of the NRC in respect of nomination matters include:

- Reviewing and recommending to the Board the size and composition of the Board: including review of Board succession plans and the succession of the Chair and CEO;
- Reviewing and recommending to the Board the criteria for Board membership, including assessment of necessary and desirable competencies of Board members;
- Reviewing Board membership and making recommendations to the Board regarding its membership; and,
- Assisting the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing Director competencies.

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<b>Consultation</b>	The NRC may obtain information from, and consult with, management and external advisers, as it considers appropriate.
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<b>Charter</b>	The NRC's charter which sets out further details on the role and duties of the committee is available in the corporate governance section of the Company's website.
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### **3. Performance evaluation and remuneration**

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#### **3.1 Performance Evaluation**

The NRC is responsible for determining the process for evaluating Board Performance. Evaluations are normally undertaken annually and the process led by the Chair. The evaluation was undertaken in April 2019.

The annual performance review involves all Directors completing a questionnaire including allowance for additional comments or raising any issues relating to the Board's or a committee's operation. The results of the review are reviewed by the Chair and discussed with Board members as a whole at a Board meeting. The purpose of the review is to assess the strengths and weakness of the Board and Committees, and identify areas that might be improved. The findings of the performance review are considered by the Board and continue to be taken into account in identifying and nominating new candidates for appointment as Director, and in planning and conducting Board and committee matters. Directors are able to raise concerns regarding an individual Director's performance with the Chair at any time during the year.

The performance of the CEO is reviewed by the Board on a periodic basis. The Chair co-ordinates the comments of all directors to provide a written assessment to the CEO. This is supported by half year verbal reviews by the Chair.

The performance of the Company's senior executives is reviewed by the CEO as part of the annual remuneration review process and reported to the NRC. The reviews usually take place in July/August of each year. Further details regarding the remuneration review process are set out in the 2019 Remuneration Report.

### **3.2 Director and Executive Remuneration**

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced personnel. Performance, duties and responsibilities, market comparison and independent advice are all considered as part of the remuneration process. The total remuneration paid to Directors and key management personnel for the year ended 30 June 2019 is set out in the Remuneration Report.

The non-executive directors and chair fees for FY19 was reduced by 40% effective 1 February 2019, reducing costs by \$0.126M per annum.

Directors' fees are reviewed annually and are benchmarked against fees paid to Directors of similar organisations. Non-executive Directors are not provided with retirement benefits other than statutory superannuation and do not participate in employee incentive schemes or bonus payments. The remuneration packages of senior executives comprise salary and short-term incentives (i.e. bonus).

To ensure that Energy Action's senior executives properly perform their duties, the following procedures are in place:

- Performance is formally assessed twice each year as part of Energy Action's formal employee performance review process; the full year achievement review takes place in July at the end of the financial year;
- All employees are assessed in terms of their achievement of agreed KPI's (both financial and non-financial) for the period;
- There is a strong link between the outcomes of this performance review process and the subsequent remuneration review as outlined in the Remuneration Report; and,
- Executives are provided with access to continuing education to update and enhance their skills and knowledge.

## **4. Risk Management and internal controls**

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### **4.1 Risk Management Framework**

Energy Action has a formalised risk management framework. The identification and effective management of risk, including calculated risk taking is viewed as an essential part of the Company's approach to creating long term shareholder value. Compliance with risk management policies is monitored by the ARMC. The Risk Management and Audit Policy is included on the Group's website. As part of its risk monitoring duties, the ARMC is required to:

- Oversee and approve risk management, internal compliance and control policies and procedures of the Company;
- Oversee the design and implementation of the risk management and internal control systems;
- Regularly monitor risk management reports provided by management; and,
- Assess at regular intervals whether Energy Action's internal financial control systems, risk management policies and risk management systems are adequate.

