



INFIGEN ENERGY

CORPORATE  
GOVERNANCE  
STATEMENT  
2015



## Corporate Governance Statement

### **ASX PRINCIPLES AND RECOMMENDATIONS**

The ASX Corporate Governance Council (**ASX CGC**) has issued a guideline setting out corporate governance Principles and Recommendations. The ASX Listing Rules require listed entities to publicly report the extent to which they have followed the Principles and Recommendations within the ASX CGC guideline during each financial year reporting period.

This Corporate Governance Statement covers the 2015 financial year. This Statement is accurate and up to date as at 1 September 2015 and has been approved by the Board. The Statement is structured with reference to the third edition of the ASX CGC guideline. Infigen has complied with the Principles and Recommendations within the ASX CGC guideline during the 2015 financial year, including disclosure of relevant information.

### **STRUCTURE OF THE INFIGEN ENERGY GROUP**

The Infigen Energy Group (**Infigen**) consists of the following entities:

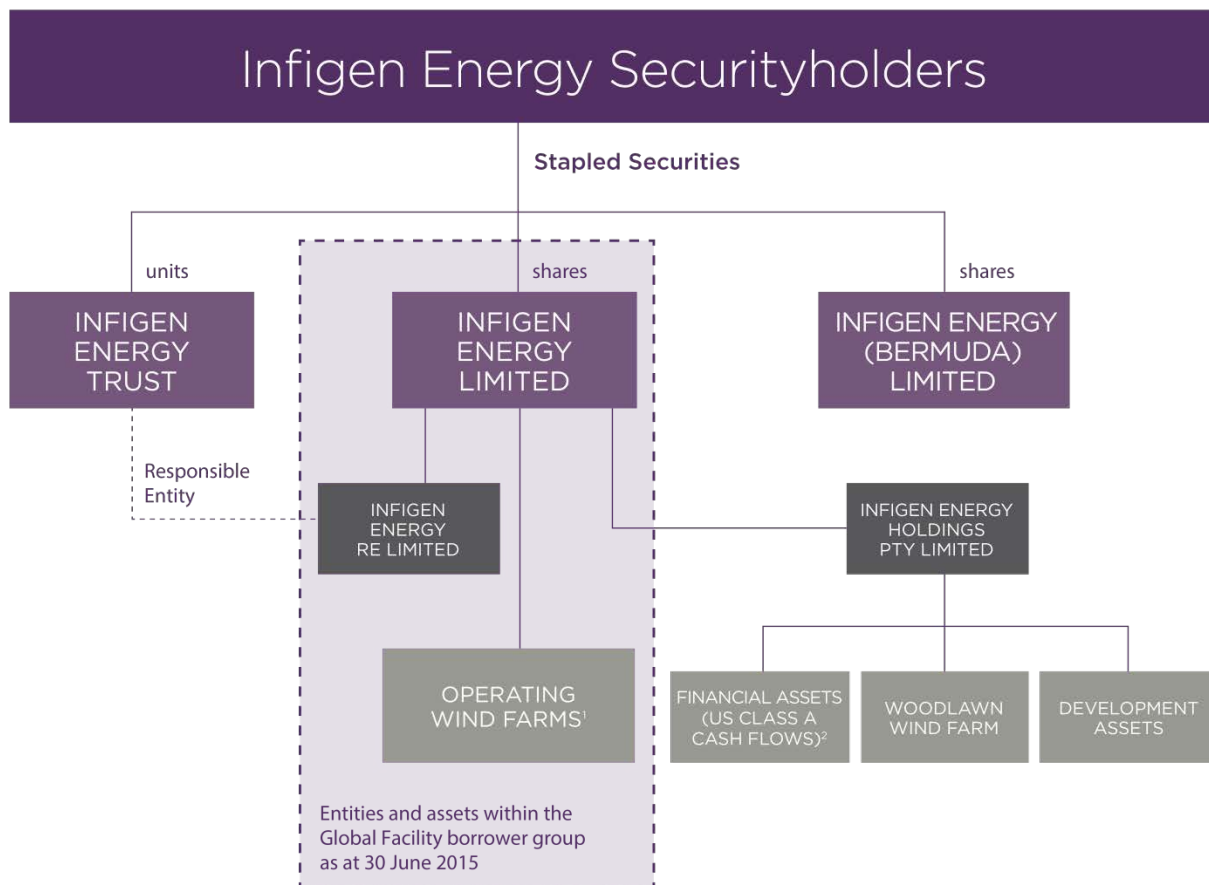
- Infigen Energy Limited (**IEL**), a public company incorporated in Australia;
- Infigen Energy Trust (**IET**), a managed investment scheme registered in Australia;
- Infigen Energy (Bermuda) Limited (**IEBL**), a company incorporated in Bermuda; and
- the subsidiary entities of IEL and IET.

