

BOARD CHARTER

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1. Objective

1.1 Overview

This Board Charter sets out the role, composition and responsibilities of the Board of the Australian Energy Market Operator Limited (**Company**) as derived from the constitution of the Company effective 1 July 2009 (**Constitution**) and certain administrative policies adopted by the Company. Unless stated otherwise, capitalised terms in this Board Charter have the meaning they have in the Constitution.

1.2 Purpose

The purpose of this Board Charter is to:

- a) promote high standards of corporate governance; and
- b) clarify the role and responsibilities of the Board.

1.3 Supporting documents

This Board Charter is supported by the Company's code of conduct, and the charters for the Risk and Audit, People and Remuneration, Technical, and Policy and Regulatory Committees.

2. Role and structure of the Board

2.1 Board responsibilities

The Board's responsibilities include but are not limited to:

- a) oversight of the Company's activities to achieve the objectives set out in the Constitution;
- b) setting the Company's goals and strategy;
- c) determining the financial, operational, human, technological and administrative resources required by the Company to meet its objectives and goals;
- d) establishing and maintaining adequate and effective reporting lines and procedures, which enable all material matters and information to be identified and reported to the Board;
- e) approving Company budgets and monitoring compliance with financial reporting obligations;
- f) appointing the Managing Director;

- g) reviewing and assessing the performance of the Company's management;
- h) establishing and approving the charters of Board Committees;
- i) establishing effective controls and procedures to enable risks to the Company to be identified, assessed and managed;
- j) monitoring compliance with legislative and regulatory requirements including occupational health and safety, equal opportunity, environmental, corporate governance and reporting obligations; and
- k) reporting to stakeholders of the Company.

A more comprehensive list of those matters which are reserved to the Board is set out in the attachment to this Board Charter.

The day-to-day management of the Company will be delegated to the Managing Director with support from Board Committees as appropriate. These delegations are documented.

2.2 Company's objects

The objects of the Company, as specified in the Constitution, are:

- a) to perform such functions and exercise such powers as are conferred on the Company under the National Gas Law and the National Electricity Law;
- b) to perform such other functions and exercise such other powers as are conferred on the Company by statute, legislative instrument, or direction of the Ministerial Council on Energy from time to time;
- c) to carry out the functions performed by the following entities as at the time this Constitution takes effect, provided those functions have been conferred on the Company under statute or other legislative instrument, or have otherwise been assumed by the Company:
 - i) the National Electricity Market Management Company Limited (ACN 072 010 327);
 - ii) the Victorian Energy Networks Corporation continued under Part 8 of the *Gas Industry Act 2001* (Vic);
 - iii) the Gas Market Company (ACN 095 400 258) in New South Wales and the Australian Capital Territory;
 - iv) the Gas Retail Market Operator appointed under section 257A of the *Gas Supply Act 2003* (Qld);
 - v) the Retail Energy Market Company Limited (ACN 103 318 556) in South Australia; and

- vi) the Electricity Supply Industry Planning Council established under section 6C of the *Electricity Act 1996* (SA), to the extent those functions have been conferred on the Company under the National Electricity Law;
- d) to perform:
 - i) the functions of advisor to the National Gas Emergency Response Advisory Committee;
 - ii) services to the National Stakeholder Steering Committee for Smart Meters; and
 - iii) the functions of the scheme operator to the New South Wales gas supply continuity scheme as outlined in market operations rules approved by the Minister for Energy pursuant to section 33K (1) of the *Gas Supply Act 1996* (NSW);
- e) to perform consultancy and other services related to the matters set out in sections 2.2(a) to 2.2(d) of this Board Charter, provided that such services are not inconsistent with, and do not compromise the Company's functions under, the National Gas Law, the National Electricity Law, any other statute or legislative instrument, or a direction of the Ministerial Council on Energy;
- f) to perform such activities as are necessary to prepare for a proposed conferral of functions or powers under sections 2.2(a) and 2.2(b) of this Board Charter; and
- g) to do all other things as may be incidental or ancillary to the attainment of the objects in sections 2.2(a) to 2.2(f) of this Board Charter.

