



Corporate Governance Statement

1. Introduction

This Corporate Governance Statement is current as at 26 August 2021 and has been approved by the Board of the Company on that date. This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2021, followed the recommendations set by the ASX Corporate Governance Council in its publication “Corporate Governance Principles and Recommendations” 4th Edition (**Recommendations**) 2019.

Effective corporate governance is critical for the long-term success of Locality Planning Energy (**LPE or Company**). The Board of the Company (**Board**) is committed to maintaining and enhancing a strong corporate governance framework for the Company and is responsible for the overall corporate governance of LPE.

The Board monitors the operational and financial position, and overall performance of LPE and oversees its business strategy, including approving its strategic goals. The Board is committed to maximising performance, generating shareholder value and financial returns, and sustaining the growth and success of the Company.

With these objectives in mind, the Board seeks to ensure that LPE is properly managed and that its directors (**Directors**), officers and employees operate in an appropriate environment of good corporate governance. Accordingly, the Board has created a framework for managing LPE, including adopting relevant internal controls, risk and compliance management frameworks, and corporate governance policies and practices which it believes are appropriate for the business and which are designed to promote the responsible management and appropriate conduct of LPE.

2. ASX Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council released its fourth edition of the corporate governance recommendations for Australian listed entities (**the Recommendations**) to promote investor confidence and to assist companies to meet stakeholder expectations. The Recommendations are not prescriptive but provide guidance. Under the Listing Rules, LPE provides its annual corporate governance statement disclosing the extent to which it has followed the Recommendations in the relevant reporting period. Where LPE does not follow, or partially follows a recommendation, identifies the recommendation that has not been followed (or partially followed) and gives reasons for not following it in whole or in part. It also discloses what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

The Company’s current departures from the ASX Recommendations are included in Section 8 below.

The key aspects of the Company’s corporate governance practices are summarised below. These charters and policies are available on its website at <https://localityenergy.com.au/corporate-governance>.

3. Board of Directors

The Locality Planning Energy Holdings Limited Board is comprised of four directors, only one of whom is independent:

Mr. Justin Pettett; Chairman, appointed 21 January 2020

Mr. Pettett has over 21 years of leading ASX company experience having founded and helped build businesses and taken these companies from start-up to the take-over / acquisition / public-listing stage, working closely with key stakeholders, investors and industry partners.

He is the co-founder and Chairman of Locality Planning Energy Holdings (LPE) and also an Executive Director of Conrad Petroleum Ltd a Singapore, Asian focused natural gas company.

Mr. Pettett provides operational and strategic support for LPE management and his ethos is to support the transition through cleaner-burning fossil fuels to a dependable, renewable form of energy source for future generations to come.

Mr. Pettett is not considered an independent director.

Mr. Damien Glanville; Managing Director, CEO, Executive Director

Mr. Glanville has 18 years' experience in senior management, logistics and Executive Director roles, the last nine specifically focused on renewable energy on-site generation and solar PV industry. Mr. Glanville is a co-founder and architect of the electricity retail model that successfully enabled LPE to obtain their Australian Energy Regulator authorisation and is also listed as its Chief Executive Officer for the management components of the Australian Energy Regulators authorisation to retail electricity.

Mr. Glanville is not considered an independent director.

Mr. Barnaby Egerton-Warburton; (BEcon, GAICD); Non-Executive Director appointed 13 March 2020

Barnaby has over 20 years' investment banking, international investment and market experience with positions at JP Morgan (New York, Sydney, Hong Kong), BNP Equities (New York) and Prudential Securities (New York). An experienced investment banker and corporate advisor, having held managing director and non-executive director positions in the investment banking, technology, energy and resource sectors. He holds a degree in economics and is a graduate of the Australian Institute of Company Directors. He is currently non-executive director of I Non-exec director Chairman of Hawkstone Mining Limited, Non-exec Director of Invictus Energy Limited (ASX:IVZ), , Non-Executive Chairman of Pantera Minerals Limited (ASX:PFE), Non-Executive Director iSignthis Limited (ASX: ISX).

