



## 2019 CORPORATE GOVERNANCE STATEMENT

*This statement has been approved by the Board of Windlab Limited. The statement has been prepared as at 8 March 2019 with reference to the 3<sup>rd</sup> Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.*

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### RECOMMENDATION 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 Key roles and responsibilities of the Board are set out in detail in the Board Charter. A copy of the Charter can be found in the Corporate Governance section of the Company's website.

Primarily the Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising Windlab's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise Windlab's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with Windlab's values and governance framework (including establishing and observing high ethical standards); and
- ensure Shareholders are kept informed of Windlab's performance and major developments affecting its state of affairs.

The management function is conducted by, or under the supervision of the Executive Chairman & Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Executive Chairman & Chief Executive Officer).

Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate.

Management is charged with the day to day running and administration of the Company consistent with the objectives and policies as set down by the Board. Within this framework, the Executive Chairman & Chief Executive Officer is directly accountable to the Board for the performance of the management team.

## **RECOMMENDATION 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 whether or not to elect or re-elect a Director.**

The Company does undertake detailed checks before it appoints a person, or puts forward to shareholders a new candidate for election, as a Director. These checks include references as to the person's character, experience and education. The Company does not propose to check criminal records or the bankruptcy history for potential new Board members however may consider such checks where necessary or appropriate in the future.

The Company will include all material information in its possession relevant to a decision whether or not to elect or re-elect a Director in the relevant Notice of Meeting. Information relating to each of the Directors is also provided on the Company's website.

## **RECOMMENDATION 1.3**

**A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.**

The Company has established written agreements with each director and senior executive setting out the terms of their appointment.

Directors are not appointed for a fixed term but are, excluding any Managing Director, subject to re-election by shareholders at least every three years in accordance with the Constitution of the Company. The Company's Executive Chairman & Chief Executive Officer is regarded by the Board as being the Managing Director for this purpose.

A Director appointed to fill a casual vacancy or as an addition to the Board, only holds office until the next general meeting of shareholders and must then retire. After providing for the foregoing, at least one director (excluding any Managing Director) must retire at each Annual General Meeting of shareholders and may offer themselves for re-election at that time.

## **RECOMMENDATION 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 Company Secretaries have been appointed on the basis that they are accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

## **RECOMMENDATION 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.

The Company has a diversity policy which includes requirements for 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.

A copy of the diversity policy can be found in the Corporate Governance section of the Company's website.

The Company is committed to fostering a corporate culture that embraces and values diversity at all levels. As stated in our Code of Conduct, the Company does not tolerate unfair or unlawful discrimination with respect to a person's ethnic background, religion, gender, age, disability, marital status or any other factor unrelated to their skills and qualifications.

The Company believes its people are its most valuable resource and that its staff are a fundamental element of the business, with whom the Company has built a strong reputation and has laid the foundation for its continuing growth.

The Board did not established measurable objectives for achieving gender diversity in respect of the year ended 31 December 2018. The Board regard the principles of gender diversity as an important element of it ongoing corporate culture and this is reflecting in its ongoing recruitment policies.

As at the date of this report the Board is comprised of five (5) directors of which one is a woman.

At the executive level the Company regards senior executive to mean anyone with budget, profit and loss or gross margin responsibility for either the Company or a division or subsidiary of the Company. As at the date of this report 38% of senior executives are women.

Across the group 27% of all employees are women.

## **RECOMMENDATION 1.6**

**A listed entity should:**

- (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals. The Board considers that given the nature and scale of the Company's activities no efficiencies or other benefits would be gained by introducing a formal evaluation policy.

The Board monitors the overall corporate governance of the Company. In the future as the Company grows and increases in size and activity, the Board will consider establishment of formal Board and individual director evaluation processes.

No formal performance evaluation was undertaken during the reporting period.

## **RECOMMENDATION 1.7**

**A listed entity should:**

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and**
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Board has established a remuneration committee whose responsibility includes fairly and responsibly rewarding executives having regard to the performance of the Company, the performance of the executive and the general pay environment including incentive schemes.

During the course of the year the remuneration committee obtained independent external advice on remuneration policy and has reviewed and developed that policy to the extent that it has now been adopted by the Board and is in the process of being introduced across the group.

This policy has served as a guide for the purpose of assessing short term and long term incentives for senior executives in respect of the year ended 31 December 2018 and is being formally implemented for the year ended 31 December 2019.