(Clause 2 of the Constitution)

2.3 Activities of the Board requiring approval of Members

Except where the transaction is required for the purposes of the objects of the Company described in sections 2.2(a), 2.2(b) and 2.2(f) of the Board Charter, the Directors must not undertake any of the following transactions without prior approval in the form of a resolution of Members:

- a) acquiring a business or making a material financial commitment towards starting a significant new business;
- b) disposal of the Company or its business or any substantial part of the Company or its business; or
- c) merger or amalgamation of the Company with any other Company.

(Clause 8.4 of the Constitution)

The above list does not include any activities by Directors which may require the approval of Members under the Corporations Act.

2.4 Membership of the Board

The Board is comprised of a minimum of 5 and a maximum of 10 Directors.

The majority of Directors must be Independent Directors.

A minimum of three Directors and a maximum of six non-executive Directors must have Industry Experience.

A person may not simultaneously hold office as both the Chairman and the Managing Director.

(Clauses 7.1 and 7.2 of the Constitution)

The Directors, other than the Managing Director, are appointed by a determination of the members of the Ministerial Council on Energy in accordance with the MCE Protocol and the Constitution. To assist it with making appointments, the Ministerial Council on Energy receives submissions from the Board Selection Panel and, in certain circumstances, the Chairman.

Board Selection Panel, which is created by the Ministerial Council on Energy, must prepare a report specifying the candidates that the Board Selection Panel recommends for appointment as a Director. The report must first be approved by a resolution of Members before being submitted to the Ministerial Council on Energy.

The Chairman will review all Directors whose terms are due to expire, and will compile a list of all such Directors who are eligible and whom the Chairman recommends be appointed for a further term. If the list includes all Directors whose term is due to expire, and the Chairman determines that there are no other vacancies in offices as a Director that should be filled, then the Chairman will present the list to Members for approval. If this list is approved, the list will be submitted to the Ministerial Council on Energy.

(Clauses 7.3 and 7.4 of the Constitution)

2.5 New Directors

The Board will issue a formal letter of appointment for new Directors setting out the key terms and conditions relevant to their appointment, and the expectations of the role of Director. New Directors will also receive an induction pack that provides key details about the Company and receive briefings from management on all aspects of the business.

2.6 Selection and role of Chairman

The Chairman is appointed by the Ministerial Council on Energy and must at all times be an Independent Director.

(Clause 7.2 – 7.4 of the Constitution)

In addition to the Chairman's responsibilities as an independent non-executive Director, the role of the Chairman includes:

- a) presiding over Board and general meetings;
- b) being available to be consulted by the Managing Director on significant issues and important initiatives facing the Company between Board meetings;
- c) acting as a mentor and sounding board for the Managing Director, while monitoring his or her performance;
- d) initiating and overseeing the Board evaluation process;
- e) managing and providing leadership to the Board and creating an appropriate environment for robust Board discussion;
- f) responding promptly and comprehensively to concerns raised by other Directors;
- g) taking leadership on corporate governance issues, including making him or herself aware of Directors' and executives' conflicts of interests and managing any such conflicts;
- h) reviewing the information flow to the Board to make sure that it is appropriate;
- i) creating a constructive relationship with management and acting as a conduit between management and the Board;
- j) monitoring the interaction between the Company and Members; and
- k) setting the agenda for Board meetings in consultation with the Managing Director.

2.7 Directors responsibilities and duties

Responsibilities and expected behaviours

Directors are expected to:

- attend and participate in Board meetings and meetings of Committees on which they serve;
- spend the time needed, and meet as often as necessary, to properly discharge their responsibilities;

- review meeting materials before Board meetings and Committee meetings; and
- publicly support the letter and spirit of Board decisions.

Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.

Directors must exercise independent judgment when making decisions.

Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.

Directors' duties

Directors must comply with their legal duties when discharging their responsibilities as Directors. Broadly, these duties are:

- to act in good faith and in the best interests of the Company;
- to act with care and diligence;
- to act for proper purposes;
- to avoid a conflict of interest or duty; and
- to refrain from making improper use of information gained through the position of Director or taking improper advantage of the position of Director.

2.8 Remuneration

The Directors, other than the Managing Director, will collectively be entitled to remuneration for their services as Directors equal to an annual amount not exceeding the Annual Directors Remuneration Pool. The Annual Directors Remuneration Pool is determined by a resolution of the Members of the Company in general meeting.