Mr. Egerton-Warburton is considered an independent director

Ms. Melissa Farrell; (BBus, CPA, MAppFin, MAICD) Executive Director and Chief Financial Officer; Executive Director Appointment Date 21 January 2020

Ms. Farrell has 21 years' experience working in accounting and finance, 9 of which have been in senior roles. She has worked in various sectors including banking, and mining, both in Australia and overseas for publicly listed companies including the Commonwealth Bank and Wesfarmers Resources.

Ms. Farrrell is not considered an independent director.

3.1. Independence

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of LPE. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board will consider whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of LPE and its securityholders generally.

The Board considers that Barnaby Egerton-Warburton is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that he is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Justin Pettett is currently considered by the Board not to be independent on the basis that he has a significant financial interest in the Company as one of its major shareholders.

The Board currently consists of one independent Director and three non-independent Directors. This is not consistent with Recommendation 2.4 of the Corporate Governance Recommendations; however, the Directors believe that given the size and nature of the Company's business, and its limited scale of activities, the Company only needs, and can only commercially sustain, a small Board of four (4) Directors for the Company to be effectively managed.

3.2. Director Appointment

The Company undertakes appropriate checks before appointing and/or putting forward any person as a candidate for election as a Director and will provide security holders with all material information in its possession relevant to the election (or re-election) of each Director.

The Company has a written agreement with each Director setting out the terms of their appointment. The Company also has a written agreement with each senior executive setting out the terms of their appointment.

3.3. Role and Responsibilities of the Board

The Board's role is to act in the best interests of the Company as a whole and is accountable to shareholders for the overall direction, management and corporate governance of the Company.

The Board Charter sets out the Board's role and responsibilities and describes those matters expressly reserved for the Board and those matters delegated to management.

The Managing Director is responsible for the day-to-day management of the Company, supported by the Company’s senior executives. However, the ultimate responsibility for governance and strategy resides with the Board.

3.4. Structure and Composition of the Board

LPE is committed to ensuring the composition of the Board includes Directors who bring the appropriate mix of skills, experience, expertise and diversity to Board decision making. It considers that having a diversity of skills background, knowledge and gender are important to effectively govern the Company.

The Board considers that its Directors and Senior Management have the necessary skills and experience to discharge their responsibilities.

Director skills/experience matrix during the period:

Skill/Experience	Board
Total Number of Directors	4
Financial Acumen Experience in financial accounting and reporting, corporate finance and internal financial controls	4
Commercial Capability Broad range of commercial skills and experience including undertaking corporate transactions	4
Strategy Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company’s relevant policies and priorities	4
Energy Industry Knowledge and experience in the energy industry.	3
Risk Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance, and monitor risk and compliance management frameworks and systems	4
Investor Relations Understanding of investor relations and the steps required to develop long-term value for shareholders	2
Regulatory Compliance Understanding of the regulatory environment and steps required to ensure compliance with relevant laws, policies and regulations	4

In addition to the skills and experience set out above, the Board considers that each Director can:

- Act with honesty and integrity
- Focus on the material issues
- Understand the external environment and deal with pressure from external sources
- Respect alternative viewpoints
- Hold management accountable

3.5. Board Performance Evaluation

LPE is committed to transparency in determining Board membership and in assessing the performance of the Board, Board Committees and individual Directors. The Company's Chairman and Board are responsible for evaluating the performance of the Board, its committees, and individual Directors on an annual basis. It may do so with the aid of an independent advisor.

The assessment of the Directors' overall performance and its own succession plan is conducted on at least annually on an informal basis and an informal assessment was conducted this year.

3.6. Professional Development

The Board regularly reviews whether the Directors have the skills, knowledge and familiarity with the entity and its operating environment required to fulfil their role on the Board and its Committees effectively and, where gaps are identified, considers what training or development could be undertaken to fulfil those gaps.