#### **4.2 Internal controls framework**

Energy Action has a robust risk management framework in place for identifying, assessing, monitoring and managing its risks. A key component of the framework is a periodical Operational Risk Self-Assessment (ORSA) whereby management workshop key risks and controls in place and their effectiveness. Findings resulting from this assessment are reported to the ARMC, which in turn reports on this to the Board. During the year, management has reported to the ARMC as to the manner in which it manages its material risks, the effectiveness of the framework and the results of the annual ORSA.

Considerable importance is placed on maintaining a strong control environment through an organisation structure with clearly drawn lines of accountability and authority.

At this point in time, the Board is of the opinion that the structure of the Company does not warrant an internal audit function as the Company's internal audit function is carried out by the ARMC. This policy is subject to ongoing review.

The Board of Energy Action has received assurance from the CEO and CFO that their confirmation given to the Board in respect of the integrity of financial statements is founded on a sound system of risk management and internal control which implements the policies adopted by the Board and that the system is operating in all material respects in relation to financial reporting risks.

## **5. Energy Action governance policies**

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### **5.1 Integrity, ethical standards and compliance**

Energy Action is committed to being a good corporate citizen and has a robust framework of policies to achieve this. These include:

- The practices necessary to maintain confidence in the company's integrity;
- The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and,
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Energy Action has established a Code of Conduct for its Directors and employees which forms the basis for ethical behaviour and is the framework that provides the foundation for maintaining and enhancing the Company's reputation. The objective of the Code is to ensure that all stakeholders and the broader community can be confident that the Company conducts its affairs honestly in accordance with ethical values and practices.

The Code sets the standards for dealing ethically with employees, investors, customers, regulatory bodies and the financial and wider community, and the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.

A full copy of the Code of Conduct is posted on the Corporate Governance section of the Group's website.

Directors are provided with Board reports in advance of Board meetings which contain sufficient information to enable informed discussion of all agenda items.

The Board has the responsibility for the integrity of Energy Action's financial reporting. To assist the Board in fulfilling its responsibility, the processes discussed below have been adopted with a view to ensuring that the Company's financial reporting is a truthful and factual presentation of Energy Action's financial performance and position.

## **5.2 Dealing in Securities**

The Company has in place a formal Security Trading Policy which regulates the manner in which Directors and staff involved in the management of the Company can deal in Company securities. It requires that they conduct their personal investment activities in a manner that is lawful and avoids conflicts between their own interests and those of the Company and contains all contents suggested in the ASX Principles.

The policy specifies trading blackouts as the periods during which trading securities cannot occur. Trading is always prohibited if the relevant person is in possession of non-public price sensitive information regarding the Company. A copy of the current Security Trading Policy is available on the Company's website.

## **5.3 Diversity & Inclusion**

The Company has in place the Diversity & Inclusion Policy. The Policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The objectives set by the Board, which are included in the Policy, are as follows:

- Selecting and appointing Directors from a diverse pool of talent by developing an appointment process for future Directors that takes diversity of background into account, in addition to previous Board and leadership experience and experience in a specified field.
- Considering the Diversity & Inclusion Policy when assessing, selecting and making recommendations to the Board on senior executive appointments. In considering these recommendations the Board is also required to take into account the objectives of this policy.
- Implementing policies and training which address impediments to diversity in the workplace.
- Implementing initiatives designed to identify, support and develop talented individuals with leadership potential to prepare them for senior management and Board positions. For example, in the case of gender diversity, such initiatives include:
  - mentoring programs; and,
  - supporting the promotion of talented women into management positions.
- Networking opportunities.
- Identifying ways to entrench diversity as a cultural priority across the group.
- Setting targets for women's participation in the Board, senior management and across all employees and report such in the Annual Report.

Energy Action strives for diversity and respects the unique contributions that may be made by employees with diverse backgrounds, experiences and perspectives. Energy Action strongly believes diversity allows the provision of exceptional customer service to an equally diverse community. In order to attract and retain a diverse workforce and, in turn, a broad and varied customer base, Energy Action is committed to providing an environment in which all employees are treated



with fairness and respect, and have equal access to opportunities available in the workplace.