The part of the Annual Directors Remuneration Pool to which individual Directors are entitled will be determined by the Directors, having regard to any recommendation from the Remuneration Adviser.

The remuneration of the Managing Director is determined by the other Directors.

(Clause 7.8 and 8.12 of the Constitution)

2.9 Director's expenses

A Director is entitled to be reimbursed out of the funds of the Company for their reasonable travelling, accommodation and other expenses incurred when travelling to and from

meetings of the Directors or a Committee or when otherwise engaged in the business of the Company. The Company will only be liable for such expenses to the extent they are consistent with any policy adopted by the Directors from time to time and substantiated to the satisfaction of the Company Secretary.

(Clause 7.10 of the Constitution)

Where possible, a Director should request the Company to book travel and accommodation on behalf of the Director.

2.10 Education and development

The Company supports Directors obtaining education or training in areas relevant to the Company as well as developments in business and governance more generally by attendance at relevant courses, seminars, conferences etc. Reimbursement of the costs of education and training will be at the discretion of the Chairman.

2.11 Independent professional advice

Occasions may arise when a Director considers it necessary to obtain independent advice in the furtherance of his or her duties as a Director of the Company.

The Company will reimburse a Director for all reasonable expenses properly paid or incurred by the Director to obtain independent advice (including legal advice and accounting advice) which is necessary for the Director to perform his or her duties and functions as a Director, provided that the Director has obtained the prior approval of the Chairman (which will not be unreasonably withheld).

(Clause 14.1(c) of the Constitution)

The Chairman will notify the other Directors of any approval for reimbursement of expenses for independent advice which he or she has granted not later than the next Board meeting. A copy of the advice may be made available to other Directors at the discretion of the Chairman.

2.12 Board appraisal

As a matter of principle, the Board is committed to the ongoing development of individual Directors and the Board as a whole.

Each year, the Board will conduct an evaluation of its performance. Such a review, as determined by the Board, can be:

- qualitative, quantitative or both;
- formal or informal;
- concentrated on reviewing the Board as a whole or Directors individually;

- self-administered, administered by the Chairman and/or fellow Directors or administered by an independent expert; or
- focused internally on the Directors or involve the wider body of corporate stakeholders including, but not limited to, Members.

3. Insurance, indemnities and statutory immunities

3.1 Indemnification

To the maximum extent permitted by law, the Company may indemnify any current or former Director out of the property of the Company against:

- a) any liability incurred by the person in that capacity (except a liability for legal costs);
- b) legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity; and
- c) legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer of the Company or a subsidiary, if that expenditure has been approved in accordance with the Company's policy.

(Clause 14.1 of the Constitution)

3.2 Directors & officers insurance

The Company may, to the extent permitted by law:

- a) purchase and maintain insurance; or
- b) pay or agree to pay a premium for insurance,

for any current or former Director, Secretary, officer or senior manager of the Company against any liability incurred by that person as a Director, Secretary, officer or senior manager of the Company.

(Clause 14.2 of the Constitution)

The Company has taken out the following insurance relevant to Directors:

- directors & officers insurance (with a limit of \$100 million for any one claim and in the aggregate); and
- professional liability insurance (with a limit of \$350 million for any one claim and in the aggregate).

3.3 Immunities under the National Electricity Law and National Gas Law

Immunities in relation to acts and omissions

A Director or officer of the Company does not incur any civil monetary liability for an act or omission in the performance or exercise, or purported performance or exercise, of a function or power of the Company under the:

- National Electricity Law or National Electricity Rules; or
- National Gas Law, National Gas Rules or National Gas Procedures,

unless the act or omission is done or made in bad faith or through negligence.

Where the act or omission is made through negligence, Directors and officers are only liable up to an amount prescribed by regulation (currently \$1 per event for breaches covered by the National Electricity Law and \$1 per event for breaches covered by the National Gas Law). There is no liability cap for acts or omissions made in bad faith.

(NEL s.119(1), National Electricity Regulations s.14(1)(f))

(NGL s.91K, National Gas Regulations s.10(1)(f))

Immunity in relation to a failure to supply electricity

A Director or officer of the Company does not incur any civil monetary liability for any partial or total failure to supply electricity unless the failure is due to an act or omission done or made in bad faith or negligence.

