

ASX/Media Release

For immediate release

2 November 2016

Amendment to Corporate Governance Statement

The Board of Energy Action Limited approved the amended Corporate Governance Statement at the October 2016 Board Meeting. The amendment resulted from a Board assessment of the independence of all Directors. The Board resolved that the Chairman, Mr Murray Bleach could no longer be considered independent as he is now a substantial shareholder.

The Corporate Governance statement follows this media release and is available on the Company's website, www.energyaction.com.au.

ENDS

Further information:

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Corporate Governance Statement

This policy is effective from 20th October 2016 and has been approved by the Energy Action Board of Directors.

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.

This statement, as a listed entity, must comply with the Corporations Act 2001 (Cth), the ASX Listing Rules and other Australian and international laws. ASX Listing rules require the company to report on the extent to which it has followed the Corporate Governance Recommendations contained in the ASX Corporate Governance Council's third edition of its Corporate Governance Principles and Recommendations (ASXCGC Recommendations). The Principles can be viewed at www.asx.com.au. The Principles are not prescriptive; however, listed entities (including Energy Action) are required to disclose the extent of their compliance with the Principles, and to explain why they have not adopted a Principle (the 'if not, why not' approach). The Principles have operated throughout the year unless otherwise indicated.

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. The Board uses its best endeavours to ensure that exceptions to the ASX Principles do not have a negative impact on the Company, the best interests of shareholders as a whole or its other stakeholders.

The ASX Corporate Governance Principles and Recommendations are presented at the end of this statement with a cross reference between the disclosures and statements in this Corporate Governance statement. The Corporate Governance Statement has been lodged with the ASX and may be viewed and downloaded from the Company's website.

Additional information about the Company's corporate governance practices and policies is set out on the Company's website at www.energyaction.com.au.

1. The Board of Directors

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 of Directors' functions and matters that are delegated to management, having regard to the recommendations in the 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;
- Reporting to shareholders.

Compliance

- Undertaking all reasonable measures to ensure that appropriate compliance frameworks and controls are in place and are operating effectively;
- 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, as well as all other applicable laws. The ASX Listing Rules are also applicable. Examples of applicable areas of regulation include:

- AFSL Compliance;
- Occupational health and safety legislation;
- Employment related laws;
- Environmental protection legislation;
- Anti-discrimination legislation;
- Taxation legislation; and,
- Competition and Consumer Act 2010

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 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.

The appointment and removal of Directors is governed by Energy Action's Constitution. Under Energy Action's Constitution the Board must comprise of a minimum of three (3) Directors. The Board is responsible for selecting and approving its own candidates to fill any casual vacancies that may arise on the Board with the assistance of the Nomination Committee. Directors who have been appointed to fill casual vacancies must offer themselves for re-election at the next annual general meeting of Energy Action. In addition, at each annual general meeting, at least one Director must be a candidate for re-election and no Director shall serve more than three years without being a candidate for re-election.

Profiles of all Directors, including details of their skills, experience and expertise can be found in the Directors' report.

The current Board comprises 5 non-executive Directors, one of which is independent, three are not independent and one is a nominee director and is therefore also not independent. The Board considers that the directors collectively bring the range of skills, knowledge and experience necessary to direct the Company. The size and composition of the Board, and its mix of skills and capabilities, is expected to change as it evolves. The Board has in place policies to ensure all Directors exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise in that same position with the same responsibilities. In addition policies have been established for the management and disclosure of information from the nominee director to the appointor. The Board reviews this policy annually.

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

1.3 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. Dr. Ronald Watts and Mr Paul Meehan are not regarded as independent under the guidelines in ASX Principle 2 as both are substantial shareholders and Dr Watts was chairman and Mr Meehan, a director of the company since inception in 2003 and as such their independence has been compromised. Mr Murray Bleach is also not regarded as independent under the guidelines in ASX Principle 2 as he also is a substantial shareholder. Mr Mark de Kock is not regarded as independent under the guidelines in ASX Principle 2 as he is a Nominee Director whose appointment was recommended by one of Energy Action's major shareholders, Microequities Asset Management. Prior to his appointment, the Board considered Mr de Kock's experience and believe he can contribute to the company's strategy and growth.

Accordingly the Company does not meet Recommendations 2.4 and 2.5 of the ASX Principles, insofar as the majority of the Board are not independent directors and the chair is not an independent director. 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, Dr Watts, Mr Meehan, and Mr de Kock. Mr Bleach, Dr Watts and Mr Meehan also consider that they bring quality independent judgement to bear on all relevant issues falling within the scope of non-executive directors, notwithstanding their substantial interests in shares of the Company. Mr de Kock is subject to the same duty of care and diligence as other non-executive directors to discharge his duties in good faith in the proper interests of the company as a whole and for a proper purpose. Mr de Kock is required not to place himself in a position where a potential conflict of interest could occur. All directors are required to excuse themselves from any discussions in which a potential conflict of interest is perceived. The Chairman and Independent Chairman of the Audit and Risk Management Committee will resolve and make the final decision on any conflict of interest matter.

