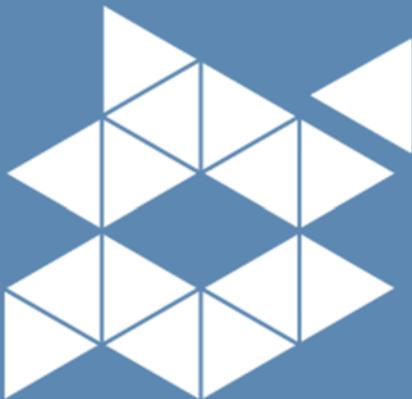




BOARD CHARTER

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Contents

Contents.....	2
1 Overview.....	3
2 Key Board Functions & Procedures.....	5
3 Role of the Chairman.....	9
4 Role of the Deputy Chairman.....	9
5 Role of the CEO.....	9
6 Duties of Individual Directors.....	10
7 Role of the Company Secretary.....	10
8 Evaluating Performance.....	10
9 Company Policies.....	10
10 Indemnities & Insurance.....	12
11 Board Charter Review.....	12
12 Energy Action Policy Framework.....	12

1 Overview

The Board is primarily responsible for ensuring that Energy Action Limited (“Energy Action”) has an appropriate corporate governance structure aimed at creating and protecting shareholder value.

The Board is also responsible for ensuring that management recognises Energy Action’s legal and other obligations to all legitimate stakeholders. “Stakeholders” are groups that are likely to feel a social, environmental, economic or financial impact from Energy Action’s actions. Stakeholders include shareholders, customers, suppliers, employees, government regulators and members of the communities where Energy Action operates and are affected by Energy Action’s activities.

Energy Action’s obligations to its Stakeholders require that appropriate accountability and control systems are in place.

This Charter for the Board of Energy Action explains its commitment to corporate governance. It is not an “all inclusive” document and should be read as a broad expression of principles. The Board will review this Charter on an annual basis.

Energy Action endorses the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations 3rd Edition (the “ASX Principles”).

The Board’s responsibilities incorporate:

1.1 Strategic Direction

- Oversight of the strategic direction for Energy Action and endorsing Energy Action’s strategy developed by the 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.

1.2 Governance

1.2.1 General

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

1.2.2 Compliance

- Undertaking all reasonable measures to ensure that appropriate compliance frameworks and control are in place and are operating effectively; and

- Approving and monitoring the effectiveness of and compliance with policies governing the operations of Energy Action.

1.2.3 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.

1.3 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.

1.4 Operational Development

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

1.5 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.

1.6 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:

- a. AFSL Compliance;
- b. occupational health and safety legislation;
- c. employment related laws;
- d. environmental protection legislation;
- e. anti-discrimination legislation;
- f. taxation legislation; and
- g. the Trade Practices Act.

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.

2 Key Board Functions & Procedures

2.1 Board Composition

It is intended that the Board should comprise a majority of non-executive directors, including the Chairman and Deputy Chairman, and comprise Directors with a broad range of skills, expertise and experience, consistent with the Energy Action Diversity Policy.

The Board together with the Nomination Committee, will review the skills, expertise and experience represented 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.

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 (excluding the CEO) must be a candidate for re-election and no Director shall serve more than three years without being a candidate for re-election.

The Energy Action Board is responsible for setting the strategic direction of Energy Action and monitoring the implementation of that strategy by Energy Action Management, including:

- a. oversight of the Energy Action Group, including its control and accountability systems;
- b. appointing and removing the CEO;
- c. appointing and removing the Company Secretary;
- d. Board and Executive Management development and succession planning;
- e. input into and final approval of corporate strategy;
- f. input into and final approval of the annual operating budget (including the capital budget);
- g. approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestitures;
- h. monitoring compliance with all relevant legal, tax and regulatory obligations;
- i. reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;
- j. at least annually, reviewing the effectiveness of Energy Action's implementation of its risk management system and internal control framework;
- k. monitoring Executive management's performance and implementation of strategy and policies, including assessing whether appropriate resources are available;

- l. approving and monitoring financial and other reporting to the market, shareholders, employees and other Stakeholders; and
- m. appointment, reappointment or replacement of the external auditor.