This immunity does not apply to the circumstances dealt with in section 119(1) of the National Electricity Law and section 9/K of the National Gas Law, that is, in respect of acts or omissions in the performance or exercise, or purported performance or exercise, of a function or power of the Company under the National Electricity Law, National Electricity Rules, National Gas Law, National Gas Rules or National Gas Procedures.

(NEL s.120)

Immunity in relation to use of computer software

A Director or officer of the Company does not incur any civil monetary liability for loss or damage suffered by a Registered Participant under the National Gas Law or National Electricity Law, or any other person in consequence of the use of computer software to operate a gas or electricity market.

(NGL s.91KB, NEL s.120A)

Immunity in relation to dealing with an emergency

Under the National Gas Law, a Director or officer of the Company will not incur any civil monetary liability for an act or omission directed at dealing with an emergency unless the act or omission is done or made in bad faith.

(NGL s.91BR)

It should be noted the immunity provisions in the National Electricity Law and National Gas Law do not offer complete protection in all circumstances. In addition, the Company may enter into an agreement with a third party to vary or exclude the operation of certain immunities under the National Electricity Law and National Gas Law.

4. Access to Board papers and other information

The Company Secretary will retain a complete set of Board papers, Committee papers, minutes and decisions. These are available for reference by Directors as required.

In addition, Directors have access to:

- a) any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions;
- b) management to seek explanations and information from management; and
- c) auditors, both internal and external, to seek explanations and information from them without management being present.

A Director has a right of access to Company records in accordance with the Deed of Access, Indemnity and Insurance approved by the Members and entered into between the Company and each Director.

A Director must not use Company records to which they have been given access for any purpose other than a proper purpose in connection with his or her directorship of the Company.

Company records remain the property of the Company.

Directors may also request staff to attend Board meetings for the purpose of briefing the Board.

5. Board meetings

The Board will generally meet each month and at such other times as appropriate for consideration of any issues that may become urgent or require attention between meetings.

The meetings can be held by technological means (such as via telephone or video conference).

Convening a meeting

A Director may at an time convene a meeting of the Directors. The Directors may regulate their meetings as they think fit.

(Clause 9.1 & 9.2 of the Constitution)

Notice must be given to all Directors specifying the time and place of meeting. Such notice may be given immediately before the meeting.

Quorum

No business may be transacted without a quorum of Directors. The number of Directors whose presence in person or by proxy is necessary to constitute a quorum is as determined by the Directors and, unless so determined, is two.

(Clause 9.7 of the Constitution)

The Directors should attend all Board meetings and their designated Committee meetings. If a Director is unable to attend a meeting they should advise the Company Secretary that they should be recorded as an apology. If they are unable to attend a number of consecutive meetings then leave of absence should be sought from the Chairman.

Agendas and Board papers

Board meeting agendas are to be prepared taking into account the Board's indicative program, emerging issues assessed as warranting Board attention, matters which require Board approval and matters raised in the course of preceding meetings by Directors.

The Company has developed a standard format for Board papers. Directors should treat all Board and Committee papers as confidential. Directors' access to Board papers during and after their term in office is discussed in section 4 of this Board Charter.

The agenda and Board papers will usually be provided to Directors at least 5 days prior to the relevant Board meeting.

The meeting proper

The Chairman must preside at meetings of Directors. If the Chairman has not been appointed under the Constitution, or is not present within 15 minutes of the scheduled commencement of the meeting or is unable or unwilling to act, the Directors present must elect one of their number who is an Independent Director to be the chairperson of the meeting.

(Clause 9.5 of the Constitution)

Decisions are made by a majority of Directors present and entitled to vote.

(Clause 9.3 of the Constitution)

Minutes

Outcome-oriented minutes (and a list of outstanding issues arising from recent Board meetings) will be prepared for each Board and Committee meeting as soon as possible following the meeting. Draft Board minutes will be provided at the next Board Meeting for approval. The draft Committee meeting minutes will also be provided for the information of the Directors.

