

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of ReNu Energy Limited is responsible for the corporate governance of the Company and is committed to achieving and demonstrating the highest standards of corporate governance.

The ReNu Energy Limited Corporate Governance Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition the Principles of which are as follows:

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to add value
- Principle 3. Promote ethical and responsible decision making
- Principle 4. Safeguard integrity in financial reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of shareholders
- Principle 7. Recognise and manage risk
- Principle 8. Remunerate fairly and responsibly

This Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

ReNu Energy Limited's corporate governance practices were in place throughout the year ended 30 June 2020 and were fully compliant with the Council's recommendations except for the following:

Recommendation 1.5(a)

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. The Company has adopted a Diversity Policy that encourages the participation and provision of opportunity to all people interested in working at ReNu Energy. As the Company has a relatively small workforce with many roles requiring specific skills that may not be widely available, the Company has not deemed it appropriate to set specific numeric targets as these could be inappropriately skewed by the small sample size.

Recommendation 1.5(c)(1)

Companies should disclose at the end of each reporting period the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. The Company has adopted a Diversity Policy that encourages the participation and provision of opportunity to all people interested in working at ReNu Energy. As the Company has a relatively small workforce with many roles requiring specific skills that may not be widely available, the Company does not believe it appropriate to publish specific employment numbers as Company does not believe this information adds any meaningful value due to its small workforce.

ReNu Energy Limited

Corporate House, Kings Row 1, Level 52 McDougall Street, Milton, QLD 4064 | PO Box 2046, Milton, QLD 4064

Phone: +61 7 3721 7500 | Fax: +61 7 3721 7599 | Email: info@renuenergy.com.au

Recommendation 2.4

A majority of the Board should be independent. The Company did not satisfy this condition for the financial year ended 30 June 2020, as 50% of its directors were not independent at times during the year. The Board believes that it is currently structured to act in the best interest of the shareholders and its composition is appropriate at the current time.

Recommendations 4.1 and 7.1

The Board of a listed entity should have an audit committee and a risk committee which has at least three members, all of whom are Non-executive directors and a majority of whom are independent directors. The Company did not satisfy this recommendation for the financial year ended 30 June 2020 as its Audit and Risk Management Committee (Committee) had two members at times during the year, both of whom were Non-executive Directors. The Committee, at that date of this report, comprises three members, two of whom are Non-executive and independent Directors. The Company considers that given the size and composition of the Board, the current composition of the committee is sufficient to ensure independent judgement is exercised in relation to the Company's corporate reporting processes to satisfy its responsibilities.

Recommendation 8.1

The Board of a listed entity should have a remuneration committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors. The Company does not satisfy this recommendation as its Remuneration and Nomination Committee has two members, both of whom are Non-executive Directors. The Company considers that given the size and composition of the Board, the current members of the committee are sufficient to exercise independent judgement in order to satisfy its responsibilities.

For further information on corporate policies adopted by ReNu Energy Limited, please refer to "Governance" under the Our Company tab on our website located at www.renuenergy.com.au.

For the year ended 30 June 2020, the Company's reporting against the Principles is as follows:

Lay Solid Foundations for Management and Oversight

Companies should establish and disclose the respective roles and responsibilities of Board and management.

The Board operates in accordance with the following principles and guidelines.

- The Chairperson is an independent Director.
- The Board does comprise Directors with an appropriate range of qualifications and expertise.
- The terms and conditions of the appointment of Non-executive Directors are set out in a letter of appointment. The appointment letter covers the following matters:
 - the level of remuneration;
 - the tenure of appointment;
 - the expectation of the Board in relation to attendance and preparation for all Board meetings;
 - the Directors code of conduct;
 - the procedures dealing with conflicts of interest; and
 - the availability of independent advice - The Board has agreed a procedure for Directors to take independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

- The Board meets as often as required to attend to the affairs of the Company and follow meeting guidelines set down to ensure all Directors are made aware of, and have available to them all necessary information enabling them to participate in an informed discussion of all agenda items.
- The Chairman of the Board meets regularly with the Chief Executive Officer.