2.2 Induction & ongoing support

The Board has systems in place to ensure that Directors receive the necessary support they require to perform their role effectively. Induction and orientation programs are in place for all newly appointed Directors, and continuing education and training is encouraged, whether provided externally or internally, on an 'as needs' basis to keep Directors informed regarding regulatory and market developments that significantly impact Energy Action's operations or their duties as Directors.

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 or Deputy 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.

2.3 Director Independence

The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non executive Director to the Board. The Board only considers Directors to be independent where they are independent of management and, as a practical matter, where they exercise their judgment in an unfettered and independent manner.

The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in Energy Action and its operations and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.

All Directors (including Executive Directors) are entitled to be heard at all Meetings and should bring an independent judgment to bear in decision-making.

Non-Executive Directors should confer at least annually without Management present.

2.4 Board Meetings & Procedures

The Board meets regularly in accordance with an agreed schedule. The Board may also meet on other occasions between scheduled meetings to deal with specific matters as the need may arise.

The Non-executive Directors may meet without executive directors or management present. Independent Directors may also meet on their own as they determine necessary.

Energy Action's Constitution governs the regulation of Board meetings and procedures.

Matters approved by the Board are executed by management and monitored by the Board in accordance with the agreed reporting timetable.

2.5 Composition of the Energy Action Board

Currently the Board comprises of:

- a. 5 Non-Executive Directors

But it is recognised that over time the composition of the Board will endeavour to include a majority of independent Non-Executive Directors.

2.6 Delegations

2.6.1 Board Committees

The Board may from time to time establish Committees to streamline the discharge of its responsibilities.

The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.

The following permanent Committees have been established to operate under terms of reference (Charters) approved by the Board:

- Risk Management & Audit Committee;
- Nomination Committee; and
- Remuneration Committee

Each Committee has an obligation to report on its Meetings to the Board and minutes of all Committee Meetings are made available to all Directors. The Board shall annually confirm the membership of these permanent Committees.

a. Risk Management & Audit Committee

The Risk Management & Audit Committee assists the Board in fulfilling its fiduciary responsibilities in relation to corporate accounting and reporting practices.

The Risk Management & Audit Committee's responsibilities are to oversee and review:

- i. The reporting process and to provide an objective review of the financial information presented by management to the Board for presentation to shareholders, regulatory authorities and the general public;
- ii. The existence and maintenance of internal controls and accounting systems;
- iii. The scope and effectiveness of the external audit;
- iv. The independence, appointment, performance and remuneration of external auditors;
- v. To maintain lines of communication between the Board and the external auditors;
- vi. Oversight of the assessment and management of material business risks, including advising the Board as to risk management policies and disclosure requirements relating to risk management;

- vii. Oversight of the establishment and implementation of a Risk Management Framework, including approving reporting guidelines and risk management policies and monitoring compliance with those policies;
- viii. Review the effectiveness of the Risk Management Framework (including Energy Action's risk management, internal compliance and control policies & procedures) for identifying and managing risks and controlling internal processes; and
- ix. Oversight of Energy Action's accreditation programs, quality improvement systems, occupational health & safety policies and AFSL Compliance policies.

b. Nomination Committee:

The Nomination Committee's responsibilities include:

- i. Reviewing and making recommendations to the Board with respect to the size and composition of the Board, including reviewing Board succession plans and the succession of the Chairman and CEO;
- ii. Reviewing and making recommendations to the Board with respect to the criteria for Board membership, including an assessment of necessary and desirable competencies of Board members;
- iii. Reviewing and making recommendations to the Board with respect to the membership of the Board, including recommendations for the appointment and re-election of directors, and proposing candidates for consideration by the Board;
- iv. Assisting the Board as required in relation to the performance evaluation of the Board, its committees and individual directors; and
- v. Make recommendations to the Board on the appointment of the CEO;

c. Remuneration Committee:

The Remuneration Committee's responsibilities are to:

- i. Review and make recommendations on the remuneration strategy and packages for the CEO and other senior executives; and
- ii. Make recommendations to the Board on succession planning for senior executives.