6. Board Committees

The Board may delegate (and revoke the delegation of) any of its powers, other than powers required by law to be dealt with by the Directors as a board, to a Committee or Committees consisting of one or more Directors. The Committee must exercise the delegated powers in accordance with the directions of the Board.

(Clause 8.8 & 8.9 of the Constitution)

As at the date of this Charter, the Board has established the following standing Committees:

- a) Risk and Audit Committee;
- b) People and Remuneration Committee;
- c) Technical Committee; and
- d) Policy and Regulatory Committee.

6.1 Committee meetings procedures

A Committee may meet and adjourn as it thinks proper.

(Clause 9.10 of the Constitution)

The members of a Committee may elect one of their number as a chairperson of their meetings. If a Committee meeting is held and a chairperson has not been elected or the elected chairperson is not present within 15 minutes of the scheduled commencement of the meeting or is unable or unwilling to act, the members involved may elect one of their number to be the chairperson of the meeting.

(Clause 9.9 of the Constitution)

Questions arising at a meeting of a Committee are to be determined by a majority of votes of the members of the Committee present and voting.

In the event of an equality of votes the chairperson of the meeting has a casting vote, unless only two members of the Committee are present and entitled to vote at the meeting on the question.

(Clause 9.11 of the Constitution)

Directors are encouraged to attend meetings of Committees of which they are not a member, as an observer.

7. Managing Director

7.1 Appointment and removal of Managing Director

The Board may appoint a person to the office of Managing Director for the period and on the terms they think fit. A person may not simultaneously hold the office of Managing Director and Chairman.

(Clause 8.10 of the Constitution)

Subject to any contract with the Managing Director, the Board may remove or dismiss the Managing Director at any time, with or without cause.

(Clause 8.11 of the Constitution)

The Directors (other than the Managing Director) may confer on the Managing Director any of the powers exercisable by them, on such terms and conditions and with such restrictions, as they think fit. The Directors may withdraw or vary any of the powers conferred on the Managing Director.

(Clause 8.13 of the Constitution)

7.2 Responsibilities of the Managing Director

Responsibility for day to day management and administration of the Company is delegated by the Board to the Managing Director and the executive team. The Managing Director manages the Company in accordance with the strategy, plans and policies approved by the Board.

The responsibilities of the Managing Director include:

- a) developing and recommending to the board strategies, business plans and annual budgets for the Company;
- b) implementing the strategies, business plans and budgets adopted by the Board;
- c) providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the Board;

- d) managing resources within budgets approved by the Board;
- e) overseeing the Company's compliance with applicable laws and regulations;
- f) arranging for the Board to be given sufficient information to enable it to effectively perform its functions, set strategies and monitor the Company's performance; and
- g) acting within authority delegated by the Board.

7.3 Performance assessment process

An important function of the Board is the evaluation and performance assessment of the Managing Director. This section outlines the process that the Board will adopt when reviewing the performance of the Managing Director.

Initial performance agreement

The Chairman will develop a set of performance measures for the Managing Director. The Chairman will then discuss these measures with the Managing Director and will revert to the Board with a final set of measures for confirmation by the Board. These measures must be confirmed with the Managing Director as a "performance agreement" in the month of their appointment. This document specifies the link between performance and bonus arrangements.

Timing

The appropriate timing for performance assessment is generally in June-July of each year, as it is at this time that performance from the previous financial year can be assessed and corporate objectives for the coming financial year are known. This timing also coincides with the timing for staff performance assessment.

Performance Evaluation

Process for evaluating performance and establishing a new performance agreement will be along the following lines:

- the Board will generally discuss the Managing Director's performance a number of times during the year;
- as part of the process of assessing the Managing Director's performance at the end of the financial year, the Directors will provide input into a written assessment of the Managing Director's performance against the measures specified in the existing performance agreement;
- the Chairman will also ask the Managing Director for a self-assessment of their performance for consideration by the Board and to provide information on their priorities, as Managing Director of the Company, for the coming year;

- a draft performance assessment (including a recommendation on performance bonus) will then be prepared by the Chairman for discussion and sign-off by the Board. This will generally occur at the June or July Board meetings;
- the Chairman will also develop a set of performance measures for the following financial year, taking into account the Managing Director's priorities for the coming year;
- the Board's assessment will be discussed with the Managing Director after sign-off by the Board; and
- the new performance measures will be discussed with the Managing Director and finalised by the Board for confirmation as the new performance agreement.

