



ENERGY & WATER
OMBUDSMAN SA

ENERGY AND WATER OMBUDSMAN (SA) LIMITED ACN 089 791 604

Corporate Governance Statement

The Corporate Governance Statement is reviewed annually. The current Statement was approved by the Board on 28 February 2018.

The Energy and Water Ombudsman (SA) Limited is a public company limited by guarantee and incorporated under the *Corporations Act 2001 (Cth)*. The Board of Directors are committed to achieving and demonstrating the highest standards of corporate governance. The Company's corporate governance framework was developed in accordance with the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council, as far as they apply to the Company. The Board continuously reviews the framework and practices to ensure they meet the interests of the Members.

The Board's main responsibilities are the formal administration of the Company, policy matters, oversight of the Scheme's operation and maintaining the independence of the Ombudsman. The Ombudsman is responsible for the day to day operation of the Scheme and the resolution of individual complaints. These roles are complementary and, generally, the Ombudsman attends Board meetings as an observer and an advisor as appropriate.

The Company's main corporate governance practices are set out below.

1. The Board of Directors

The Company is governed by a Board whose principal source and rules of governance include:

- the Constitution and Charter
- the Board Charter
- Charters of the Board Committees, and
- Board Policy statements.

Board Composition

As required by the Company's Constitution, the Board consist of nine directors being:

- two directors elected by Electricity Members, one director elected by Gas Members and one director elected by Water Members ("Industry Directors")
- four persons nominated by the Essential Services Commission (of South Australia) ("the Commission") to represent customers of electricity, gas and water services or public interest groups relevant to such services ("Consumer Directors"), and
- an independent Chair.

The current Directors of the Company are:

- Peter Bicknell, Independent Chair
- Geoff Barton, Gas Industry Director (Australian Gas Networks)
- Jessie Byrne, Consumer Director
- Margaret Cross, Consumer Director
- Wendy Eyre, Consumer Director
- John Hill, Consumer Director
- Patrick Makinson, Electricity Industry Director (SA Power Networks)
- Kerry Rowlands, Water Industry Director (SA Water)
- Anthony Sinclair, Electricity Industry Director (AGL)



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Corporate Governance Statement

Board Skills

As far as the structure of the Scheme allows, the appropriate mix and balance of skills available is considered and appropriate checks are undertaken before appointing a person a director.

New directors will be inducted to the Scheme and appropriate professional development opportunities are provided to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Gender Diversity

The Company is committed to gender diversity which is demonstrated by high female participation at all levels of the organisation.

Currently 44% of the Board of Directors are female, 25% of the leadership team are female, and the rest of the staff are ten male and seven female members. The overall percentage is 40% female and 60% male.

Independent Chair

The Directors appoint, with the Commission's approval, a person to be the independent Chair of the Board a three-year term. The Chair is eligible for reappointment for a subsequent term or terms of three years.

The Chair of any meeting has an ordinary vote, but does not have a casting vote on any matter.

Peter Bicknell, BA, M Soc Admin, JP, was appointed the independent Chair on 22 March 2015 and he was reappointed for another term of three years from 22 March 2018.

Written Agreements

The Company has written agreements with each director setting out the terms of their appointment. These include Deeds of Access and Indemnity, which contain the arrangements which the Company and the Director have made concerning indemnities, insurance, Company records and confidentiality and letters of appointment setting out details of directors' fees and the committees on which they may serve.

Term of Office

The Company's Constitution specifies that the industry directors may not hold office for more than three years without submitting himself or herself for re-election.

The consumer directors can hold office for a term of up to three years and they are eligible to be nominated and re-appointed for a further term or terms. However, the consumer directors or the independent Chair cannot serve more than nine continual years as a director.

Board Processes

The Board currently holds six formal meetings per year, with additional meetings called or resolutions in writing passed if necessary to address any important or urgent business.



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Corporate Governance Statement

Conflict of Interest

Directors must continuously advise the Board of any personal interest that could potentially conflict with those of the Company. No director is perceived to have any personal conflicts of interest because they are employed by a Member of the Company.

The potential for conflict of interest is inherent in the structure of the Company and it is accepted that there may be circumstances where a director needs to abstain from voting on matters they may feel conflicted with.

A director is not counted in the quorum of a Board meeting considering any contract or proposed contract in which he or she has an interest, and is not entitled to vote on the matter. The details are recorded in the minutes of the meeting.

Chair and Ombudsman

The Chair is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating discussions and managing the Board's relationship with the Company's management team.

The Ombudsman is responsible for the day to day operation of the Scheme, implementing company strategies and policies and the resolution of individual complaints.