2.6.2 CEO & Management Delegations

The Board delegates the responsibility for the day-to-day management of Energy Action to the CEO, who is assisted by the Chief Financial Officer (CFO).

The CEO must consult with the Chairman or Deputy Chairman on any matters, which the CEO considers are of such a sensitive, extraordinary or strategic nature as to warrant the attention of the Board regardless of value.

The authorisation thresholds for the control of expenditure and capital commitments are delegated to the Risk Management & Audit Committee. Subject to the directions of the Risk Management & Audit Committee, the CEO may sub-delegate the day-to-day running of Energy Action to the senior executive team.

The exercise of delegated authority is restricted to specific organisational functions and roles, including, determining

conditions of employment, the write off of assets, instructing external advisers, property transactions, taxation payments, treasury transactions and dealings (contractual and otherwise) with other parties.

Special and routine capex proposals, which have investment or expenditure initiatives with direct or indirect exposure to Energy Action, above the CEO's approval threshold of \$0.5 million, must be submitted to the Board for approval.

2.6.3 Continuous Disclosure

To ensure that Energy Action is meeting its obligations under the listing rules requirements of the Australian Securities Exchange and that price-sensitive information is released to market in a timely fashion, Energy Action has adopted a comprehensive continuous disclosure policy.

The ultimate responsibility for the management of continuous disclosure rest with the CEO and Company Secretary.

3 Role of the Chairman

The Board is responsible for electing one of the Non-Executive Directors as the Chairman.

The Chairman's responsibility is to ensure that the Board discharges its role, to achieve this, the Chairman's duties include:

- Chairing board and shareholder meetings;
- Providing the appropriate leadership to the Board and Energy Action;
- Facilitating Board discussions to ensure the core issues facing the organisation are addressed;
- Maintaining a regular dialogue and mentoring relationship with the CEO and Senior Executives;
- Monitoring the performance of the Board and individual directors; and
- Promoting the on-going effectiveness and development of the Board.

4 Role of the Deputy Chairman

The Deputy Chairman may be elected by the Board or appointed by the Chairman. His responsibilities include:

- Chairing meetings in the absence of the Chairman; and
- Undertaking any other duties as required by the Board.

5 Role of the CEO

The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and other officers to whom the management is properly delegated by the CEO).

The CEO is responsible to the Board for the overall development of strategy, management and performance of Energy Action. The CEO manages the organisation in accordance with the strategic business plans and policies approved by the Board to achieve the agreed goals.

6 Duties of Individual Directors

Directors are subject to a range of duties under statute, common law, the ASX Listing Rules and policies adopted by Energy Action from time to time. Energy Action expects that Directors will take all reasonable steps to satisfy these duties.

In discharging his/her duties, each Director must:

- a. exercise care and diligence;
- b. act in good faith in the best interests of Energy Action and for a proper purpose;
- c. not improperly use his/her position or misuse information of Energy Action; and
- d. commit the time necessary to discharge effectively his/her role as a Director.

7 Role of the Company Secretary

The Board is supported by the Company Secretary who is accountable to the Board and is responsible for:

- Organising Board meetings;
- Preparing agendas and minutes;
- Preparing Board packs;
- Organising Directors' attendances;
- Providing a point of reference for all dealings between Board and Management;
- Communication with regulatory bodies and the ASX; and
- Attending to all statutory and other filings,

as well as ensuring compliance with the statutory requirements of the Corporations Act, the ASX Listing Rules and other regulatory bodies.

8 Evaluating Performance

The Board will undertake an annual assessment of its performance, including its performance against the requirements of this Charter and the performance of individual Committees.

Following each assessment, the Board will consider what, if any, actions need to be taken to improve its performance.

