Governance Policy

1. Purpose

This policy outlines the governance principles which we adopt to formalise our commitment to sound corporate governance practices and creating sustainable returns to our shareholders.

2. Scope

This policy applies to all employees and contractors of the Hydro Tasmania group, including Entura, Momentum Energy and AETV (Tamar Valley Power Station).

3. Principles

We adopt the following governance principles:

3.1. Good governance practices

We aim to apply good governance practices by seeking to adopt and implement the recommendations set out in the *Guidelines for Tasmanian Government Businesses – Corporate Governance Principles*, which references the ASX Corporate Governance Principles and Recommendations and encourages their adoption to the extent applicable to our organisation.

We recognise the importance of:

- laying solid foundations for management and oversight;
- structuring the Board to be effective and add value;
- instilling a culture of acting lawfully, ethically and responsibly by acting consistently with our Code of Conduct and Sustainability Framework;
- safeguarding the integrity of corporate reports;
- making timely and balanced disclosures;
- respecting the rights of the Portfolio Minister and the Treasurer;
- recognising and managing risk consistently with our Risk Appetite Statement and relevant policies;
- managing our data and information;
- remunerating fairly and responsibly; and
- respecting the expectations of our Shareholder as set out in our Ministerial Charter.

3.2. Integrity and transparency

Our employees and contractors will act with integrity and transparency. In doing so we:

- proactively manage conflicts of interest through the timely disclosure of relevant interests;
- recognise the importance of transparency and accountability;
- support the proactive disclosure of concerns consistent with our Code of Conduct and our obligations under the *Public Interest Disclosures Act* 2002 (Tas) and other relevant legislation, and will take all reasonable steps to protect individuals making disclosures

and ensure natural justice to all parties, by applying the Disclosure Policy and Disclosure Procedures;

- keep appropriate records of and proactively manage complaints from external stakeholders in accordance with relevant internal procedures, including the Complaints Management Procedure; and
- will not tolerate dishonest or illegal activities, including fraud, bribery and corruption.

3.3. Compliance

We endeavour to comply with our obligations, including applicable legislation, regulations, rules, contracts, licences, industry standards, and our policies and procedures. In pursuit of this goal, we:

- encourage employees and contractors to raise compliance concerns openly, without fear of victimisation or retaliation, in accordance with the Code of Conduct;
- apply a risk-based approach to compliance, guided by our Risk Appetite Statement;
- proactively manage incidents and non-compliances, prioritising higher-risk obligations as part of the Compliance Planning Framework utilising our compliance management processes;
- plan, manage, monitor, document and report obligations and control mechanisms through the compliance management system., supported by change management processes and assurance processes;
- regularly review and assess Compliance and Assurance Plans through a management review process; and
- align, where appropriate, with contemporary and relevant practices and standards, including ISO Standard 37301 Compliance Management Systems.

3.4. Internal Audit

We operate a co-sourced internal audit function to review the financial and operational controls designed to manage risks and achieve objectives in alignment with our strategic risks. The internal audit function:

- is comprehensive, covering all programs and activities;
- utilises the Three Lines of Defence framework;
- applies a risk-based and systematic approach to evaluating internal management, control and governance processes, guided by our Risk Appetite Statement and Internal Audit processes;
- is independent of management and, wherever possible, has no direct authority, involvement or responsibility for the activities it reviews and maintains a level of independence through the co-sourced service arrangements;
- has unrestricted access to all necessary functions, premises, assets, personnel, records and other information required to conduct audit activities;
- ensures the confidentiality of all information receives;
- aligns with the Institute of Internal Auditors' International Professional Practices Framework; and
- operates in accordance with the organisation's values, policies, procedures, and relevant professional standards.

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All Hydro Tasmania, Entura, Momentum Energy and AETV employees and contractors must comply with all relevant laws and regulations, policies, procedures and supporting resources.