A formal performance evaluation of senior executives was undertaken by the Chief Executive Officer in respect of the year ended 31 December 2018.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

### **RECOMMENDATION 2.1**

**The Board of a listed entity should:**

- (a) have a nomination committee which:**
  - (1) has at least three members, a majority of whom are independent Directors, and**
  - (2) is chaired by an independent director; and disclose**
  - (3) the charter of the committee**
  - (4) the members of the committee; and**
  - (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**
- (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**

Due to the nature and scale of the Company's operations and the current number of Board members, the Board does not have a formal nomination committee structure and this function is carried out by the Board in conjunction with the Remuneration Committee.

The Board is responsible for the strategic direction of the Company. The Board considers that at this time no efficiencies or other benefits would be gained by establishing a formal nomination committee.

The primary objective of the Board in relation to nominations is to discharge its responsibilities with regard to the following areas:

- a) overseeing the composition of the Board and competencies of Board members;
- b) providing recommendations of appointment and evaluation of the Chief Executive Officer;
- c) ensuring that appropriate procedures exist to assess the performance levels of the Non-executive Directors and Executive Directors;
- d) and developing succession plans for the Board and overseeing development by management of succession planning for senior executives.

The Remuneration Committee's responsibilities in relation to nominations include:

- a) reviewing management succession planning for the Company in general, but specifically in regard to the Chief Executive Officer and senior executives reporting to the Chief Executive Officer;
- b) reviewing the appointments and terminations to senior executive positions reporting to the Chief Executive Officer;
- c) reviewing the appointment of Non- executive directors, including:
  - (i) periodically assessing the appropriate mix of skills, experience, expertise and diversity required on the Board and assessing the extent to which the required skills are represented on the Board;
  - (ii) implementing strategies to promote diversity at Board level and in the Company as a whole;
  - (iii) establishing processes for the identification of suitable candidates for appointment to the Board;
  - (iv) monitoring the length of service of current Board members, considering succession planning issues and identifying the likely order of retirement by rotation of non-executive directors; and
  - (v) establishing processes for the review of the performance of individual non-executive directors, the Board as a whole and the operation of Board committees;
- d) developing a skills matrix to help with the identification of the skills of the Board in order to achieve the objective set out in section 5(c)(i) with respect to all directors; and
- e) developing and implementing a program for inducting new directors including providing professional development opportunities for directors to develop and maintain the skills and professional knowledge needed to perform their roles effectively.

In the future as the Company grows and increases in size and activity, the Board may consider the establishment of a formal nomination committee.

## **RECOMMENDATION 2.2**

**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.**

The Company does not have a formal Board skills matrix which sets out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. However, the current skill set and diversity of the Board is considered appropriate at this stage of the Company's evolution.

The composition of the Board will be reviewed from time to time taking into account the length of service on the Board, age, qualification and experience, any requirements of the Company's constitution, and in light of the needs of the Company and direction of the Company, together with such other criteria considered desirable for composition of a balanced Board and the overall interests of the Company.

Details of each Directors experience and length of service can be found on the Company's website and are reported in the Company's Financial Report on an annual basis.

### **RECOMMENDATION 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.**

Charles Macek, John Cooper, Pippa Downes and Joseph O'Brien are considered to be independent Directors.

In addition, the Board has adopted a series of safeguards to ensure that independent judgement is applied when considering the business of the Board:

- (i) Directors are entitled to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required but this is not unreasonably withheld.
- (ii) Directors having a conflict of interest with an item for discussion by the Board must absent themselves from a Board meeting where such item is being discussed before commencement of discussion on such topic.
- (iii) The Independent Directors confer on a "needs" basis with the Chairman, if warranted and considered necessary by the Independent Directors.

Details of each Directors experience and length of service can be found on the Company's website and are reported in the Company's Financial Report on an annual basis.

### **RECOMMENDATION 2.4**

**A majority of the Board of a listed entity should be independent Directors.**

A majority of the Board are independent Directors.

### **RECOMMENDATION 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.**

Mr. Roger Price is Windlab's Executive Chairman and also the Company's CEO and accordingly the Company does not comply with this recommendation.

The Board recognises that it is generally desirable for the chair of the Board to be an independent Director. However, the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board has appointed Mr Charles Macek as "Senior Independent Director" to fulfil the role as chair if or when the chair is conflicted. The Board will review this arrangement and consider the appointment of an independent chair should the Company's size or circumstances warrant this.