3.7. Remuneration

LPE has established a Remuneration and Nomination Committee. The Committee oversees the fixing of remuneration for the Directors and the Managing Director and his direct reports and ensures such remuneration is appropriate and not excessive. The Remuneration and Nomination Committee Charter is available on the Company's website.

Whilst the Committee did not formally meet during the period, members held informal conversations and passed a number of resolutions via written resolution.

Given the size of the Company's management team, the Board believes this is an appropriate way in which to deal with this aspect of the Company's governance at this time.

3.8. Nomination

LPE has a Remuneration and Nomination Committee. The Committee is responsible for Board succession issues and to ensure the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to discharge its duties and responsibilities effectively. The Remuneration and Nomination Committee Charter is available on the Company's website.

Whilst the Committee did not formally meet during the period, members held informal conversations and passed a number of resolutions via written resolution. Given the size of the Company's management team, the Board believes this is an appropriate way in which to deal with this aspect of the Company's governance at this time.

3.9. Induction

The Company provides an induction program to all new Directors.

4. Board Committees

To assist the Board in discharging its duties efficiently and effectively, it has established an Audit and Risk Committee and a Remuneration Committee. Each Committee operates within its Board approved Charter which sets out the roles, responsibilities, membership requirements and meeting procedures for each committee.

Each established committee should meet as required and no less than twice a year.

4.1. Audit and Risk Committee

The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's financial reporting and external audit functions. This includes confirming the quality and reliability of the financial information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

Whilst the Committee does not comprise a majority of independent directors, nor is it chaired by an independent director, the Board considers that the current members provide the appropriate range of skills and experience given the size of the Company and each member has the relevant financial and industry experience required to perform Audit and Risk Committee functions. Details of Directors' qualifications and experience are set out in 3 above.

LPE has also established a Risk and Compliance Sub-Committee which provides advice to the Audit and Risk Committee and Board, and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management frameworks, policies, procedures, control effectiveness and systems and ensures that risks are identified, assessed and appropriately managed. The Board reviews the Company's risk management framework at least annually. Should the Company determine it has any material exposure to economic, environmental or social sustainability risks, it will disclose how it will manage those risks.

A review of all risks was undertaken this year.

The Company does not fully comply with the recommendations set by the ASX Corporate Governance Council in relation to the composition of the Risk and Audit Committee (see section 8 below).

4.2. Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee and has adopted a Remuneration and Nomination Committee Charter however the majority members of the Committee is not independent. The Board considers that the current members provide the appropriate range of skills and experience given the size of the Company and is appropriate at this time.

This Committee recommends to the Board the level and composition of remuneration for Directors and senior executives and ensures that such remuneration is appropriate and not excessive. A copy

of the Remuneration and Nomination Committee Charter is available at <https://localityenergy.com.au/corporate-governance>. Whilst the Committee did not formally meet during the period, members held informal conversations and passed a number of resolutions via written resolution.

Information on the remuneration of the Directors and senior is provided annually in the Remuneration Report found in the Company’s Annual report.

4.3. Company Secretary

Ms. Elissa Hansen was appointed on 1 June 2021 as the Company Secretary. She is accountable directly to the Board on all matters to do with the proper function of the Board.

The role of the Company Secretary is set out in more detail in the Board Charter.

5. Senior Executives

Senior executives manage the day-to-day tasks of the Company under the guidance and direction of the Managing Director. LPE recognises the importance of its senior executives to the Company’s growth and performance. Accordingly, the Company undertakes regular evaluations of its senior executives to review their effectiveness and performance on an ongoing basis

The Managing Director, in conjunction with the Board reviews the performance of senior executives at their monthly Board meetings. These evaluations assess the completeness and effectiveness of each senior executive in meeting their KPIs, whether the executive has the appropriate mix of skills and experience to allow the Company to meet its corporate goals and whether the executive provides a safe, secure, productive, harmonious and inclusive environment for their employees to perform at their best.

6. Diversity

LPE is committed to diversity and inclusion in its workplace however has not adopted a formal Diversity Policy to date.