The Board is responsible for the direction and supervision of the Company's business on behalf of the shareholders, by whom they are elected and to whom they are accountable. This includes ensuring that internal controls and reporting procedures are adequate and effective. The Directors recognise the need to maintain the highest standards of behaviour, ethics and accountability. The primary functions of the Board include responsibility for:

- Approving objectives, goals and strategic direction for management;
- Monitoring financial performance including adopting annual budgets and approving the Company's financial statements;
- Ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
- Selecting, appointing and reviewing the performance of the Chief Executive Officer and reviewing the performance of senior operational management;
- Ensuring significant business risks are identified and appropriately managed; and
- Reporting to shareholders on performance.

To assist the Board with carrying out its responsibility and functions, certain powers have been delegated to management, including the authority to undertake transactions and incur expenditure on behalf of the Company up to specified thresholds.

Management is specifically responsible for:

- Implementing the strategic objectives and operating within the parameters set by the Board and for all other aspects of the day to day running of the Company; and
- Providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

The Company Secretary is accountable directly to the Board, through the Chair. Each director is able to communicate directly with the Company Secretary and vice versa.

The Company's Chief Executive Officer's performance and remuneration is reviewed annually by the Non-executive Directors. The performance criteria against which executives are assessed is aligned with the financial and non-financial objectives of ReNu Energy Limited. Further details of the process for evaluating performance are set out in the Remuneration Report. The Chief Executive Officer's performance was evaluated during the year ended 30 June 2020.

The Board may determine from time to time to establish specific purpose sub-committees to deal with specific issues. All matters determined by committees are submitted to the full Board as recommendations for Board decision. Minutes of committee meetings are tabled at the immediate subsequent Board meeting.

Structure the Board to Add Value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

SKILLS, EXPERIENCE AND EXPERTISE OF DIRECTORS

The Directors in office at 30 June 2020 were:

Name	Position	Independent	Term in Office	Expertise
Boyd White	Non-executive Chairman	Yes	0.5 years	Power (renewable and thermal), transmission, oil, gas and mining
Tim Scholefield	Executive Director	No	0.5 years	Resources and energy
Tony Louka	Non-executive Director	Yes	1.8 years	Energy and retail

INDEPENDENT DIRECTORS

Directors of ReNu Energy Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

In the context of director independence, 'materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the Directors as marked in the previous table are considered to be independent.

Further details of the members of the Board including their experience and expertise are set out in the Directors' Report.

NON-EXECUTIVE DIRECTORS

The Non-executive Directors periodically meet for a period of time, without the presence of management, to discuss the operation of the Board and a range of other matters including those relating to Remuneration and Directors' Nominations. Relevant matters arising from these meetings are shared with the full Board.

TERM OF OFFICE

The Company's constitution specifies that all Directors (with the exception of the Managing Director) must retire from office no later than the third Annual General Meeting following their last election. Where eligible, a Director may stand for re-election. When candidates are submitted to shareholders for election or re-election, the Company includes in the notice of meeting all information in its possession that is material to the decision whether to elect or re-elect the candidate.

NOMINATIONS

The Company has established a combined Remuneration and Nominations Committee. Membership and composition of the Committee is discussed at the end of this Corporate Governance Statement. With regard to the Nominations charter of the Committee, the main functions of the Committee are to:

- Devise criteria (necessary and desirable competencies) for Board membership for approval by the full Board;
- Identify specific individuals for nomination;
- Make recommendations to the Board for new Directors and membership of committees being always mindful that any recommendation should ensure there is a complementary mix of necessary skills;
- Annually, assist the Chairman of the Company in advising Directors about their performance and tenure;
- Oversee management succession plans, including the Managing Director and Chief Executive Officer and first line managers;
- Review of the Board succession plan; and
- Critically examine the Committee's performance and recommend any changes to the responsibilities to the Board.

In devising criteria for Board membership, the Company uses a Board skills matrix to identify any gaps in the skills and experience of the Directors on the Board. In addition, the Company uses a combination of professional intermediaries to identify and assess candidates as well as the network of contacts within the Board itself.

Appropriate recruitment processes, enquiries and reference checks are carried out to satisfy the Board that the candidate is of sound character and has the relevant attributes required by the Board to be a director of the Company.

PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the practice of the Board is as follows:

- The performance of all Non-executive Directors is reviewed periodically by the Chairman;
- All Directors periodically complete a structured self-evaluation questionnaire that aims to evaluate the performance of the Board as a whole. These responses are collated and subsequently discussed by the Board to improve the functional operations of the Board;
- The Chairman meets privately with each Director as appropriate to discuss their individual performance; and
- The Chairman's performance is reviewed by the Board.

During the year ended 30 June 2020, two new Board members with significant energy experience were appointed and four Board members resigned. As a result, the usual Board evaluation process outlined above was not carried out.

INDUCTION AND CONTINUING EDUCATION

Directors are expected to maintain knowledge and skills required to discharge their duties and obligations.

All new directors participate in an induction process co-ordinated by the Company Secretary, which assists in providing a smooth transition for new Board members,

Promote Ethical and Responsible Decision-Making

Companies should actively promote ethical and responsible decision-making

The Company supports and has adopted the Code of Conduct published by The Australian Institute of Company Directors in 2005. This code recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics and its commitment to ensuring compliance with the insider trading laws.

The Company has established a policy regarding Diversity that is underpinned by four key principles:

- **Fairness:** Every person will have the opportunity to work and succeed at ReNu Energy - regardless of their gender, nationality, background, age, physical ability or sexual orientation.
- **Support:** The Company will support the varying needs of its diverse workforce by providing flexible working conditions and ensuring programs are in place to enable every ReNu Energy employee to reach their career potential.
- **Respect:** Every ReNu Energy employee will be treated with dignity and respect, recognising that success depends upon the commitment, capabilities and diversity of the Company's employees.
- **Leadership:** The Board and senior leaders will be ultimately responsible for instilling a culture that embraces and values diversity amongst the workforce.

At least once every 12 months, the Remuneration and Nominations Committee will review the Diversity Policy including a review of the diversity objectives and initiatives to ensure they remain current and appropriate and a review of progress on the achievement of diversity objectives over the preceding year.

Safeguard Integrity of Financial Reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

The Board has adopted an Audit & Risk Committee Charter to ensure the truthful and factual presentation of the Company's financial position and to review and advise on the company's risk management processes.

Audit & Risk Committee meetings are held periodically. It is the policy of the Board that the members of the committee shall be a minimum of two Non-executive Directors. The Audit & Risk Committee will be chaired by a Non-executive Director.

The Chief Executive Officer and Chief Financial Officer may attend the committee meetings by invitation.

The main functions of the committee are to:

- Assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate;
- Review the scope and results of internal, external and compliance audits;
- Maintain open lines of communication between the Board and external auditors and the Company's compliance officers;
- Review and report to the Board on the annual report, the half-year financial report and all other financial information published by the Company or released to the market;

- Assess the adequacy of the Company's internal controls and make informed decisions regarding compliance policies, practices and disclosures;
- Ensure effective deployment of risk management processes;
- Nominate the external auditors and review the terms of their engagement, the scope and quality of the audit and the auditor's independence; and
- Review the level of non-audit services provided by the external auditors and ensure that it does not adversely impact on auditor independence.

It is the Company's policy for the lead audit engagement partner to be present at the AGM to answer questions about the conduct of the audit and the preparation and content of the Auditors' Report. These policies are consistent with the Corporations Act. Shareholders attending the AGM are made aware they can ask questions of the auditor concerning the conduct of the audit.

The Chairman of the Audit & Risk Management Committee reviews the performance of the Committee with members and reports annually to the Board.

The Company's Audit and Risk Committee Charter can be found at <http://renuenergy.com.au/our-company/governance/>.

Members of the Audit & Risk Committee during the year ended 30 June 2020 were:

- Boyd White
- Tony Louka

For details on the qualifications of the Audit & Risk Committee members, the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report in the 2020 Annual Report.

Make Timely and Balanced Disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

The Board has adopted a Listing Rule 3.1 Compliance Policy, which has been designed to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. The Company's continuous disclosure policy can be found at <http://renuenergy.com.au/our-company/governance/>.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Company rigorously polices its continuous disclosure responsibilities to ensure a fully informed market at all times.

Respect the Rights of Shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are provided with all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- The Annual Report, which will be distributed to all shareholders (unless shareholders specifically indicate otherwise);

- The Annual General Meeting, and other meetings called to obtain approval for Board action as appropriate; and
- The Company's Corporate Internet site at www.renuenergy.com.au. This web site is actively maintained and includes all market announcements, research reports from analysts, briefings to shareholders, full texts of notices of meeting and explanatory material and compliance reports such as the quarterly cash flow report and annual report.