## **RECOMMENDATION 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 Company has not established a formal program for inducting new Directors however new Directors are provided with all relevant Company policies and procedures including its Corporate Governance policies.

Directors are encouraged to pursue appropriate professional development opportunities to develop and maintain their skills and knowledge in order to perform their role as Directors effectively however the Company does not specifically provide professional development opportunities for Directors.

All Board members have access to professional independent advice at the Company's expense, provided they first obtain the Chairman's approval, with such approval not being withheld unreasonably.

## **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

### **RECOMMENDATION 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.**

The Company has adopted a formal Code of Conduct. A copy of the Code of Conduct can be found in the Corporate Governance section of the Company's website.

As an experienced team of directors and employees, the Board, senior executives and employees all have high expectations of themselves and each other. The Code of Conduct expects that its people will conduct themselves with integrity, recognising their accountability to those who will benefit from the success of the Company in bringing its technology and services and to market. In addition to complying with its legal obligations, the Company seeks to conduct itself in an ethical and responsible manner.

## **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

### **RECOMMENDATION 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; or**

- (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.**

The Company has established an Audit and Risk Committee which is comprised of Pippa Downes, Charles Macek and Joseph O'Brien, all of whom are independent non-executive Directors. The Audit and Risk Committee is chaired by Pippa Downes who is an independent Director and not the chair of the Board.

The Company has adopted a formal Audit and Risk Committee Charter. A copy of the Audit and Risk Committee Charter can be found in the Corporate Governance section of the Company's website.

The primary objective of the Audit and Risk Committee is to assist the Board to discharge its responsibilities with regard to the following areas:

- (a) monitor and review, on behalf of the Board, the effectiveness of the control environment in the Company in the areas of operational and balance sheet risk, legal/regulatory compliance and financial reporting;
- (b) provide an independent and objective review of financial and other information prepared by management, in particular that to be provided to members and/or filed with regulators; and
- (c) oversee the Company's discharge of its responsibilities with respect to:
  - (i) the financial statements, financial report and annual report;
  - (ii) legal/regulatory compliance;
  - (iii) protection of the Company's capital;
  - (iv) designing and maintaining appropriate risk management systems;
  - (v) overseeing the Company's relationship with external auditors; and
  - (vi) monitoring the independence of the external auditors.

The Committee meets and receives regular reports from the Company's external auditors concerning matters that arise in connection with their audit. The Committee is also responsible for nomination and review of performance of the external auditors.

Details relating to the relevant qualifications and experience of the members of the Audit and Risk Committee and the number of times the committee met throughout the reporting period and the individual attendances of the members at those meetings are set out on an Annual Basis in the Company's Annual Report to shareholders which is released to the market and posted on the Company's website.

#### **RECOMMENDATION 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.**

The Company's Executive Chairman & Chief Executive Officer and the Chief Financial Officer have reported in writing to the Board on a yearly and half-yearly basis confirming that, in their opinion the financial records of the Company 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 Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



### **RECOMMENDATION 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 Company's external auditor attends the AGM and is available to answer questions from shareholders relevant to the conduct of the audit.

### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

#### **RECOMMENDATION 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.**

The Company has adopted a formal Continuous Disclosure Policy. A copy of the Continuous Disclosure Policy can be found in the Corporate Governance section of the Company's website.

The Continuous Disclosure Policy applies to all Directors and employees of the Company.

### **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

#### **RECOMMENDATION 6.1**

**A listed entity should provide information about itself and its governance to investors via its website.**

Information about the Company and its governance are available on the Company's website. The Company's website provides detailed corporate information and has a specific section relating to corporate governance.

#### **RECOMMENDATION 6.2**

**A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

The Company has adopted a formal Shareholder Communication Policy. A copy of the Shareholder Communication Policy can be found in the Corporate Governance section of the Company's website.

The Board is committed to ensuring that:

- (b) all shareholders have equal and timely access to material information concerning the Company; and**
- (c) all Company announcements are factual and presented in a clear and balanced way.**

Information is communicated to the shareholders through:

- (i) continuous disclosure announcements made to the Australian Securities Exchange;**
- (ii) posting of half-yearly results and all Australian Securities Exchange announcements on the Company's website;**
- (iii) posting of all media announcements on the Company's website; and**

- (iv) the calling of annual general meetings, and other meetings of shareholders, as required.