9 Company Policies

Directors and employees of Energy Action are expected to maintain standards of business conduct, which are ethical, and in this respect policies have been adopted on:

- Auditor Appointment Rotation Removal Process;
- Financial Accounting Policies
- Taxation Management Policy
- Travel Policy
- Business Performance Policy
- Motor Vehicle Use Policy
- Risk Management Policy
- Code of Conduct
- Market Disclosure Policy
- CEO & CFO Assurance Policy
- Environmental Policy
- OH&S Policies
- AFSL Compliance Policy
- Privacy Policy
- Customer Policy
- Complaint Handling Policy
- Trading Policy
- Remuneration Policy
- Stakeholder Policy
- Communications Policy
- Diversity Policy
- Personnel Policy
- Performance Management Policies
- New Employee Policy
- Exiting Employee Policy
- Board Selection Policies
- Skills Matrix/Gap Analyses

- Board Candidate Identification Policy
- Director Remuneration Policy
- Director Appointment Policy
- Letter and Induction Policy
- Information Technology Policy
- Disaster Recovery Policy
- Computer Use Policy

10 Indemnities & Insurance

10.1.1 Directors' & Officers Indemnity

Energy Action indemnifies each officer to the maximum extent permitted by law against liability incurred in or arising out of the conduct of the business of Energy Action or a subsidiary of Energy Action, or in arising out of the discharge of the duties of the officer of Energy Action.

10.1.2 Directors & Officers Insurance

Energy Action maintains a Directors' and Officers' Insurance Policy that, subject to some exceptions, provides insurance cover to past, present or future Directors, Secretaries and Executive Officers of Energy Action and its subsidiaries for wrongful acts committed by them in their capacity as a director or officer of Energy Action or a subsidiary.

11 Board Charter Review

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.

12 Energy Action Policy Framework

The Board oversees the Energy Action Policy Framework, including the Energy Action Code of Conduct and other significant policies recommended by the ASX Principles.

12.1 Energy Action Code of Conduct

The Energy Action Code of Conduct is to be observed by all Directors, employees, consultants and any other person when they represent Energy Action.

The Energy Action Code of Conduct deals with compliance in the following areas of conduct:

- a. Compliance with Laws, Regulations and Ethical Standards;

- b. Political Donations;
- c. Prohibited Payments;
- d. Giving or Receiving Gifts;
- e. Conflicts of Interest;
- f. Accounting Records;
- g. Retention of Records;
- h. Dealing with Auditors;
- i. Making Public Statements about the Energy Action Group;
- j. Use of Confidential Information;
- k. Continuous Disclosure Policy;
- l. Share Trading Policy;
- m. Whistleblower Policy; and
- n. Privacy Policy.

12.2 Shareholder Communications Policy

Energy Action has also established a Shareholder Communications Policy, which is designed to promote effective communication with shareholders and encourage effective participation at General Meetings.

As part of an effective shareholder communications strategy, following listing, Energy Action will move towards:

- a. maintaining and keeping the Corporate Governance information, on the Investor page on the Energy Action website, current; and
- b. making available, via its Investor page on the Energy Action website, materials presented at significant investor briefings.

12.3 Financial Results

As part of Energy Action's continuous disclosure obligations, Energy Action must provide commentary on its financial results to enhance the clarity and balance of the report. This commentary should include information needed by a sophisticated investor to make an informed assessment of Energy Action's activities and results.

12.4 Annual Report - Corporate Governance Statement

The Energy Action Annual Report is to include a Corporate Governance Statement which will contain the content required by the ASX Principles (as well an explanation of any departures from the ASX Principles)

12.5 External Auditor

The external auditor must attend the Annual General Meeting of Energy Action and must be available to answer

questions about:

- a. the conduct of the audit;
- b. the preparations and content of the Auditor's Report;
- c. the accounting policies adopted by Energy Action in relation to the preparation of the financial statements;
and
- d. the independence of the external auditor in relation to the conduct of the audit.