Shareholders are actively encouraged to become 'online shareholders' by registering electronically with the Company to receive an email notification of announcements as they are made. The Company endeavours to respond to all shareholder queries on a prompt and courteous basis.

The Company encourages shareholders to attend and participate in AGMs to discuss relevant issues of interest by scheduling the AGM at an appropriate time and CBD location. If shareholders are unable to attend the AGM personally, they are encouraged to participate through the appointment of a proxy or proxies. Notices of meeting are accompanied by explanatory notes to provide shareholders with information to enable them to decide whether or not to attend and how to vote upon the business of the meeting.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX.

Recognise and Manage Risk

Companies should establish a sound system of risk oversight, management and internal control.

The Company is committed to having a culture of risk management and has established a risk management system that supports a pro-active approach to managing risk and to exploiting opportunity at all levels.

A risk review process is conducted for each component phase of the Company's business plan and these will continue to be conducted for subsequent stages to highlight major risk areas and plan the treatment to manage those risks. In addition, a formal risk management plan is included as part of every major capital acquisition or procurement decision and key risk/opportunity areas and their drivers are included in the Management/Board reporting system.

Management, through the Chief Executive Officer, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit and Risk Committee and the full Board on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on a six-monthly basis or more frequently as required by the Board or Committee.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. It reviews strategic, operational and technical risks in conjunction with, and as a key input to an annual corporate strategy workshop attended by senior management. This workshop reviews the Company's strategic direction in detail and includes specific focus on the identification of business risks which could prevent the Company from achieving its objectives. Management are required to ensure that appropriate controls and mitigation strategies are in place to effectively manage those risks. Compliance and reporting risks are reviewed on an ongoing basis and independently audited from time to time. The Audit and Risk Committee oversees the adequacy and comprehensiveness of risk reporting from management.

The Company does not have an internal audit function. Given the Company's current size and nature of its operations, the Board considers it appropriate to engage external advisers (independent of the external auditor) as appropriate from time to time to undertake various tasks that an internal audit function would perform. No external advisers were engaged during the current reporting period to undertake activities that would normally be undertaken by an internal audit function.

The Board receives a written assurance from the Chief Executive Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating

effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the Chief Executive Officer can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

The Company considers economic, environmental and social sustainability factors as part of its consideration of both strategic and operational risk. Each year, the Company undertakes an assessment to determine those risks and opportunities that are most important to its business and stakeholders. Following its annual assessment, the Company has determined that it does not, at this time, have a material exposure to environmental or social sustainability risks.

ECONOMIC RISKS

Information in respect of the Company's assessment of the principal economic risks that could have a material impact on the Company, and the Company's mitigation strategies for those risks is set out below.

- **Project development risk** - The Company's business model includes involvement in power generation projects in various capacities, including as an EPC contractor, in a builder, owner and operator capacity and in a BOOM capacity (build, own, operate and maintain). Accordingly, the following project risks apply to the Company:
 - **Design and Engineering** – the Company outsources the majority of its design and engineering services. If a design is ultimately defective, this may have a material adverse effect on the Company's reputation, operations and financial performance. It may also make it difficult for the Company to meet its obligations under its respective agreements.
 - **Procurement risk** – the Company may procure the construction and installation of its various projects. The quality of these supplied products may not comply with specified requirements or be acceptable or suitable for its intended use.
 - **Project construction risk** – the projects have levels of project construction risk comparable to projects of similar size and type, these risks include the project not being completed on time and within budget or to the agreed specifications. Accordingly, delays in completion of a project and the resultant increase in funding costs and delays in commencement of cash flows, increases in capital required to complete construction and the insolvency of the head contractor, a major sub-contractor and/or a key equipment supplier, can all potentially have an adverse impact on the Company.
 - **Counterparty risk** – the Company enters into long term contracts with customers and is exposed to loss of revenue and stranded assets if a counterparty has financial difficulties or becomes insolvent. The Company mitigates this risk by conducting due diligence on its counterparties and entering into contracts that provide the Company with an appropriate level of protection.
- **Warranty and defects liability** – the Company is required to rectify defects during the defects liability period on projects it has constructed on an EPC basis and provide a warranty period. These rectifications may result in cost to the Company. The Company mitigates these risks by conducting due diligence on its counterparties and entering into contracts that provide an adequate level of protection and obtaining insurance where available.
- **Business development risk** – the success of the Company is heavily reliant on its reputation and branding. There is a risk that the Company may not be able to establish and maintain its brand which is critical to attracting and growing a user base and creating technology acceptance. The Company aims to address this risk by closely monitoring the sector in which it operates and fostering strong relationships with key stakeholders.
- **Intellectual property** – there is a risk that other individuals or companies may claim to have an interest in intellectual property used by the business. The Company may also acquire trade secrets and other intellectual property rights that are important assets. The Company mitigates this risk by relying on a combination of confidentiality and license agreements with its consultants and third parties with whom it