The Chairman will carry out the above tasks in consultation with the People and Remuneration Committee.

8. Audit and financial reporting

8.1 Appointment of external auditor

The Directors must cause the accounts of the Company to be maintained and audited in accordance with the requirements of the Corporations Act.

(Clause 16.1 of the Constitution)

The Board has established a Risk and Audit Committee, which has oversight of the auditing of the Company's accounts.

8.2 Internal audit

The Board may appoint an internal auditor. This function may be outsourced to an external accounting firm. The program for internal audit will be supervised by the Risk and Audit Committee.

8.3 Auditors and consultancy services

In no circumstances should an auditor be permitted to provide additional consultancy services where those services may be subsequently reviewed by the auditor through an audit process.

8.4 Statement on financial statements

The Managing Director will provide a detailed written undertaking to the Board confirming that the Company's financial statements present a true and fair view, in all material aspects, of the Company's financial position and are in accordance with relevant accounting standards.

9. Risk management

9.1 Risk and Audit Committee

The Board has established a Risk and Audit Committee comprising at least three non-executive Directors which will oversee the Company's financial, audit, corporate governance, risk management and compliance systems.

9.2 Risk management policy and program

The Company will adopt a formal holistic enterprise wide risk management program which is informed by Standards Australia AS/NZS 4360:2004 or other relevant standards.

This program will be supported by a "Risk Management Policy", to be endorsed by the Board on the recommendation of the Risk and Audit Committee.

9.3 Compliance

The Board is committed to ensuring that the Company meets its legal obligations, including occupational health and safety, equal opportunity, trade practices and environmental obligations.

The Company will implement a compliance system, which is updated regularly, setting out its major legal obligations and its compliance with those obligations.

The Risk and Audit Committee will consider and monitor compliance issues.

9.4 Management assurance

The Managing Director will provide written assurances that the Company's financial statements are founded on a sound system of risk management and internal compliance and control.

10. Conflict of Interest

10.1 Guidelines for Conflict of Interests

In recognition of the obligations in the Corporations Act in relation to conflicts of interest, the Board has adopted the following guidelines for managing conflicts of interest or potential for conflicts of interest:

- all Directors have agreed to comply with the "Conflicts of Interest Protocol" approved by the Board;

- the Board will follow the procedure for handling conflicts of interest set out in the Conflict of Interest Protocol;
- declaration of interests and duties for Directors will be a standing agenda item at each Board meeting;
- the Company Secretary will hold a register in which the interests and duties of each Director is recorded; and
- the following matters will be recorded in the Board minutes:
 - details of any disclosures relating to conflicts of interest made by a Director;
 - the tabling of the register of Director’s interests and duties; and
 - decisions of the Board not to disqualify a Director (with a material or other interest) from being present while a matter is being considered, and from voting on a matter.

10.2 Related Party Transactions

Related party transactions include any financial transaction between a Director or officer, or any “related party” of a Director or officer, and the Company. Related party transactions will be reported in writing to the Board at each Board meeting.

In general, the Corporations Act requires related party transactions to be approved by the Members. The Board cannot approve these transactions. An exemption to this requirement occurs where the financial benefit is given on arm’s length terms. To assist the Board in showing that a financial benefit, such as the awarding of a contract to a company in which a Director has a material interest, is given on arm’s length terms, the Board will adopt the approach of excluding the Director from the approval process.


For the purpose of this section “related party” means:

- a) A spouse or de facto spouse of the Director; or
- b) A parent, son or daughter of the Director or their spouse or de facto spouse; or
- c) An entity over which the Director or officer or a related party defined in a) or b) has a controlling interest.

The Company Secretary will maintain a register of related party transactions.

11. Codes of conduct

The Company has adopted a code of conduct setting out required standards of behaviour, and legal and other obligations applicable to employees and contractors.



Each employee and contractor will be given a copy of the code of conduct applicable to their position when joining the Company.

12. Communication of information

The Board will:

- a) communicate effectively with Members; and
- b) give Members ready access to balanced and understandable information about the Company and its corporate goals.