One share in each of IEL and IEBL and one unit in IET have been stapled together to form a single stapled security, tradable on the Australian Securities Exchange under the 'IFN' code.

Infigen Energy RE Limited (**IERL**) is the Responsible Entity of IET.

The current stapled structure of the Infigen Energy group was established immediately prior to listing on the Australian Securities Exchange in 2005 and currently cannot be materially simplified due to provisions of Infigen's corporate debt facility (**Global Facility**). IEBL was established and included in Infigen's stapled structure in 2005 to provide flexibility regarding potential investment ownership structures. IEBL has not been utilised for that purpose since it was established and Infigen aims to wind-up this entity when it is cost-effective to do so.

The following diagram represents the structure of the Infigen Energy group, including the entities and assets within the Global Facility borrower group.



 Entities and assets within the Global Facility borrower group as at 30 June 2015

1. The wholly-owned subsidiaries of Infigen Energy Limited (IEL) that are Class B members in the US institutional equity partnerships (IEPs) and entitled to returns, including cash distributions, from the IEPs, are included within the Global Facility borrower group. The IEPs, which are not wholly owned, are not members of that group.
2. Through its subsidiaries, Infigen Energy Holdings Pty Limited (IEH) has provided funding to certain wholly-owned subsidiaries of IEL which hold Class A interests in relation to nine of IEL's US operating wind farms. Like IEH, those subsidiaries of IEL are owned by a member of the Global Facility borrower group but are 'Excluded Companies' for the purposes of the Global Facility.
3. On 15 July 2015 Infigen announced that it had executed purchase and sale agreements for the sale of its US wind business, which includes all of Infigen's Class B and Class A interests in relation to US operating wind farms. The majority of the sale proceeds will be received by a wholly-owned subsidiary of the Global Facility borrower group, with the net sale proceeds (after transaction related costs) being applied to repayment of Global Facilities debt. The balance of the sale proceeds will be received by 'Excluded Companies' and the net sale proceeds (after transaction related costs) will be retained outside the Global Facility borrower group.

## Interaction between the roles of IEL, IEBL and IERL

The Boards of IEL, IEBL and IERL (the **IFN Boards**) are responsible for the governance and management of Infigen. The IEL Board, in consultation and agreement with the IEBL and IERL Boards, formulates and approves the strategic direction, investment objectives and goals of Infigen in accordance with the terms of the Stapling Deed of 16 September 2005 (**Stapling Deed**). In practice, IEL was responsible for conducting the day-to-day operations of Infigen during the year. IEL will continue to consult and exchange information with and seek the agreement of IEBL and IERL when making relevant decisions in relation to Infigen.

The Stapling Deed sets out the details of the relationship between IEL, IEBL and IERL in respect of Infigen. The Stapling Deed provides, to the extent permitted by law, for co-operation and alignment between these entities. It is by operation of the Stapling Deed that the Boards of IEL, IEBL and IERL are together responsible for overseeing the rights and interests of securityholders in Infigen, as well as being accountable to securityholders for the overall corporate governance and management of Infigen.

## ASX Principle 1: Lay solid foundations for management and oversight

**A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.**

### **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 IFN Boards have each adopted a formal Board Charter which details the functions and responsibilities of the relevant Board and distinguishes such functions and responsibilities from those which have been delegated to management. Such delegation is non-exclusive. The Board Charters are reviewed by the IFN Boards annually. A summary of the Board Charters is available in the Corporate Governance section on Infigen's website at [www.infigenenergy.com](http://www.infigenenergy.com).