Energy Action's approach is about being flexible in the way we think, act and work. It is part of our on-going commitment to develop an inclusive workforce by recognising and accommodating individual circumstances and our work commitments.

Diversity in general:

- Energy Action currently has specific flexible working arrangements with 7 employees representing 7% of total staff (male & female employees).
- Energy Action has in its employment staff from 16 different cultural backgrounds.

The Board set the following measurable objectives for achieving diversity for the reporting year:

- Ensuring the NRC actively monitors all aspects of diversity at each meeting and where elements of diversity need improvement that improvement targets are met.
- Ensure that our merit-based system remains the only mechanism adopted when employees, managers, senior managers, national managers, senior executives and Directors are appointed.
- Ensure that applicants continue to be selected from diverse candidate pools and continue to be interviewed by a diverse selection interview panel.

All of the above items were successfully in operation during the year ended 30 June 2019. As at 30 June 2019, there were no women on the Board, 33% of the Senior Leadership Team is female, 48% of management positions were filled by women and 52% of employees are female. A copy of the Code of Conduct, Trading Policy and Diversity & Inclusion Policy is available on the Company's Website.

#### **5.4 Health, safety and environment**

The Company has continued its emphasis on health and safety in the workplace with the aim of ensuring that people achieve outcomes in a safe manner, thereby contributing to operational effectiveness and business sustainability. The Company has an occupational health and safety policy and a management system (MANGO) in place. MANGO is a web based safety management tool for housing safety information, record keeping and incident reporting. The Company's safety performance is reported regularly to the Board to assist the Board in monitoring compliance with the Company's policy and the relevant regulatory requirements.

During FY19 there were no reported environmental incidents and no Lost Time Injuries.

#### **5.5 Continuous disclosure and communications with shareholders**

The Company is committed to providing relevant and timely information to its shareholders and to the broader market, in accordance with its obligations under the ASX continuous disclosure regime. The Board has a Disclosure Policy, details of which are accessible in the Corporate Governance section on the Company's website. The policy includes procedures for dealing with potentially price-sensitive information which includes referral to the CEO, CFO and Company Secretary and sometimes the Board for a determination as to disclosure required. The ASX liaison person is the Company Secretary of Energy Action.

Energy Action has adopted a Communication Policy. The cornerstone of this policy is the delivery of timely and relevant information as described below:

- Investors receive an annual report and updates which keep them informed of Energy Action's performance and operations.



- Shareholders are able to provide their email address to Energy Action's share registry, Link Market Services Limited to enable all communications from the company to be received electronically. Contact details for Link Market Services Limited are on the company's website.
- After lodging market-sensitive information with ASX, Energy Action's policy is to place the information on its website, including annual and half year results announcements and investor presentations as soon as practically possible. Energy Action's website ([energyaction.com.au](http://energyaction.com.au)) contains recent announcements, presentations and past and current reports to shareholders.
- Domestic investor road shows are held periodically throughout Australia. Where they contain new information, investor and road show presentations are released to the ASX and included on the Group's website.
- For formal meetings, an explanatory memorandum on the resolutions is included with the notice of meeting. Presentations by the Chair and CEO are webcast.
- Full copies of notices of meetings are placed on the Energy Action website. Unless specifically stated in the notice of meeting, all holders of fully paid securities are eligible to vote on all resolutions. In the event that shareholders cannot attend formal meetings, they are able to lodge a proxy on line in accordance with the Corporations Act.