The Board will develop and adopt a communications strategy to facilitate and promote effective communication with Members and encourage participation at general meetings.

All communications between the Board and Members will occur via the Chairman, Managing Director or Company Secretary (as appropriate).

ATTACHMENT TO BOARD CHARTER

RESPONSIBILITIES RESERVED FOR THE BOARD

RESPONSIBILITY	INSTRUMENT	SECTION / RULE	APPROVED BY:		RECOMMENDATIONS MADE BY:	
			Board	Chair	Board Committee	Managing Director
GENERAL MATTERS						
Overseeing the company's activities to achieve the objectives set out in the constitution.	Board charter	2.1(a)	✓			
Setting the company's goals and strategies.	Board charter	2.1(b)	✓			
Determining the financial, operational, human, technological and administrative resources required by the company to meet its objectives and goals.	Board charter	2.1(c)	✓		✓ (RAC)	
Establishing and maintaining adequate and effective reporting lines and procedures which enable all material matters and information to be identified and reported to the board.	Board charter	2.1(d)	✓		✓ (RAC)	
Approving company budgets and monitoring compliance with financial reporting obligations.	Board charter	2.1(e)	✓		✓ (RAC)	

RESPONSIBILITY	INSTRUMENT	SECTION / RULE	APPROVED BY:		RECOMMENDATIONS MADE BY:	
			Board	Chair	Board Committee	Managing Director
Establishing effective controls and procedures to enable risks to the company to be identified, assessed and managed.	Board charter	2.1(i)	✓		✓ (RAC)	
Monitoring compliance with legislative and regulatory requirements including occupational health and safety, equal opportunity, environmental, corporate governance and reporting obligations.	Board charter	2.1(j)	✓		✓ (RAC)	
Reporting to stakeholders of the company.	Board charter	2.1(k)	✓			
FINANCIAL EXPENDITURE						
Approving capital expenditures greater than \$250,000 (or other maximum amount delegated to managing director).	-	-	✓			
Approving operating expenditures greater than \$500,000 (or other maximum amount delegated to managing director).	-		✓			

RESPONSIBILITY	INSTRUMENT	SECTION / RULE	APPROVED BY:		RECOMMENDATIONS MADE BY:	
			Board	Chair	Board Committee	Managing Director
OPERATIONAL MATTERS						
Approving the national transmission network development plan.	NEL	49(2)(a)	✓		✓ (TC)	
Entering into any network agreement.	NEL	50c	✓			
Entering into any connection agreement for shared transmission services.	NEL	50e	✓			
Agreeing to alter the allocation of risk under an existing network agreement.	NEL	50j	✓			
Determining fees and charges for services.	NEL	52	✓			
Entering into non-market ancillary service contracts.	NER	3.11	✓			
Approving market audit reports.	NER	3.13.10	✓			
Entering into reserve contracts.	NER	3.20	✓			
Approving the electricity statement of opportunities.	NER	3.13.3(q)	✓		✓ (TC)	

RESPONSIBILITY	INSTRUMENT	SECTION / RULE	APPROVED BY:		RECOMMENDATIONS MADE BY:	
			Board	Chair	Board Committee	Managing Director
Entering into agency or delegation arrangements.	NER	4.3.3	✓			
Approving gas statement of opportunities.	NGL	91da	✓		✓ (TC)	
Determining fees and charges for services.	NGL	91e	✓			
Making a general market information order requiring information from persons or a class of persons or serving a market information notice.	NEL	53		✓ (power jointly delegated to MD)		
Making or issuing any market information instruments for any declared network function.	NEL	50c		✓ (power jointly delegated to MD)		
Authorising or directing a declared transmission system operator to augment a declared shared network.	NEL	50f		✓ (power jointly delegated to MD)		