The Boards have delegated detailed review and consideration of some of these responsibilities to their respective Committees. The Board Charters also set out the specific powers and responsibilities of the Chairman and the Chief Executive Officer.

Each IFN Board acts independently in exercising its separable responsibilities for each entity. Where there are joint responsibilities the Boards co-operate as provided for in the Stapling Deed and in accordance with relevant ASIC relief. Where appropriate, this is given effect by concurrent Board and Committee meetings to address relevant matters.

### **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 on whether or not to elect or re-elect a director.*

The practice of the Nomination & Remuneration Committee in relation to any search and assessment of additional Directors has involved engaging an external recruitment adviser to assist the Committee undertake appropriate checks, including in relation to a person's character, experience, education, criminal record and bankruptcy history prior to proceeding to an appointment. The Committee and Boards provide securityholders with all material information in their possession relevant to a decision regarding whether or not to elect or

re-elect a Director. For Directors who are eligible for re-election at the Annual General Meeting, the Committee considers the performance of each relevant Director and provides a recommendation to the Board.

**Recommendation 1.3:**

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

Infigen has written agreements in place for each Director and senior executive. In relation to Directors, the agreements cover the term of appointment, time commitment and governance expectations of Directors, remuneration, entitlements in relation to access to information, independent professional advice, indemnity and insurance arrangements, and other relevant information. In relation to senior executives, the agreements also cover the duties and responsibilities of the specific role as well as termination provisions and benefits.

**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 Secretary is accountable to each IFN Board, through the Chair, on all matters regarding proper functioning of the IFN Boards. The Nomination & Remuneration Committee contribute to the performance and remuneration reviews of the Company Secretary. The Company Secretary advises the Board and Committees on relevant governance matters, monitors Board and Committee policy and procedures, co-ordinates access to information by Directors for meetings and other relevant matters, organises the induction and professional development of Directors, and facilitates open communication between Directors, the Company Secretary and management.

**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 IFN Boards have adopted a Diversity & Inclusion Policy which includes requirements for Infigen to establish measurable objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them. During preparation of the policy, the Board and management actively sought input from all employees to help define the meaning and value of diversity as it related to Infigen. A summary of the Diversity & Inclusion Policy is available in the Corporate Governance section on Infigen's website.

At Infigen, we respect those differences that people bring to the organisation that have an influence on individual identities and perspectives, including gender, ethnicity, religious beliefs, age, sexuality, disability and family responsibilities. We aim to promote a culture that

encourages diversity, where our employees benefit from exchanging ideas and learning from each other in order to capture the benefits of diverse backgrounds, experiences and perspectives.

The measurable objectives set by the Board for achieving diversity, including gender diversity, and the progress towards achieving those objectives are included in the Safety and Sustainability Report within the Annual Report.

**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 Nomination & Remuneration Committee has utilised both internal and external processes to periodically evaluate the performance of the Board, its Committees and individual Directors.

In a prior reporting period, the Committee engaged an independent consultant firm to undertake a Board effectiveness review. The review involved an assessment of the following key elements of Board effectiveness: strategic direction and alignment; engagement alignment; composition and structure; and dynamic and culture. The conduct of the review involved:

- direct interaction with each member of the Board through the completion of surveys and face to face interviews;
- direct interaction with the senior management team through the completion of surveys and face to face interviews;
- comparison of the Infigen governance structure against the Board structure of organisations with comparable market capitalisation/revenues; and
- reference to the independent consultant's own insights and knowledge of best practices adopted by the Boards of leading organisations.

The Nomination & Remuneration Committee determined that an internal performance evaluation of the Board, its Committees and individual Directors be conducted in the reporting period. The process involved identification of relevant areas to be covered during the review, completion of surveys by participants, collation and distribution of survey data, and subsequent consideration of the information by the Board to identify areas of development.

**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.*

Infigen has in place a performance review and development process that involves mid-year and full year performance assessments for all employees, including senior executives.

