

BOARD CHARTER

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1. ROLE

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| 1.1 | Legislation authorising board creation | In accordance with section 8(1) of <i>Electricity Corporations Act 2005 (WA) (the Act)</i> , the management and control of the business and affairs of Synergy are vested in the board. |
| 1.2 | General role of the board | The board may in the name of Synergy and subject to the Act, perform the functions, determine the policies and control the affairs of the corporation: section 9(b) of the Act. The central role of the board is to provide strategic guidance for Synergy and to provide effective oversight of Synergy's management and its business activities. |

2. DUTIES AND RESPONSIBILITIES

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| 2.1 | Board's responsibilities | <p>The board's responsibilities include:</p> <ul style="list-style-type: none"> • providing input into and final approval of management's development of corporate strategy and performance objectives; • further developing planning processes, including Synergy's strategic plan; • monitoring and overseeing Synergy's stakeholder relationship strategy and its implementation; • monitoring the effectiveness of risk management by reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance; • appointing and, where appropriate, removing the company secretary or company secretaries; • appointing and removing the chief executive officer / managing director, including approving remuneration of the chief executive officer / managing director and remuneration policy and succession plans for the chief executive officer / managing director; • approving the appointment, removal or any material change to the role of individuals reporting directly to the chief executive officer / managing director; • reviewing and approving the level of remuneration and conditions of service of chief executive officer / managing director and his or her direct reports; • monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available; |
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- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting and monitoring financial performance against approved budget;
- consulting with the Minister in relation to appointment of any person as a director of Synergy in accordance with section 8(4) of the Electricity Corporations Act 2005;
- ensuring Synergy complies with all requirements under Electricity Corporations Act 2005 and all other laws; and
- handling any other matters for which the board is responsible under the Synergy committee charters.

2.2 **Chairman's responsibilities**

The Governor appoints the chairman in accordance with clause 4 of Schedule 1 of the Electricity Corporations Act 2005. A deputy chairman will also be appointed by the Governor.

The chairman should be an independent director. The roles of the chairman and the chief executive officer / managing director may not be exercised by the same individual.

The chairman's responsibilities include:

- leading the board and ensuring its effective performance;
- chairing board meetings;
- establishing the agenda for board meetings in consultation with the chief executive officer / managing director;
- ensuring board minutes properly reflect board decisions;
- being the primary point of contact between the board and the chief executive officer / managing director;
- providing mentoring for the chief executive officer / managing director and being available for consultation with the chief executive officer / managing director;
- supervising the process of board and director evaluation; and
- in accordance with the clause 6 of Schedule 1 of the Act, having a casting vote.

2.3 **Chief executive officer / managing director**

The chief executive officer / managing director is appointed by the board.

The chief executive officer / managing director is responsible for the day-to-day management and administration of Synergy in accordance with the strategy, policies and programs approved by the board.

The chief executive officer / managing director's responsibilities include:

- developing with the board a consensus for Synergy's vision and direction;
- constructing, with Synergy's management team, programs to implement this vision;

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- negotiating the terms and conditions of appointment of senior executives for board approval;
- recommending the appointment of his or her direct reports for board approval;
- endorsing the terms and conditions of appointment of all other staff members within the parameters set by the board;
- providing strong leadership to, and effective management of, Synergy in order to:
 - encourage co-operation and teamwork;
 - build and maintain staff morale at a high level;
- ensuring a safe workplace for all personnel;
- ensuring a culture of compliance generally;
- carrying out the day-to-day management of Synergy;
- keeping the board informed of all the activities of Synergy;
- ensuring that the agenda and briefing materials for board meetings are professional and complete and prepared and forwarded to directors in a timely and effective manner;
- authorising the expenses of the directors; and
- ensuring that all personnel act with the highest degree of ethics and probity.

The chief executive officer / managing director is formally delegated by the board to authorise all expenditures as approved in the budget, subject to:

- all chief executive officer / managing director remuneration, outside of normal monthly remuneration, must be authorised by the chairman; and
- all business related expenses paid to the chief executive officer / managing director must be authorised or ratified by the chairman.

2.4 Individual directors

In accordance with statutory requirements, specifically section 27 of the Act (referencing Schedule 2 of the Act) and in keeping with the common law, directors have the following responsibilities:

- exercise their powers and discharge their duties in good faith and in the best interests of Synergy as a whole;
- use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- use due care and diligence;
- make a reasonable effort to become and remain familiar with the affairs of Synergy;
- attend all board meetings and board functions unless they have a valid reason for non-attendance.

