

■ Risk Management & Audit Policy

1. Introduction

Energy Action Limited (Energy Action) recognises that risk is dynamic and is inherent in all external and internal operating environments. Energy Action is committed to managing all material business risks effectively. Effective risk management is a means for achieving competitive advantage and is pivotal to enabling the ongoing growth and success of our business.

This policy is designed to assist management and the Board identify, assess, monitor and manage any risk within Energy Action. The Board has adopted this Risk Management Policy that sets out Energy Action's objectives for risk management and outlines the responsibilities of all Energy Action personnel in relation to the management of financial and non-financial risks. Energy Action has also developed a Risk Appetite Statement, which is approved by the Board and overseen by the ARMC.

This policy also details the appointment of external auditors and the relationship between the external and internal audit procedures of the Company.

2. Risks

Material business risks which have the potential to affect the business of Energy Action may include, but are not limited to:

- Regulatory / Compliance risks;
- Financial reporting or market – related risks,
- Operational risks;
- Strategic risks;
- Risks to the reputation or brand of Energy Action;
- People – Safety and Performance or Engagement;
- Environmental risks including sustainability;

3. Energy Action Risk Management Objectives

Effective risk management within Energy Action has a number of objectives;

- a) Promote an enterprise wide approach, thereby:
 - including risk management as a component of strategy development and evaluation;
 - providing consistency in methodology, assessment and management; and
 - recognising that diversification of our business may naturally provide stability in expected outcomes as well as the ability to quickly and effectively respond to change and optimise opportunity.
- b) Allow the recognition of external factors and anticipate future occurrences that may affect the achievement of our strategy.

- c) Provide confidence in operations, management decisions and certainty regarding expected outcomes.
- d) Generate assurance to shareholders, counterparts, customers, employees, suppliers, creditors and the community.
- e) Provide an understanding of the nature of risk to effectively mitigate downside whilst optimising and realising upside.
- f) Sponsor innovation and maximise value from assets, ventures and opportunities.
- g) Recognise that risk is embedded in all our activities and that the underlying risk appetite is key to effective decision making.
- h) Provide appropriate, consistent and transparent ownership and accountability structures.
- i) Recognise that timely and accurate monitoring, review, communication and reporting of risks is critical to:
 - provide early warning mechanisms for the effective management of risk occurrences and consequences;
 - provide assurance to management, the Board and shareholders;
 - provide a solid platform for growth; and
 - generate and maintain a sound corporate history.

4. Authorities & Responsibilities

4.1 Energy Action Board

The Board has ultimate responsibility for overseeing the performance of Energy Action, including effectively monitoring risk management framework and risk appetite statement, internal control systems and satisfying itself that management has developed and implemented sound policies and procedures. To assist the Board in discharging its responsibilities the Board has established the Audit & Risk Management Committee (ARMC).

4.2 Audit & Risk Management Committee

The ARMC is responsible for assisting the Board in discharging its responsibilities to safeguard the integrity of the Group's financial reporting and the system of internal control.

The tasks that the ARMC has been delegated, and the procedures in which the ARMC is tasked to fulfill the relevant responsibilities, are set out in the Audit & Risk Management Committee Charter.

The ARMC's role is to provide appropriate advice and recommendations to the Board to assist the Board to fulfill its corporate governance responsibilities in regard to financial reporting, the internal control environment, and risk & audit management of the Company and its subsidiaries.

The RMC annually reviews the strategic risks and the risk management framework to ensure that it continues to be sound and operate effectively and within the risk appetite set by the Board.

In addition, the RMC has assumed responsibility for overseeing the issues, incidents and risks identified by management in the regular RMC meetings, compliance and risk reports, and ensuring there is clear accountability for, and effective closure of, relevant issues.

The ARMC receives regular presentations from the RMC throughout the year on specific risk topics, for example IT security, WHS, operational and regulatory / compliance, The ARMC also has responsibility for approving the internal audit plan submitted annually by Group Audit. The internal audit plan is primarily based on an assessment of Energy Action's material strategic risk exposures and covers financial, operational and reputational risk areas.

4.3 Management

The management of Energy Action (RMC) will, from time to time, perform an internal audit function to carry out an analysis and provide an appraisal on the adequacy of the risk management and internal control system. Once this is performed the findings will be presented to the ARMC.

In addition, the RMC will report to the ARMC and provide a report on the effectiveness of the Company's management of material business risks.