In addition to the performance review process, the Nomination & Remuneration Committee has responsibility for setting the key performance indicators against which the short term incentives of the CEO and other senior executives are evaluated.

At the commencement of the reporting period individual key performance indicators are set for senior executives against which their performance will be evaluated. Financial business goals

determine 80% of the short term incentive opportunity and strategic operational goals determine the remaining 20%. The performance of senior executives is assessed by the CEO. The Nomination & Remuneration Committee reviews the performance of the CEO and considers the recommendations from the CEO regarding the performance of senior executives. The outcome of the Committee's review is then reported through to the Board for consideration.

The Remuneration Report within the Directors' Report sets out Infigen's remuneration framework, including the key performance conditions that are assessed in determining the remuneration of the CEO and other senior executives.

## **ASX Principle 2: Structure the Board to add value**

**A listed entity should have a Board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.**

### **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.*

The IEL Board has established a Nomination & Remuneration Committee. In addition to its remuneration and general human resource responsibilities, that Committee is responsible for reviewing the composition of the Boards and their Committees, as well as reviewing the performance of the Boards, their Committees and individual Directors.

The Charter of the Nomination & Remuneration Committee sets out the Committee's roles and responsibilities, composition, membership requirements and operational procedures. The Charter is available in the Corporate Governance section on Infigen's website.

During the reporting period the Committee had three members, all of whom were independent Directors. The Committee met seven times throughout the reporting period. The members of the Committee and their attendance at Committee meetings are outlined in the Directors' Report within the Annual Report.

The IEL Nomination & Remuneration Committee will from time to time carry out, on behalf of IEBL and IERL, similar activities as the Committee is authorised by its Charter to carry out for IEL. Accordingly, the IEL Nomination & Remuneration Committee will provide advice and recommendations regarding relevant nomination matters to the Boards of IEBL and IERL. It is intended that the Boards of IEBL and IERL may rely on those activities, advice and recommendations as if the IEL Nomination & Remuneration Committee was a committee of the IEBL and IERL Boards.



**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 skills, experience and areas of expertise of the current IFN Board Directors that are relevant to Infigen are set out in the table below.

<b>Directors</b>	<b>Skills, experience, areas of expertise</b>
<b>M Hutchinson</b>	Engineering, communications, transportation, public policy and administration, infrastructure, energy networks, energy wholesale, wind energy, asset sales, strategy, corporate governance, risk management including Health Safety and Environment (HSE), and government and regulatory affairs.
<b>P Green</b>	Engineering, accounting, corporate finance, global utilities, renewable energy and infrastructure, strategy, corporate governance, risk management including HSE, and government and regulatory affairs.
<b>F Harris</b>	Commerce, accounting, mergers & acquisitions, governance, energy utilities (including generation, transmission, distribution, wholesale and retail), strategy, corporate governance, and risk management including HSE.
<b>R Rolfe AO</b>	Economics, energy generation (including renewable generation), operations, transmission, development and financing, energy wholesale and retail, infrastructure, resources, manufacturing, strategy, corporate governance, risk management including HSE, and government and regulatory affairs.
<b>M George</b>	Engineering, renewable energy development, financing, infrastructure, strategy, corporate governance, risk management including HSE, and government and regulatory affairs.

The Nomination & Remuneration Committee have reviewed the current size, skills and composition of the IFN Board and determined that it is appropriate for Infigen in the current operating environment. If additional resources were required or a vacancy occurred, the Board would consider a broad range of candidates, including those with direct experience in energy retailing and distribution, renewable energy technology and information management technology. In line with Infigen’s diversity objectives, which are not limited to gender, we would look to further strengthen diversity on the Board.



**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 of the ASX CGC Principles and Recommendations guideline, 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.*

During the reporting period, the Directors of Infigen, their position and respective appointment dates to the IFN Boards are set out in the table below.