Current proportions of men and women on the board and senior executives are as follows:

Board: 75% male, 25% female

Senior Officer 50% female, 50% male

	Board Members	Senior Officers	Others
Number	4	2	67
Male	75%	50%	51.51%
Female	25%	50%	48.48%
Unspecified	0%	0%	0%

7. Values

LPE's values include:

- Friendly
- Innovative
- Helpful
- Sustainable

7.1. Ethical and Responsible Behaviour

LPE is committed to acting ethically and responsibly, including acting with honesty and integrity. To support this, the Company has developed various policies (ethical suite) that set out the values and expectations as to how the Company and its employees will work and behave.

7.2. Code of Conduct

LPE's Code of Conduct represents a commitment by the Board and executives to uphold the highest standards of honesty, integrity and ethical and law-abiding behaviour and to foster a culture of honesty, integrity and ethical and law-abiding behaviour among other officers and employees.

Failure to comply with the Code is viewed as a serious matter which may lead to disciplinary action including dismissal and/or legal action.

A copy of the Code can be found at <https://localityenergy.com.au/corporate-governance>.

7.3. Conflicts of Interest

LPE has adopted a Conflicts of Interest policy. A copy of this policy can be found at <https://localityenergy.com.au/corporate-governance>.

In accordance with the requirements of the Corporations Act 2001 (*Cth*), Directors who have a material personal interest in a matter must not be present whilst the matter is being considered. The other Directors, however, may allow such Director/s to participate and vote in relation to the issue if they are satisfied that the interest should not disqualify the Director/s from voting or being present.

7.4. Whistleblower

LPE's Whistleblower Policy sets out the types of disclosures that qualify for protection under the Whistleblower Protection Scheme, information about the protections available under the Scheme and how the Company will support whistleblowers and protect them from detriment. The policy is made available to all officers, employees and contractors and can be found at <https://localityenergy.com.au/corporate-governance>.

Any material incidents reported under the Whistleblower Policy must be reported to the Board.

7.5. Anti-bribery and Corruption

Compliance with LPE's Anti-bribery and Corruption Policy is foundational to the Company's values, reputation and standing in the wider community.



The Company prohibits bribery and corruption in all dealings in every country. LPE's Anti-bribery and Corruption Policy applies to all dealings whether they be with private organisations, individuals, domestic or foreign governments, or their representatives.

A copy of the Anti-bribery and Corruption Policy can be found at <https://localityenergy.com.au/corporate-governance>. The Board must be notified of any material breaches to this policy.

7.6. Dealing in LPE Securities

LPE has adopted a Securities Trading Policy applicable to Directors, employees and associates which prohibits a person from trading or dealing in the Company's securities if they are privy to insider information. Further, a Director or their associates, may only deal in the Company's securities when they do not have any inside information and during a trading window.

A copy of the Policy is available at <https://localityenergy.com.au/corporate-governance>.

7.7. Internal Audit

The Company does not have an internal audit function. Due to its size and current activities, the Board does not believe that an internal audit function is warranted. The Board evaluates and monitors internal control processes in order to continually improve the effectiveness of its risk management practices and will re-evaluate the Company's requirement for an internal audit function as the Company grows. LPE does however conduct assurance activities over its internal controls to address any risks and issues that arise. Assurance results are communicated to the Board via the Risk and Compliance Sub-Committee.

7.8. CEO and CFO Declaration

The Board receives a declaration from both the CEO (Managing Director) and CFO, that, in their opinion, the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively before the Board approves the Company's financial statements.

7.9. Market Disclosure and Shareholder Communications

LPE believes effective communication with its shareholders, potential shareholders and other market participants is of utmost importance for any listed company and is committed to promoting the highest standards of disclosure to ensure a fully informed market.

LPE has established a Shareholders Communication Policy to promote effective communication with shareholders and encourage effective participation at general meetings. Included in this is the requirement for the Company to provide information about itself and its governance to investors via its website. A copy of the Shareholder Communication Policy is available at <https://localityenergy.com.au/corporate-governance>.