In order to properly implement internal controls, the RMC is responsible for:

- ensuring that risk is identified and assessed in a consistent manner, in accordance with this policy and is within the approved risk appetite and is and that appropriate action is taken to mitigate risk and optimise outcomes in a cost effective manner;
- escalating risk issues and opportunities to the ARMC;
- the design and implementation of cost effective risk management and internal control systems in accordance with this policy to manage risk;
- encourage efficiencies and take advantage of opportunities;
- continuous monitoring and reporting of material risks and the effectiveness of risk controls; and
- monitoring compliance, investigating breaches, recommending and/or approving improvement opportunities.

4.4 Employees & Contractors

It is the responsibility of Energy Action employees and contractors to:

- comply with all legislative, regulatory and company policies;
- report to their immediate leader or manager, any real or perceived risks to the health, safety and working environment of themselves, their peers, customers or the general public;
- report to their immediate leader or manager, any real or perceived risks that may significantly affect the profitability, performance or reputation of Energy Action OR that may leave Energy Action exposed to legal or regulatory action. This includes potential loss or damage to assets and/or legal liabilities to third parties; and
- continuously look for opportunities to improve operational efficiencies and optimise outcomes.

4.5 CEO and CFO Assurance

The CEO and CFO of Energy Action will be required to give the Board assurance in accordance with section 295A of the Corporations Act 2001 (Cth). Such assurance relates to the opinion of the CEO and CFO in relation to Energy Action's financial statements. This will enable the Board to be confident that the financial reporting of Energy Action is based on a sound system of risk oversight and internal control.

Once the Board has received the assurance, the Board will be able to make the directors' declaration

required in the Annual Financial Report under s295(4) of the Corporations Act 2001 (Cth).

4.6 Annual Report

The Company will provide the following information in the corporation governance section of the Annual Report:

- an explanation of any departures from the recommendations of the ASX Corporate Governance Council in the Corporate Governance Principles and Recommendations;
- whether the Board has received the assurance under s295A of the Corporations Act 2001 (Cth) from the CEO and CFO;
- whether the Board has received a report from management as to the effectiveness of the Company's management of material business risks; and
- the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee and the number of meetings of the audit committee.

4.7 Auditor Selection & Appointment

The procedures for the selection and appointment of Energy Action's external auditor are based on the following framework:

- The ARMC is responsible for selecting a proposed external auditor for appointment either by the Board (in the case of filling a casual vacancy) or by a majority of the shareholders at the AGM.
- The ARMC is responsible for implementing a selection process and making a recommendation, to either the Board or the shareholders at the AGM, based on their assessment of the responses received from potential external auditors.
- In making any recommendation, the ARMC will consider involving certain senior executives to comment on the responses received.

The assessment of responses from potential external auditors takes into account a number of key criteria, including audit approach and methodology, internal governance processes, global resources, key personnel, independence and cost.

Once the review process has taken place the ARMC provides either the Board or the shareholders information concerning the process adopted in undertaking the review, the recommended external auditor and the reasons for final recommendation.

4.8 Rotation of external audit engagement partners

In accordance with the Corporations Act, the Company requires that each of the:

- a. lead auditor (ie the audit engagement partner); and
- b. review auditor,

shall only play a significant role (as either lead or review auditor) in the audit of Energy Action on behalf of the firm that is the Company's external auditor for 5 successive years. After 5 successive years the person shall rotate with an alternate person employed by the external auditor.

5. Review

A review of this policy and the Risk Appetite Statement will be conducted annually and will be used as the

basis to identify areas where Energy Action needs to establish appropriate control and risk management mechanisms.

An internal risk audit may be delegated by the ARMC annually to identify any material risks to which Energy Action may be exposed. All identified risks which can be cost-effectively insured will be controlled in this manner. Following the internal risk audit the Board will approve the level, terms and conditions which will include reinstatement clauses where necessary of the insurance cover to be affected.

A copy or a summary of this policy will be published on the Corporate Governance page of the Company's website.

6. Related & Supporting Policies

This Audit and Risk Management Policy is supported by and linked to specific Energy Action policies. These policies include, but are not limited to:

- Audit & Risk Management Committee Charter
- Risk Appetite Statement
- Code of Conduct;
- Privacy Policy;
- Diversity & inclusion Policy; and
- Continuous Disclosure Policy.

Approved by the Board of Energy Action Limited on August 2020