Directors	Position	Appointment Dates		
		IEL Board	IEBL Board	IERL Board
<b>M Hutchinson</b>	Independent Chairman	18 Jun 2009	18 Jun 2009	18 Jun 2009
<b>P Green</b>	Non-Executive Director <sup>1</sup>	18 Nov 2010	18 Nov 2010	18 Nov 2010
<b>F Harris</b>	Independent Non-Executive Director	21 Jun 2011	21 Jun 2011	21 Jun 2011
<b>R Rolfe AO</b>	Independent Non-Executive Director	9 Sep 2011	9 Sep 2011	9 Sep 2011
<b>M George</b>	Executive Director <sup>2</sup>	1 Jan 2009	1 Jan 2009	1 Jan 2009

- 1 Mr Green is a Partner of The Children’s Investment Fund Management (UK) LLP which has a substantial shareholding of IFN securities.
- 2 Mr George is Managing Director and Chief Executive officer of Infigen.

**Recommendation 2.4:**

*A majority of the board of a listed entity should be independent directors.*

The IFN Boards comprised a majority of independent Directors throughout the reporting period. There were three independent Directors and two non-independent Directors on each of the IFN Boards. The size and composition of each of the IFN Boards is determined in accordance with the Constitution of the relevant entity, the size and operations of the group and relevant corporate governance standards. It is intended that each of the IFN Boards will comprise Directors with a diverse range of skills, expertise and experience.

**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.*

Throughout the reporting period the Chair of each of the IFN Boards was an independent Director and the roles of Chair and CEO were exercised by different people.

**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 Nomination & Remuneration Committee have approved a Director Induction and Development Program that aims to provide appropriate professional development opportunities to enable Directors to perform their role effectively.

### **ASX Principle 3: Act ethically and responsibly**

**A listed entity should 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 IFN Boards have adopted a formal Code of Conduct which is designed to ensure that high standards of professional and ethical behaviour are observed by Directors, senior executives and other employees in relation to Infigen's activities.

The Code of Conduct requires Directors and employees, among other things, to:

- avoid conflicts of interest between their personal interests and those of Infigen and its securityholders;
- not take advantage of opportunities arising from their position for personal gain or in competition with Infigen; and
- comply with corporate policies.

Infigen encourages ethical behaviour and provides protection for those who report any actual or potential breach of legal requirements, the Code of Conduct or other Infigen policies. A summary of the Code of Conduct is available in the Corporate Governance section on Infigen's website.

### **ASX Principle 4: Safeguard integrity in financial reporting**

**A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its 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 IFN Boards have each established an Audit, Risk & Compliance Committee. The IFN Boards have adopted a Charter for each of the Audit, Risk & Compliance Committees that sets out the role and responsibilities, composition, structure, membership requirements and other relevant procedures for the Committees. In practice the Committees generally hold concurrent meetings. A copy of the Charter of the Committee is available in the Corporate Governance section on Infigen's website.

The Audit, Risk & Compliance Committees oversee the implementation and ongoing management of systems of internal control and risk management at Infigen, ensuring that management has a process in place to identify, assess and properly manage risks. The Committees also monitor compliance by Infigen with its various licensing and other obligations, including specific obligations associated with managed investment scheme requirements. On behalf of the IFN Boards, the Committees review the performance of the external auditor and monitor any non-audit services proposed to be provided to Infigen by the external auditor to ensure external audit independence is maintained.

During the reporting period, each Audit, Risk & Compliance Committee of the IFN Boards comprised only Non-Executive Directors, with a majority being independent Directors. The Chair of the Committees was an independent Director and not the Chair of the IFN Boards.

The non-independent Director on each Committee is a nominee of a substantial securityholder. In the interests of a separation of roles and having regard to the size of the IFN Boards and to skills and experience, it was preferred to have a non-independent Director on each Committee than having the Board Chairman continue to serve on the Committee. Further, the IFN Boards assess Audit, Risk & Compliance Committee outcomes carefully to ensure that they are in the interest of the Infigen group as a whole, and as such no issues in that respect have arisen.

There were four formal Audit, Risk & Compliance Committee meetings held during the reporting period. The members of each Committee and their attendance at Committee meetings are set out in the Directors' Report.

All Committee members possessed the requisite financial expertise and experience necessary to undertake the responsibilities of the Audit, Risk & Compliance Committees. All members have an understanding of the energy industry and extensive accounting/finance knowledge and experience. Further details of the experience and qualifications of each Committee member are set out in the Directors' Report within the Annual Report.