This Policy also ensures that LPE meets its continuous disclosure obligations arising from legislation and the ASX Listing Rules. The Policy also establishes the procedure to ensure the Company

immediately discloses all price-sensitive information to ASX in accordance with the ASX Listing Rules and the Corporations Act 2001 (Cth).

LPE provides shareholders with the opportunity to elect to receive communications from the Company electronically and can send communications to the Company and the share registry electronically.

The Board approves all material announcements prior to lodgment with ASX and receives copies of all material markets promptly after they have been made.

Any new investment and/or analyst presentations are lodged and released on ASX prior to any such presentation being made to any other party.

7.10. Investor relations

LPE has an investor relations program that facilitates two-way communication with investors. The program is designed to allow investors and other financial market participants to gain greater understanding of LPE's business, governance, financial performance and prospects.

7.11. Website

Information about LPE and its governance policies and practices are available on the Company's website at <https://localityenergy.com.au/investors>.

7.12. Electronic Communication

LPE gives its shareholders the option to send and receive all communications to the Company and its share registry electronically. Shareholders are encouraged to update their communication preferences and elect to receive all communication electronically with the share registry, Link at <https://investorcentre.linkmarketservices.com.au/Login/Login> .

7.13. Annual General Meeting

The Annual General Meeting (AGM) is an important occasion for updating shareholders on the Company's performance. The AGM provides the opportunity for shareholders to ask questions of and hear from the Board. LPE encourages shareholder participation at its AGM as an opportunity to allow the Board to listen and respond to shareholder feedback.

The Company ensures that its external auditor attends all AGMs and is available to answer queries from shareholders relevant to the audit.

8. Compliance with Recommendations

LPE currently fully complies with 27 and partially complies with 5 of the 35 ASX Recommendations which are relevant to the Company. Given the nature and scale of the Company, the Board believes its compliance with the ASX Recommendations to be appropriate at this time.

The ASX Recommendations the Company does not comply with are:

- **Recommendation 1.5:** LPE has not adopted a Diversity Policy, nor has it set measurable gender diversity objectives at this time. Whilst the Company does not currently have a Diversity Policy

due to its size and nature of its operations, it strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background. The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation is disclosed in Section 6 above.

- **Recommendation 2.4:** The Company's Board Charter requires that, where practical, at least 50% of the Board will be independent. Currently the Board comprises a total of four directors of whom one is considered independent. This mix is appropriate given the size of the Company and its Board. See Section 7 below for further information.

The ASX Recommendations the Company partially complies with are:

Recommendation 2.1:

- While the Company has established a Nomination Committee (it is a joint Remuneration and Nomination Committee) it is not comprised of a majority of independent directors however it is chaired by an independent director. The Company considers that, given the size and development stage of the Company, this is entirely appropriate at this time

Recommendation 2.5:

- Due to the size of the Company the Chairman during the past financial year was not an independent director however he is not the same person as the CEO/Managing Director.

Recommendations 4.1 and 7.1:

- Whilst the Company has established an Audit and Risk Committee, due to the size of the Company and its Board it does not comprise a majority of independent Directors, nor is it chaired by an independent director. However, the Board considers that the current members provide the appropriate range of skills and experience given the size of the Company. Members of the Audit and Risk Committee are:

- Ms. Melissa Farrell (Chair)
- Mr. Barnaby Egerton-Warburton.
- Mr. Justin Pettett.
- Mr. Damien Glanville.

Recommendation 8.1:

- Whilst the Company has established a Remuneration and Nomination Committee it is not comprised of a majority of independent Directors. However, the committee is chaired by an independent Director. The Remuneration and Nomination Committees now comprises:

- Mr. Barnaby Egerton-Warburton, (Chair).
- Mr. Justin Pettett.
- Mr. Damien Glanville.
- Ms. Melissa Farrell.

The Board considers that the current members provide the appropriate range of skills and experience given the size of the Company.