has relationships, as well as domain name, trade secret, copyright and patent laws, to protect its brand and other intellectual property rights.

- **Government policy and regulation may change** – the Company operates in the energy industry which is subject to extensive laws and regulations relating to, among other things, the conduct of generation operations, participation in the National Electricity Market, use of distribution systems and supply of energy to customers. The Company receives revenue from mechanisms in the Renewable Energy Target legislation and the Emissions Reduction Fund legislation. Future changes in such policies or laws are beyond the control of the Company. Changes in law or regulatory policy could adversely affect the Company's business. The adoption of recommendations in the report of the *Independent Review into the Future Security of the National Electricity Market* which was chaired Australia's Chief Scientist Dr Alan Finkel could adversely affect the Company's business. The Company mitigates these risks by: monitoring potential changes and adjusting business models to suit; and by liaising with regulators and legislators to garner and retain support for the industry.

Remunerate Fairly and Responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high-quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. The Managing Director's and key executives' emoluments are structured to retain and motivate executives by offering a competitive base salary together with short and long-term performance incentives through cash, shares and options which allow executives to share in the success of ReNu Energy Limited. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit.

The Company currently has two Non-executive Directors. The Non-executive Directors' maximum aggregate remuneration as approved by shareholders is currently \$700,000 and is set at a level that compensates the directors for their significant time commitment in overseeing the progression of the Company's business plan.

There are no retirement benefits offered to Non-executive Directors other than statutory superannuation. For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current period, please refer to the Remuneration Report which is contained within the Directors' Report.

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee operates under a charter approved by the Board. Remuneration and Nomination Committee meetings are held at least annually and otherwise as required throughout the year. It is the policy of the Board that the members of the Committee shall be a minimum of two Non-executive Directors. The Remuneration and Nominations Committee will be chaired by an independent Non-executive Director.

With regard to the Remuneration charter of the Committee, the main functions of the Committee are to:

- Set the terms and conditions of employment for the Chief Executive Officer;
- Set policies for Senior Executive remuneration including the Chief Executive Officer and other Executive Directors (if any) and review from time to time as appropriate;
- Set policies for Non-executive Director remuneration and review and recommend the level of remuneration with the assistance of external consultants as appropriate;

- Make recommendations to the Board on remuneration for the Chief Executive Officer and Executive Director(s);
- Review and approve the recommendations of the Chief Executive Officer on the remuneration of Senior Executives;
- Review all equity based plans and make recommendations to the Board for approval;
- Review and approve the design of Executive Incentive Plans ensuring appropriate performance hurdles are in place;
- Review transactions between the group and the Directors, or any interest associated with the Directors, to ensure the structure and the terms of the transaction are in compliance with the Corporations Act 2001 and are appropriately disclosed; and
- Review and approve the annual Remuneration Report contained within the Directors' Report.

The Company's Remuneration and Nomination Committee Charter can be found at:
<http://renuenergy.com.au/our-company/governance/>.

The members of the Remuneration and Nominations Committee during the year ended 30 June 2020 were:

- Tony Louka
- Boyd White

For details on the number of meetings of the Remuneration and Nominations Committee held during the year and the attendees at those meetings, refer to the Directors' Report in the 2020 Annual Report.

Authorised on behalf of ReNu Energy:

A handwritten signature in blue ink that reads "Boyd White". The signature is written in a cursive, flowing style.

Boyd White
Chairman
October 2020