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- 2.5 **Company secretary** The company secretary is generally responsible for carrying out the administrative and legislative requirements of the board. The company secretary holds primary responsibility for ensuring that the board processes and procedures run efficiently and effectively.
- The company secretary must be an executive officer appointed in accordance with section 20 of the Electricity Corporations Act 2005.
- The specific tasks of the company secretary include:
- overseeing Synergy’s compliance program and ensuring all company legislative obligations are met;
 - supporting the chief executive officer / managing director to ensure that the agenda and briefing materials for board meetings are prepared and forwarded to directors in a timely and effective manner;
 - recording, maintaining and distributing the submissions and minutes of all board and board committee meetings as required;
 - meeting statutory reporting requirements in accordance with relevant legislation;
 - working with the chairman and chief executive officer / managing director to establish and maintain best practice corporate governance; and
 - any other services the chief executive officer / managing director or chairman may require.
- 2.6 **Codes of Conduct and Policies** The board from time-to-time will approve the following policies and codes of conduct which will be prepared in accordance with AS8000, ASIC and ASX guidelines and are generally accepted industry standards:
- Board Code of Conduct
 - Code of Conduct
 - Strategic Development Plan
 - Operations Plan
 - Risk Management Plan
 - Fraud Control Plan
 - Intellectual Property Management Plan
 - Schedule of Delegated Authority (inclusive of Delegated Financial Authority)
 - Communications Strategy

3. MEETINGS

- 3.1 **Meeting frequency** The board will meet as often as appropriate to enable it to discharge its duties to the company.
- 3.2 **Authority to call a meeting** Any board member may call a meeting of the board at any time.

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3.3	Notice	A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the board in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed. For meetings or agenda items provided on short notice, the company secretary may also provide documents by email.
3.4	Minutes and submissions to committee	The company secretary must provide board members with hard copy versions of notices, minutes, agenda and supporting papers. These documents are also available in electronic form.
3.5	Attendance	Any person may be invited to attend meetings of the board, but not necessarily for the full duration of the meeting.
3.6	Access to company	The board must have unrestricted access to personnel records, senior management and Synergy information in the possession of management as appropriate.
3.7	Independent professional advice	Subject to the prior consultation with the chairman, each director has the right to obtain outside independent professional advice at Synergy's expense and if he or she considers it necessary to secure the attendance of outsiders with relevant experience and expertise. The board may meet with external advisers without management being present..

4. COMPOSITION

4.1	Membership	In accordance with section 8(1) of the Act, the board shall comprise between four and six directors.
4.2	Independent majority	The majority of directors of Synergy will be independent, non-executive directors and the Chairman shall be an independent, non-executive director.
4.3	Definition of independent director	<p>An independent director is a non-executive who is not a member of management and who the board considers independent by reference to the following criteria (where applicable):</p> <ul style="list-style-type: none"> • is not a member of staff (as required by section 8(3) of the Act); • has not, within the last 3 years, been employed in an executive capacity by Synergy, or been a director after ceasing to hold any such employment; • has not, within the last 3 years, been a principal of a material professional adviser or a material consultant to Synergy, or an employee materially associated with services provided to Synergy; • has no material contractual relationship with Synergy other than as a director of Synergy; • has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Synergy; and

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- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Synergy.

4.4 **Review of board composition**

The board shall ensure that, collectively, it has the appropriate range of expertise or has access to the appropriate range of expertise to properly fulfil its responsibilities, including in relation to:

- the Australian electricity industry;
- accounting and/or finance;
- legal skills;
- business; and
- chief executive officer / managing director-level experience.

The board shall review the range of expertise of its members on a regular basis and ensure that it has or has access to operational and technical expertise relevant to the overview of the operations of Synergy.

4.5 **Appointment of directors**

Directors are appointed by the Governor on the nomination of the Minister in accordance with clause 8(1) of the Act.

4.6 **Terms of director appointment**

Synergy will ensure, if possible, that the terms and conditions of the appointment and retirement of members of the board be set out in a letter of appointment, which shall include the following matters:

- the term of the appointment, subject to member approval;
- time commitments envisaged;
- the powers and duties of directors;
- any special duties or arrangements attaching to the position;
- circumstances in which an office of director becomes vacant;
- expectations regarding involvement with committee work;
- remuneration and expenses;
- superannuation arrangements;
- the requirement to disclose directors' interests and any matters which affect the
- director's independence;
- fellow directors;
- induction, training and continuous education arrangements;
- access to independent professional advice;
- indemnity and insurance arrangements;
- confidentiality and rights of access to corporate information; and
- includes a copy of the Electricity Corporations Act 2005 (WA).

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5. BOARD COMMITTEES

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| 5.1 | Board may establish committees | To assist with the execution of its responsibilities, the board has the authority under section 13 of the Act to establish and determine the powers and functions of the committees of the board. |
| 5.2 | Established committees | The board has established an Audit and Legal Compliance Committee, a Human Resources and Remuneration Committee and a Nominations Committee. |
| 5.3 | Possible future committee | The board may establish at a later date a Financial Risk Management Committee. |
| 5.4 | Committee charters | Each board committee is governed by a board-approved charter setting out that committee's responsibilities. |

6. REVIEW; OTHER CORPORATE GOVERNANCE DOCUMENTS

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| 6.1 | Charter review | This charter and committee charters will be reviewed regularly and updated as required. Any board member is free to propose changes to this charter at any time. |
| 6.2 | Date of most recent approval | The board has approved these revised terms of references at its meeting held on 29 September 2009. |
| 6.3 | Other Synergy Corporate Governance Documents | <ul style="list-style-type: none">• Electricity Retail Corporations Act 2005 (in effect, the Synergy "Constitution")• Synergy Corporate Governance Policy• Staff Code of Conduct• Board Charter• Board Committee Charters |