The Company strongly encourages ongoing communication between the Shareholders and the Company and Board.

### **RECOMMENDATION 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.**

The Company does not have formal policies or process in place to facilitate or encourage participation at shareholder meetings. The Company will despatch a Notice of Meeting and Explanatory Statement to shareholders in accordance with statutory requirements. In addition details of any shareholder meeting will be posted on the Company's website.

The Company endeavours to encourage communication with Shareholders at its general meetings by providing:

- briefings by Board members/senior executives for a deeper insight into the Company;
- opportunities for Shareholders to have their questions answered; and
- opportunities for Shareholders to discuss matters informally with Directors.

### **RECOMMENDATION 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 Company provides shareholders with the option to receive communications from, and send communications to, the entity and its security registry electronically.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

### **RECOMMENDATION 7.1**

**The Board of a listed entity should:**

**(a) have a committee or committees to oversee risk, each of which:**

- (1) has at least three members, a majority of whom are independent Directors; and**
- (2) is chaired by an independent director, and disclose:**
- (3) the charter of the committee;**
- (4) the members of the committee; and**
- (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**

**(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.**

The Company has established an Audit and Risk Committee which is comprised of Pippa Downes, Charles Macek and Joseph O'Brien, all of whom are independent non-executive Directors. The Audit and Risk Committee is chaired by Pippa Downes who is an independent Director.

The Company has adopted a formal Audit and Risk Committee Charter. A copy of the Audit and Risk Committee Charter can be found in the Corporate Governance section of the Company's website.

The Committee's specific function with respect to risk management is to review and report to the Board that:

- (a) the Company's ongoing risk management program effectively identifies areas of potential material risk;
- (b) adequate policies and procedures have been designed and implemented to manage identified risks;
- (c) a periodic program is undertaken to test the adequacy of and compliance with prescribed policies; and
- (d) proper remedial action is undertaken to redress areas of weakness.

Details relating to the relevant qualifications and experience of the members of the Audit and Risk Committee and the number of times the committee met throughout the reporting period and the individual attendances of the members at those meetings are set out on an Annual Basis in the Company's Annual Report to shareholders which is released to the market and posted on the Company's website.

## **RECOMMENDATION 7.2**

**The Board or a committee of the Board should:**

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and**
- (b) disclose, in relation to each reporting period, whether such a review has taken place.**

There are inherent risks associated with the development, construction and operation of wind energy projects around the world. The Board continuously reviews the activities of the Group to identify key business and operational risks and, where possible, will implement policies and procedures to manage such risks.

The Board is provided with regular reporting on the management of operations and the financial condition of the Company aimed at ensuring that risks are identified, assessed and appropriately managed as and when they arise.

In February 2018 the Audit and Risk Committee appointed external advisors to assist with a review of the Company's risk management framework, practices and procedures. As a result the Company has now adopted a formal approach to the identification and assessment of risks and appropriate responses thereto.

## **RECOMMENDATION 7.3**

**A listed entity should disclose:**

- (a) if it has an internal audit function, how the function is structured and what role it performs; or**
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

In light of the nature and scale of the Company's operations and activities, the Company has not established an internal audit function.

While the Company does not have an internal audit function, the risk management and internal control procedures are monitored by the appropriate officer and overseen by the Company's Audit and Risk Management Committee and the Committee reviews these procedures on an ongoing basis.

The Board also reviews the activities of the Group on an ongoing basis to identify key business and operational risks and, where possible, will implement policies and procedures to address such risks and will establish internal control processes where considered appropriate.

The Board is provided with regular reporting on the management of operations and the financial condition of the Company aimed at ensuring that risks (including internal risks) are identified, assessed and appropriately managed as and when they arise.

#### **RECOMMENDATION 7.4**

**A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.**

The Company is committed to being transparent with all of its stakeholders regarding sustainability issues. The core business of the Company is focused on the generation of efficient renewable energy. The Company is committed to minimising its own footprint and to delivering solutions that help its customers and the community do the same.

The Company is also focussed on achieving transparency in the context of its suppliers. Strengthening our relationships with suppliers facilitates the Company's ability to contribute positively in this area in the broader community.

Keeping our employees, customers, suppliers and visitors across all our sites safe is of key importance. Improvements to safety standards and practices and risk reduction are core to all our operations.