RESPONSIBILITY	INSTRUMENT	SECTION / RULE	APPROVED BY:		RECOMMENDATIONS MADE BY:	
			Board	Chair	Board Committee	Managing Director
Making a general market information order requiring information from persons or a class of persons or serving a market information notice.	NGL	91f		✓ (power jointly delegated to MD)		
PRUDENTIAL SUPERVISION						
Approving the prudential manual and amendments to the prudential manual (affecting delegations to the board and MD)	Prudential manual	2.2	✓			
Approving the methodology for credit risk limits.	NER	3.3.8(d)	✓			✓
Approving the acceptable credit support criteria.	NER	3.3.3, 3.3.4	✓			✓
Approving the typical accrual methodology for interim statements and call notices.	NER	3.3.12(a)	✓			✓
Approving the cancellation of a call notice issued under clause 3.3.11 (in circumstances where that power has not otherwise been delegated)	NER	3.3.11(b)	✓			✓

RESPONSIBILITY	INSTRUMENT	SECTION / RULE	APPROVED BY:		RECOMMENDATIONS MADE BY:	
			Board	Chair	Board Committee	Managing Director
Approving the issuing or withdrawal of a default notice (by the board) for an event described in rule 3.15.21(a)(3) – (15)	NER	3.15.21(b)(1)	✓			
Exercising discretion to suspend a market participant.	NER	3.15.21(c)	✓			
Approving the suspension of a market participant and invoking the retailer of last resort process.	NER	3.15.21(j)	✓			
HUMAN RESOURCES MATTERS						
Approving a new organisational structure.	-	-	✓			
Evaluating and classifying the MD and ELT positions.	-	-		✓		
Approving the MD job profile.	-	-	✓			
Establishing or reclassifying an ELT position.	-	-		✓		
Approving recruitment for vacant a MD position.	-	-		✓		

RESPONSIBILITY	INSTRUMENT	SECTION / RULE	APPROVED BY:		RECOMMENDATIONS MADE BY:	
			Board	Chair	Board Committee	Managing Director
Approving the method of advertising for the MD position.	-	-		✓		
Appointment the MD and approving appointment decisions regarding ELT positions.	Constitution	8.10	✓		✓ (REM)	
Extending the qualifying period for the MD.	-	-	✓			
Approving the remuneration package for the MD.	Constitution	8.12	✓		✓ (REM)	
Approving the retention payments for the MD.	Constitution	8.12	✓		✓ (REM)	
Conducting an annual review of the MD's remuneration increase.	Constitution	8.12	✓		✓ (REM)	
Approving executive performance pay for MD and ELT members.	Constitution	8.12	✓		✓ (REM)	
Approving the commencement of a formal performance management process for the MD.	-	-		✓		

RESPONSIBILITY	INSTRUMENT	SECTION / RULE	APPROVED BY:		RECOMMENDATIONS MADE BY:	
			Board	Chair	Board Committee	Managing Director
Approving long service leave requests for the MD.	-	-		✓		
Approving the reimbursement of study expenses for the MD.	-	-		✓		
Approving leave without pay requests for the MD.	-	-		✓		
Approving international travel by the MD.	-	-		✓		
Approving inter-state travel by the MD.	-	-		✓		
Accepting resignations from the MD.	-	-	✓			
Terminating the MD's employment.	Constitution	8.11	✓		✓ (REM)	
Deciding whether to renew the MD's employment contract.	Constitution	8.11	✓		✓ (REM)	
Approving the payment of professional memberships for the MD.	-	-	✓			

RESPONSIBILITY	INSTRUMENT	SECTION / RULE	APPROVED BY:		RECOMMENDATIONS MADE BY:	
			Board	Chair	Board Committee	Managing Director
Approving the payment of home broadband facilities for MD.	-	-	✓			
Approving the provision of a corporate credit or purchase card to MD.	-	-	✓			
Approving the corporate credit or purchase card monthly payment for MD.	-	-	✓			
RETAIL MARKET PROCEDURES						
Appointing an auditor to audit the provision of last resort information provided by users under clause 12.	Procedures	12.5	✓			
Appointing an auditor to audit compliance with obligations to use dpi full listings correctly.	Procedures	17.6, 17.7	✓			
Appointing an auditor to audit compliance with procedures by registry operator, participant imbalance manager or data estimation entity.	Procedures	35.1, 35.2	✓			

Acronyms and other terms

MD	Managing Director
NER	National Electricity Rules
NGL	National Gas Law
PRC	Policy and Regulatory Committee
Procedures	Retail Market Procedures (NSW and ACT)
RAC	Risk and Audit Committee
REM	People and Remuneration Committee
TC	Technical Committee