Although Infigen complied with Recommendation 4.1 during the reporting period, the Chair of the Audit, Risk & Compliance Committee was granted leave of absence as a non-executive Director by the Board due to ill-health from 1 July 2015. Following consideration by the Board and consultation with the ASX, it was approved that the Chairman of the Board would be interim acting Chair of the Audit, Risk & Compliance Committee in Ms Harris's absence. This has resulted in the Chairman of the Board and the Chair of the Audit, Risk & Compliance Committee being the same person for the first quarter of FY16.

### **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 CEO and CFO have provided the relevant written assurance to the IFN Boards that the declaration provided in accordance with section 295A of the Corporations Act is founded on the basis of a sound system of risk management and internal control which is operating effectively. The written assurance is based on detailed senior management reviews and sign-off, as well as enquiry by the CEO and CFO as appropriate.

**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.*

Infigen's external auditor attends each Annual General Meeting and is available to answer securityholder questions regarding the conduct of the external audit and the preparation and content of the auditor's report. This allows securityholders an opportunity to ask questions of the auditor and reinforces the auditor's accountability to securityholders.

**ASX Principle 5: Make timely and balanced disclosure**

**A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.**

**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.*

Infigen has adopted a Continuous Disclosure Policy which seeks to ensure that all securityholders and potential investors have equal and timely access to material information concerning Infigen unless it falls within the scope of the exemptions contained in Listing Rule 3.1A.

The IFN Boards are actively and routinely involved in discussing disclosure obligations and reviewing disclosure material in respect of significant Infigen matters. Each Board meeting includes explicit consideration of any potentially disclosable information.

The Company Secretary is primarily responsible for communications with the ASX and for overseeing and maintaining the Continuous Disclosure Policy. A summary of the Continuous Disclosure Policy is available in the Corporate Governance section on Infigen's website.

**ASX Principle 6: Respect the rights of securityholders**

**A listed entity should respect the rights of its securityholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.**

**Recommendation 6.1:**

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

Consistent with Infigen's Continuous Disclosure Policy, Infigen is committed to communicating with its securityholders effectively and promptly to provide ready access to information relating to Infigen. Infigen's website ([www.infigenenergy.com](http://www.infigenenergy.com)) provides access to information for securityholders and other potential investors, including:

- the Board, management and corporate governance framework and policies;
- the portfolio of operating assets and development pipelines;
- copies of all market announcements and media releases from Infigen;
- Annual Reports, other half and full year financial reporting, and relevant investor information regarding distributions and taxation;

## Corporate Governance Statement

- information regarding sustainability and renewable energy, including our commitment to safety, the environment and the communities in which we participate;
- a link to the website of Infigen's security registry, Link Market Services Limited; and
- a subscriber facility where participants receive updated information alerts regarding Infigen.

Infigen encourages securityholders to utilise its website as their primary tool to access securityholder information and disclosures.

### **Recommendation 6.2:**

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

Infigen has a formal Communications Policy that aims to promote effective communication with all stakeholders. A summary of the policy is available in the Corporate Governance section on Infigen's website. An extensive program of information is made available to securityholders and potential investors throughout the year, including via ASX/market releases, direct mailing, electronic alerts, briefings, presentations and via Infigen's website. In addition to encouraging securityholders to utilise Infigen's website to access securityholder information and disclosures, the Annual Report facilitates the provision to securityholders of detailed information in respect of the major achievements, financial results and strategic direction of Infigen.

Advance notice of significant group briefings and details regarding the various methods to access and participate in those briefings are circulated broadly. Records are kept in relation to investor and analyst briefings.

### **Recommendation 6.3:**

*A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of securityholders.*

Securityholders are encouraged to attend and participate in Annual General Meetings of Infigen. Infigen recognises the importance of meetings of securityholders, not only to ensure proper governance and decision making in relation to matters reserved for securityholders, but also to enable securityholders an opportunity to comment or ask questions of Directors, management and the external auditor regarding Infigen's business, finances and strategy. Infigen provides securityholders with details of proposed meetings and relevant materials well in advance of the meetings.