Windlab's involvement does not end at the development stage of a wind farm. Often the Company will maintain an ownership stake in many of the projects it develops and will also manage those projects through construction and ongoing operations. Windlab puts community relations at the forefront of everything it does when developing a wind project. This is vital as a wind farm will be a part of a community's infrastructure for 25 years or more.

A core emphasis for the Company is that it should lead the industry in demonstrating fair and transparent community engagement processes and outcomes and the Company has in some cases been able to introduce ownership structures that includes local farming communities and other stakeholders. Windlab was awarded the Clean Energy Council Community Engagement Award in 2015 for this industry leadership and innovation.

Community engagement must be tailored to local community needs. Windlab is very active in Southern and East Africa where local community needs are fundamentally different to communities in Australia or North America. In South Africa community engagement can be included through the establishment of community trusts to provide direct ownership in a wind farm and trust dividends are used to fund initiatives that positively impact the socio-economic status of the local region.

Wind turbines will be placed on landowners land only if a fair commercial agreement is reached between the parties. Whilst recognising that individual landowners often have differing concerns, the Company aims to ensure that all landowners are treated in an honest, fair and equitable manner that provides reasonable compensation during development and if the project is successful, construction and operation.

Wind turbines are sited only where environmental and planning approvals have been gained. Aspects including noise, the impact on the natural environment (including the disruption of habitats, flora and fauna) and visual impact are carefully evaluated in detailed, independent expert studies which are considered and adjudicated upon by relevant authorities and governments.

## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

### **RECOMMENDATION 8.1**

**The Board of a listed entity should:**

- (a) have a remuneration committee which:**
  - (1) has at least three members, a majority of whom are independent Directors; and**
  - (2) is chaired by an independent director, and disclose:**
    - (3) the charter of the committee;**
    - (4) the members of the committee; and**
    - (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**
- (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.**

The Company has established a Remuneration Committee which is comprised of John Cooper and Joseph O'Brien, both of whom are independent non-executive Directors. The Remuneration Committee is chaired by John Cooper. The Board has been structured such that the composition and size of its Remuneration Committee will enable it to effectively discharge its responsibilities and duties.

While the Remuneration Committee will consist of at least two independent directors, all other elements of this Recommendation have been met.

The Company has adopted a formal Remuneration Committee Charter. A copy of the Remuneration Committee Charter can be found in the Corporate Governance section of the Company's website.

The primary objective of the Committee in relation to remuneration is to assist the Board to discharge its responsibilities with regard to the following areas:

- (a) enabling the Company to attract and retain executives and directors who will create value for shareholders and who will support the Company's mission;
- (b) fairly and responsibly rewarding executives having regard to the performance of the Company, the performance of the executive and the general pay environment including incentive schemes;
- (c) ensuring that the Company has appropriate remuneration policies and monitoring their implementation including with respect to senior executives and executive Directors; and
- (d) ensuring that reporting disclosures related to remuneration meet all relevant legal requirements.

The Committee's responsibilities in relation to remuneration include:

- (a) assisting the Board in setting the executive remuneration policy;

- (b) making recommendations to the Board for reviewing and approving the remuneration of executive directors and non-executive directors; and
- (c) reviewing and approving the remuneration of the senior executives as defined by the Board from time to time.

Remuneration for Non-executive directors is set by the Board.

Details relating to the relevant qualifications and experience of the members of the Remuneration Committee and the number of times the committee met throughout the reporting period and the individual attendances of the members at those meetings are set out on an Annual Basis in the Company's Annual Report to shareholders which is released to the market and posted on the Company's website.

## **RECOMMENDATION 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.**

The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals.

Formal policies in relation to the remuneration of senior executives were developed during the course of the year ended 31 December 2018 with the assistance of an independent remuneration consultant. The remuneration policies include strategies, policies and procedures for providing Key Management Personnel and senior executives of the Company with appropriate short term and long term incentives including at risk equity related incentives.

The new policy is in the process of being implemented for the year ended 31 December 2019 and further details will be provided in the Company's remuneration report for this period.

## **RECOMMENDATION 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.**

Officers and employees are entitled to participate in the Company's old and new Employee Share Options Plans and a Performance Rights Plan.

The Company has not established a formal 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.

The Corporations Act prohibits the key management personnel, or a closely related party of such personnel, from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.