**ASX Corporate Governance Council's Principles and Recommendations (3<sup>rd</sup> edition)**

ASX Principle		Reference^	Compliance
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
<b>1.1</b>	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.	<b>1.1</b>	<b>Comply</b>
<b>1.2</b>	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.	<b>1.4</b>	<b>Comply</b>
<b>1.3</b>	A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	<b>1.4 and 2019 Remuneration Report</b>	<b>Comply</b>
<b>1.4</b>	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.	<b>1.2</b>	<b>Comply</b>
<b>1.5</b>	A listed entity should: (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;  (b) disclose that policy or a summary of it; and,  (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:  (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  (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	<b>5.3</b>	<b>Comply</b>

<b>1.6</b>	<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>	<b>3.1</b>	<b>Comply</b>
<b>1.7</b>	<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>	<b>3.2</b>	<b>Comply</b>
<b>PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE</b>			
<b>2.1</b>	<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</p>	<b>2.3</b>	<p><b>Comply except for 2.1(a)(1)</b></p> <p><b>As at the date of this statement, the Committee has four Directors, two of whom are independent Directors.</b></p>
<b>2.2</b>	<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>	<b>1.2</b>	<b>Comply</b>
<b>2.3</b>	<p>A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(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</p> <p>(c) the length of service of each Director</p>	<b>1.3 and 2019 Directors' report</b>	<b>Comply</b>

<b>2.4</b>	A majority of the Board of a listed entity should be independent Directors.	<b>1.3</b>	<b>Do not comply</b>  As at the date of this statement, do not comply as the Board has four Directors, two of whom are independent Directors.
<b>2.5</b>	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.	<b>1.3</b>	<b>Partially comply</b>  As at the date of this statement the chair of the Board is not an independent Director.
<b>2.6</b>	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.	<b>1.4</b>	<b>Comply</b>
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
<b>3.1</b>	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.	<b>5.1</b>	<b>Comply</b>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
<b>4.1</b>	The Board of a listed entity should:  (a) have an Audit Committee which:  (1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and  (2) is chaired by an independent Director, who is not the chair of the Board,  and disclose:  (3) the charter of the committee;  (4) the relevant qualifications and experience of the members of the committee; and  (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.	<b>2.1</b>	<b>Comply except for 4.1(a)(1)</b>  As at the date of this statement, the Committee comprised of two independent and two non-independent Directors.

<b>4.2</b>	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.	<b>4.2</b>	<b>Comply</b>
<b>4.3</b>	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.	<b>2.1</b>	<b>Comply</b>
<b>PRINCIPLE 5– MAKE TIMELY AND BALANCED DISCLOSURE</b>			
<b>5.1</b>	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and,</p> <p>(b) disclose that policy or a summary of it.</p>	<b>5.5</b>	<b>Comply</b>
<b>PRINCIPLE 6–RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
<b>6.1</b>	A listed entity should provide information about itself and its governance to investors via its website.	<b>5.5</b>	<b>Comply</b>
<b>6.2</b>	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<b>5.5</b>	<b>Comply</b>
<b>6.3</b>	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<b>5.5</b>	<b>Comply</b>
<b>6.4</b>	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<b>5.5</b>	<b>Comply</b>

<b>PRINCIPLE 7–RECOGNISE AND MANAGE RISK</b>			
<b>7.1</b>	<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,</p> <p>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;</p>	<b>2.1, 4.1, 4.2</b>	<p><b>Comply except for 7.1(a)(1)</b></p> <p><b>As at the date of this statement, the Committee comprised of two independent and two non-independent Directors.</b></p>
<b>7.2</b>	<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>	<b>4.2</b>	<b>Comply</b>
<b>7.3</b>	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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>	<b>4.2</b>	<b>Comply</b>
<b>7.4</b>	<p>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>	<b>4.1, 4.2</b>	<b>Comply</b>
<b>PRINCIPLE 8–REMUNERATE FAIRLY AND RESPONSIBLY</b>			
<b>8.1</b>	<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,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p>	<b>2.2</b>	<p><b>Comply except for 8.1(a)(1)</b></p> <p><b>As at the date of this statement, the Remuneration Committee comprised two independent and two non-independent Directors.</b></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.</p>		
<b>8.2</b>	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.	<b>2.2</b>	<b>Comply</b>
<b>8.3</b>	<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>	<b>5.2 and 2019 Remuneration Report</b>	<b>Comply</b>

All references are to sections of this Corporate Governance Statement unless otherwise stated