For those securityholders unable to attend Annual General Meetings in person, Infigen enables participation via electronic lodgement of proxy voting prior to the meeting and a real-time audio and visual webcast of meetings. Additionally, the webcast of Infigen AGMs is recorded and archived so that it is accessible by securityholders at any time via Infigen's website.

### **Recommendation 6.4:**

*A listed entity should give securityholders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

Infigen recognises the speed, convenience and environmental friendliness of electronic communications compared with more traditional methods of communication. Infigen's security registry is Link Market Services Limited and its website and online portal can be accessed via Infigen's website. Securityholders may access relevant forms and select their method of interaction with the registry via its online portal.

Furthermore, Infigen has enabled a subscriber facility on its website where securityholders and other participants can choose to receive updated information alerts from Infigen.

## **ASX Principle 7: Recognise and manage risk**

**A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.**

### **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.*

As outlined at Recommendation 4.1, the IFN Boards have each established an Audit, Risk & Compliance Committee. The IFN Boards have adopted a Charter for each of the Audit, Risk & Compliance Committees that sets out the role and responsibilities, composition, structure, membership requirements and other relevant procedures for the Committees. In practice the Committees generally hold concurrent meetings. A copy of the Charter of the Committee is available in the Corporate Governance section on Infigen's website.

The Audit, Risk & Compliance Committees oversee the implementation and ongoing management of systems of internal control and risk management at Infigen, ensuring that management has a process in place to identify, assess and properly manage risks. The Committees also monitor compliance by Infigen with its various licensing and other obligations, including specific obligations associated with managed investment scheme requirements.

During the reporting period, each Audit, Risk & Compliance Committee of the IFN Boards comprised only Non-Executive Directors, with a majority being independent Directors. The Chair of the Committees was an independent Director.

There were four formal Audit, Risk & Compliance Committee meetings held during the reporting period. The members of each Committee and their attendance at Committee meetings are set out in the Directors' Report.

### **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.*

The IFN Boards have adopted an Enterprise Risk Management (ERM) Framework for the Infigen group that is consistent with International Standard ISO 31000. Oversight and monitoring of that ERM Framework is undertaken by the Audit, Risk & Compliance Committees. The Committees are assisted in this regard by an Enterprise Risk Management Committee established and Chaired by the CEO.

Infigen's Risk Manager is responsible for the ongoing development and maintenance of the ERM Framework. Within the ERM Framework, the Risk Management Policy, Risk Appetite

Statement and ERM Program define the processes, responsibilities and initiatives for managing business risks across the group.

The ERM Framework and its various components are reviewed annually to ensure the Framework remains appropriate and current, including in the reporting period. In addition, and on a more frequent basis, senior management review and maintain functional risk registers for the identification and management of the business risks and the corresponding internal controls within their areas of responsibility. The Enterprise Risk Management Committee and Audit, Risk & Compliance Committees receive routine and exception reports regarding the material business risks, as well as reviewing a regularly updated top risks register covering operational, financial and strategic risks for the group.

In relation to health, safety and environment risks, Infigen has established regional safety and sustainability committees to ensure implementation of appropriate safety procedures and a system of ongoing environmental and safety improvement programs. In particular, the IFN Boards and management aim to promote an internal culture whereby the health and safety of employees, contractors and visitors to Infigen offices and asset sites is paramount.

**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.*

The IFN Boards have overall responsibility for Infigen's systems of internal control, supported by the Audit, Risk & Compliance Committees and management. The IFN Boards and Committees established Infigen's Internal Audit function in 2009 to assess whether Infigen's network of risk management, control and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure risks are appropriately identified and managed.

The Audit, Risk & Compliance Committees have adopted a Charter for the Internal Audit function that sets out the mission, scope, status, authority and responsibility of Internal Audit. The Charter is reviewed annually to ensure it remains appropriate and current.

On an annual basis, the Internal Audit Manager undertakes a risk-based assessment of the various business units and functions within the group and prepares an Internal Audit plan for review by the Audit, Risk & Compliance Committees. The annual Internal Audit plan aims to review the adequacy and effectiveness of the relevant internal control systems identified in the plan.