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.

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 has received 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 Committee which consists of an independent Chairman, Mr Nitin Singhi, Mr Murray Bleach, Dr Ronald Watts and Mr Paul Meehan.

A copy of the Nomination Committee 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 Nomination Committee 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, the Nomination Committee 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 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 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 Chairman. 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

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. The Charters for the Audit & Risk Management, Remuneration and Nomination Committees are available on the corporate governance section of the Company’s website.

The composition of the Audit & Risk Management Committee (ARMC) and the Remuneration & Nomination Committees are set out below. Details regarding the number of Board meetings and Committee meetings held during the year and the attendance of each member will be set out in the Annual Report.

2.1 Audit & Risk Management Committee

Members

The Audit & Risk Management Committee has three members all of whom are non-executive directors. The committee is chaired by an independent non-executive director, Mr Nitin Singhi. The chairman of the committee is not the chairman of the Board. Whilst the ARMC meets Recommendation 4.1 of the ASX Principles insofar as it consists only of non-executive directors, has at least three members and is chaired by an independent chair who is not chair of the Board, it does not meet the Recommendation insofar as it does not consist of a majority of independent directors. Given the current size of the Company and the Board, the Directors consider that the ARMC is of sufficient size and has the relevant qualifications and technical expertise to discharge its mandate effectively. Information about the members of the committee, their relevant qualifications and experience, the number of times the committee met throughout the reporting period and the individual attendance of members at these meetings are reported annually in the Directors’ Report. The committee meets at least three times per year.

Role

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.

Responsibilities

- The ARMC’s responsibilities include:-
- Review the internal control and compliance systems of Energy Action;
 - Monitor the integrity of the financial statements of Energy Action;
 - Consider significant financial reporting issues and judgements made in connection with Energy Action’s financial statements;
 - Monitor and review the performance of the external audit function and make recommendations to the Board;

- Monitor compliance by the Company with legal and regulatory requirements; and,
- Where appropriate, and at least twice a year, meet privately with the external auditor to discuss any matters that the Committee or the External Auditor believe should be discussed privately.

Consultation

The CEO and Chief Financial Officer (CFO) 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 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.

Charter

The ARMC Charter and Risk Management and Audit Policy 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.

External Auditor

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 advance by the ARMC (or its chairman 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, at the present time, Ernst & Young is best placed to provide the Company's audit services. Ernst & Young is a top tier professional services firm. It has provided audit services to the Group since its listing and is familiar with its structure and assets. The external auditor is required to be independent from the Company and Energy Action. Ernst & Young 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.

2.2 Remuneration Committee

Members

The Remuneration Committee comprises four non-executive Directors. The committee is chaired by an independent non-executive director, Mr Nitin Singhi. The chairman of the committee is not the chairman of the Board. Whilst the Remuneration Committee meets Recommendation 8.1 of the ASX Principles insofar as it has at least three members and is chaired by an independent chair who is not chair of the Board, it does not meet the Recommendation insofar as it does not consist of a majority of independent directors. Given the current size of the Company and the Board, the Directors consider that the Remuneration Committee is of a sufficient size and has the relevant

qualifications and technical expertise to discharge its mandate effectively and ensures the judgements of the committee are in the best interests of the company as a whole. Information about the members of the committee, their relevant qualifications and experience, the number of times the committee met throughout the reporting period and the individual attendance of members at these meetings are reported annually in the Directors’ Report. The committee meets at least twice per year.

Role	The role of the Committee 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.
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Responsibilities	<p>The responsibilities of the Committee in respect of remuneration include:</p> <ul style="list-style-type: none">■ 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 Chief Executive Officer’s remuneration, (including short and long term incentive plans and performance targets);■ Liaising with external advisors on remuneration-related matters, if and when external remuneration advice is needed.
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For further information in regards to the Company’s remuneration framework, please refer to the Remuneration Report, including a detailed description of the structure of non-executive Directors’ remuneration and senior executives’ remuneration.

Consultation	The committee may obtain information from, and consult with, management and external advisers, as it considers appropriate.
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Charter	The Remuneration Committee’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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2.3 Nomination Committee

Members	The Nomination Committee comprises four non-executive Directors. The committee is chaired by an independent non-executive director, Mr Nitin Singhi. The chairman of the committee is not the chairman of the Board. Whilst the Nomination Committee meets Recommendation 2.1 of the ASX Principles insofar as it has at least three members and is chaired by an independent chair who is not chair of the Board, it does not meet the Recommendation insofar as it does not consist of a majority of independent directors. Given the current size of the Company and the Board, the
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Directors consider that the Nomination Committee is of a sufficient size and has the relevant qualifications and technical expertise to discharge its mandate effectively and ensures the judgements of the committee are in the best interests of the company as a whole. Information about the members of the committee, their relevant qualifications and experience, the number of times the committee met throughout the reporting period and the individual attendance of members at these meetings are reported annually in the Directors’ Report. The committee meets at least once per year.