Sandy Canale was first appointed the Ombudsman in December 2007 and re-appointed in 2012 and in 2017 for further terms of five years.

Company Secretary

The Board appoints a Company Secretary for such term and upon such terms and conditions as the Board thinks fit. The appointment of the Company Secretary is formally resolved by the Board in accordance with section 204D of the Corporations Act.

The Company Secretary is accountable to, and reports directly to, the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have direct access to and may seek information from the Company Secretary, to assist them in carrying out their duties as Directors.

The Board appointed Pia Bentick, FCIS, FGIA, Barrister (*np*) as the Company Secretary in March 2000. She is also the Corporate Counsel and a member of the senior management team.

Independent Professional Advice

Directors may obtain independent professional advice at the Company's expense, on matters relevant to the Company's affairs to assist them in carrying out their duties as directors, subject to providing prior notice to the Chair. Copy of any advice received by a director may be made available to other members of the Board.



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Corporate Governance Statement

Corporate Reporting

The Ombudsman, the Business Services Manager and the Company Secretary make a financial reporting certification to the Board for each financial year to confirm the integrity of the Company's financial statements, risk management and internal compliance.

Board Performance Assessment

The Board reviews its own and its Committees' performance regularly. An external Board Performance Assessment will be conducted every five years, consistent with the Scheme Review, unless the Chair/Board otherwise determines. The last external Board Review was completed in 2016.

2. Board Committees

The Company's Constitution provides for the Board to appoint, from time to time, a Budget Committee, comprising an equal number of industry directors (being directors nominated by the Members) and consumer directors/the independent Chair (being directors appointed from groups representing customers of electricity, gas and water services or representing public interest issues relevant to electricity, gas and water services or directors appointed otherwise than by Members).

In addition to the Budget Committee, the Board can establish other Committees as appropriate. Members of Committees can be directors and officers of the Company and any other persons the Board may select. The Board may delegate any of its powers and/or functions (except powers conferred and duties imposed on the Directors by law which are incapable of delegation) to a Committee or an officer of the Company.

The Board has established Committees as set out below and has approved a formal Charter for each Committee detailing their roles and responsibilities. Other committees may be established from time to time for specific purposes.

Budget Committee

For each Financial Year, the Budget Committee formulates and submits to the Board a proposed Annual Funding Figure and proposed Budget in consultation with the Ombudsman before the commencement of the Financial Year.

The current Members of the Budget Committee are:

- Patrick Makinson, Chair
- Margaret Cross
- John Hill
- Kerry Rowlands

Peter Bicknell, the Independent Chair of the Board, attends as an observer.

Remuneration Committee

The Remuneration Committee reviews the Directors' fees and the Ombudsman's remuneration annually.



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OMBUDSMAN SA

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Corporate Governance Statement

The current members of the Remuneration Committee are:

- Geoff Barton (Chair)
- Wendy Eyre (to be replaced by Kay Matthias effective from 1 August 2018)
- Anthony Sinclair
- Jessie Byrne

Peter Bicknell, the Independent Chair of the Board, attends as an observer.

3. Conduct and Ethics

Code of Conduct

The Board has adopted a code of conduct that details the conduct and behaviour it expects from its workers in the performance of their duties. All workers are expected to perform their duties with professionalism, efficiency, fairness, impartiality, honesty and sensitivity.

4. Risk Management

Risk Management Plan

The Company has a Risk Management Plan to assist in achieving its risk management objectives – to ensure protection against financial loss, to ensure legal and regulatory obligations are satisfied and that business opportunities and risks are identified and properly managed and appropriately monitored by the Board. However, the Board recognises that no cost-effective internal control framework will preclude all errors and irregularities.

The Senior Management Team assists the Board in ensuring compliance with internal controls and risk management plans by regularly reviewing the effectiveness of the compliance and control systems and by regularly reporting to the Board.

5. Communication with Members and the holding of General Meetings

The Board encourages full participation of members at general meetings to ensure high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the members as single resolutions. Proxy forms are issued to all eligible members with the notice of general meetings.

Members are required to vote on the Annual Funding figure for the Company, the aggregate remuneration of Directors and changes to the Company's Constitution. Copies of the Constitution are available to any member who requests it from the Company Secretary and on the Company's website www.ewosa.com.au.

Other means of communication with members include:

- The Annual Report, which is available to all members and on the Company's website;
- The Financial Report which is posted to all members; and
- Stakeholder meetings with the Ombudsman and regular meetings with the operational staff at the operational levels.

Feedback from members is also regularly sought through various surveys and informal feedback opportunities.