Following completion of each Internal Audit review undertaken throughout the reporting period, the Internal Audit Manager presents a report of the findings and recommendations at the subsequent meeting of the Audit, Risk & Compliance Committees. The Internal Audit Manager also undertakes regular reviews of the implementation status of agreed management action plans responding to findings identified in prior reports. In addition, the Internal Audit Manager regularly liaises with the external auditor and also provides copies of Internal Audit reports to the external auditor.



**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.*

Infigen is a specialist renewable energy business that develops, owns and operates renewable energy generation assets. Infigen's goal to generate clean energy in a sustainable manner reflects the importance it places on operating in an economic, environmental and socially sustainable manner.

Infigen uses the Global Reporting Initiative (GRI) framework for its sustainability reporting and disclosure. The GRI framework enables Infigen's sustainability performance across environmental, social and economic risks to be benchmarked with other organisations internationally.

Infigen has established a Sustainability Committee that oversees the implementation of Infigen's sustainability strategy and associated initiatives. Current priorities include reducing Infigen's carbon emissions, improving employee and community engagement, striving for a zero harm and healthy work environment, and increasing securityholder value.

In accordance with planning requirements and Infigen's policies, detailed environmental assessments are undertaken for development projects by external specialist consultants to determine appropriate management strategies ensuring environmental sustainability at each site. For operational sites, implementation of relevant environmental management plans and site specific inductions continues to be a management focus.

Further information is contained in the Safety and Sustainability Report within Infigen's Annual Report that covers management of Health, Safety and Environment (HSE) risks, climate change, people and diversity, ongoing stakeholder engagement, and economic sustainability.

**ASX Principle 8: Remunerate fairly and responsibly**

**A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.**

Information regarding the policies and principles which are applied to determine the nature and amount of remuneration paid to the Directors and management of Infigen are set out in detail in the Remuneration Report within the Directors' Report of Infigen's Annual Report.

**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.*

As outlined at Recommendation 2.1, the IEL Board has established a Nomination & Remuneration Committee. In addition to its nomination, succession and general human resource responsibilities, that Committee is responsible for monitoring and recommending the level of remuneration for Directors, as well as providing advice in relation to the level of remuneration for other Key Management Personnel.

The Charter of the Nomination & Remuneration Committee sets out the Committee's roles and responsibilities, composition, membership requirements and operational procedures. The Charter is available in the Corporate Governance section on Infigen's website.

During the reporting period the Committee had three members, all of whom were independent Directors. The Committee met seven times throughout the reporting period. The members of the Committee and their attendance at Committee meetings are outlined in the Directors' Report within the Annual Report.

The IEL Nomination & Remuneration Committee will from time to time carry out, on behalf of IEBL and IERL, similar activities as the Committee is authorised by its Charter to carry out for IEL. Accordingly, the IEL Nomination & Remuneration Committee will provide advice and recommendations regarding relevant remuneration matters to the Boards of IEBL and IERL. It is intended that the Boards of IEBL and IERL may rely on those activities, advice and recommendations as if the IEL Nomination & Remuneration Committee was a committee of the IEBL and IERL Boards.

**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 remuneration structure and amounts paid to Non-Executive Directors, the Managing Director and senior executives for the reporting period are set out in detail in the Remuneration Report within the Directors' Report of Infigen's Annual Report.

Non-Executive Directors are not provided with retirement benefits, other than statutory superannuation, and do not receive options, performance rights, other equity incentives or bonus payments.

**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.*

The Infigen Energy Equity Plan prohibits participants from dealing with or granting a security interest over any award under the plan, as well as prohibiting entry into any arrangement for the purpose of hedging or otherwise affecting the participant's economic exposure to an award.

Furthermore, Infigen's Securities Trading Policy prohibits employees entering into financial arrangements that limit the economic risk of an employee's holding of vested or unvested IFN securities, options over IFN securities, or performance rights associated with IFN securities. A copy of the Securities Trading Policy is available in the Corporate Governance section on Infigen's website.