Role	The role of the committee is to oversee matters and policies to ensure succession planning, recruitment, appointment and remuneration of non-executive Directors.
Responsibilities	<p>The responsibilities of the committee in respect of Nomination include:</p> <ul style="list-style-type: none">Review and recommend to the Board the size and composition of the Board; including review of Board succession plans and the succession of the Chairman and CEO;Review and recommend to the Board the criteria for Board membership, including assessment of necessary and desirable competencies of Board members;Review Board membership and make recommendations to the Board regarding its membership; and,Assist 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.
Consultation	The committee may obtain information from, and consult with, management and external advisers, as it considers appropriate.
Charter	The Nomination Committee’s charter which sets out further details on the role and duties of the committee is available in the corporate governance section of the Group’s website.

3. Performance evaluation and remuneration

3.1 Performance Evaluation

The Nominations Committee is responsible for determining the process for evaluating Board Performance. Evaluations are normally undertaken annually and the process led by the Chairman. The most recent review was conducted in August 2016.

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 compiled by the Chairman with the assistance of the Company Secretary and discussed with Board members as a whole at the next 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 Chairman at any time during the year.

The performance of the Chief Executive Officer (CEO) is reviewed by the Board on a periodic basis. The Chairman 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 Chairman.

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

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. Executive Directors', as well as senior executives' remuneration packages 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 were 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

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 Groups 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.

Whilst the ARMC meets Recommendation 7.1 of the ASX Principles insofar as it consists only of non-executive directors, has at least three members and is chaired by an independent chair who is not chair of the Board, it does not meet the Recommendation insofar as it does not consist of a majority of independent directors. Given the current size of the Company and the Board, the Directors consider that the ARMC is of sufficient size and has the relevant qualifications and technical expertise to discharge its risk monitoring duties effectively.

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. 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

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 Securities 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 Corporate Governance Principles and Recommendations.

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 Securities Trading Policy is available on the Company's website.

5.3 Diversity & Inclusion

The Diversity & Inclusion 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 as at 30 June 2016:

- Energy Action currently has specific flexible working arrangements with 16 employees representing 11 % of total staff (male & female employees).

- Energy Action has in its employment staff from 19 different cultural backgrounds.

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

- Ensuring the Remuneration Committee 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 2016. As at 30 June 2016, there were no women on the Board, 27% of management positions were filled by women and 41% 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 new management system in place. MANGO, a web based safety management tool for housing safety information, record keeping and incident reporting was introduced across the PAS division. 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 FY2016 there were no reported environmental incidents and one day incurred on a Lost Time Injury.

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) contains recent announcements, presentations and past and current reports to shareholders.
- Domestic investor roadshows are held periodically throughout Australia. Where they contain new information, investor and roadshow 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 chairman 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

ASX Principle		Reference^	Compliance
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
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.	1.1	Comply
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.	1.4	Comply
1.3	A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	1.4 and 2016 Remuneration Report	Comply
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.	1.2	Comply
1.5	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	5.3	Comply

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>	3.1	Comply
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>	3.2	Comply
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,</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>	2.3	<p>Not Comply</p> <p>The Committee has four Directors, one of whom is an independent Director.</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>	1.2	Comply
2.3	<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>	1.2 and 1.3	<p>Details disclosed in the Directors' Report within the 2016 Annual Report</p>

2.4	A majority of the Board of a listed entity should be independent Directors.	1.3	Not Comply The Board has five Directors, one of whom is an independent Director.
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.	1.2 & 1.3	Not Comply The Chairman of the Board is not an independent Director.
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.	1.4	Comply
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
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.	5.1	Comply
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	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.	2.1	4.1(a)(1) Not Comply The Audit and Risk Management Committee has three Directors, one of whom is an independent Director.

4.2	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.	4.2	Comply
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.	2.1	Comply
PRINCIPLE 5— MAKE TIMELY AND BALANCED DISCLOSURE			
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.	5.5	Comply
PRINCIPLE 6—RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	5.5	Comply
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	5.5	Comply
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.	5.5	Comply
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.	5.5	Comply

PRINCIPLE 7—RECOGNISE AND MANAGE RISK			
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,</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>	4.1	<p>7.1(a)(1) Not Comply</p> <p>The Audit and Risk Management Committee has three Directors, one of whom is an independent Director.</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>	4.2	Comply
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>	4.2	Comply – The Company's internal audit function is carried out by the Company's Audit and Risk Management Committee.
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>	4.1, 4.2	Comply
PRINCIPLE 8—REMUNERATE FAIRLY AND RESPONSIBLY			
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,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p>	2.2	<p>Not Comply</p> <p>Do not comply for 8.1(a) (1) as the Remuneration Committee comprises one independent and three non-independent Directors.</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.		
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.	2.2	Comply
8.3	A listed entity which has an equity-based remuneration scheme should: (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 (b) disclose that policy or a summary of it.	5.2 and 2016 Remuneration Report	Comply

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