

Although it is not a company listed on the Australian Securities Exchange and as such is not subject to the ASX Listing Rules, Western Power has voluntarily chosen to comply with the 'best practice' standards recommended by the ASX Corporate Governance Council in the [ASX Principles of Good Corporate Governance and Best Practice Recommendations \(ASX Principles\)](#), where appropriate and relevant in Western Power's circumstances.

The following checklist reports on the extent to which Western Power has complied with the ASX Principles and explains the reasons for any non-compliance. Please note that this document cross-references to various sections of the corporate governance disclosure report contained in Western Power's 2007 annual report. A copy of the 2007 annual report will be available after 30/09/2007.

ASX Principle	Reference	Comply	
<b>Principle 1</b>	<b>Lay solid foundations for management and oversight</b>		
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	2.1, 2.6, 3.1	Note 1
<b>Principle 2</b>	<b>Structure the Board to add value</b>		
2.1	A majority of the board should be independent directors.	2.2, 2.3	<input checked="" type="checkbox"/>
2.2	The board chair should be an independent director.	2.2, 2.3, 2.10	<input checked="" type="checkbox"/>
2.3	The roles of the board chair and CEO should not be exercised by the same individual.	2.2, 2.10	<input checked="" type="checkbox"/>
2.4	The board should establish a nomination committee.	3.1, 3.3	Note 2
2.5	Provide the information indicated in the guide to reporting on ASX Principle 2.	2.2, 2.3, 2.5, 2.8, 2.12, 3.1, 3.3	<input checked="" type="checkbox"/>
<b>Principle 3</b>	<b>Promote ethical and responsible decision-making</b>		
3.1	Establish a code of conduct to guide the directors, the CEO, CFO, and any other key executives as to:		
3.1.1	the practices necessary to maintain confidence in the company's integrity; and		
3.1.2	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	4.1	<input checked="" type="checkbox"/>
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	4.2	Note 3
3.3	Provide the information indicated in the guide to reporting on ASX Principle 3.	4.1, 4.2	<input checked="" type="checkbox"/>
<b>Principle 4</b>	<b>Safeguard integrity in financial reporting</b>		
4.1	Require the CEO and the CFO to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition, and operational results and are in accordance with relevant accounting standards.	6	<input checked="" type="checkbox"/>
4.2	The board should establish an audit committee.	3.1, 3.2	<input checked="" type="checkbox"/>
4.3	Structure the audit committee so that it consists of: (i) only non-executive directors; (ii) a majority of independent directors; (iii) an independent chair, who is not the board chair; and (iv) at least 3 members.	3.1, 3.2	<input checked="" type="checkbox"/>
4.4	The audit committee should have a formal charter.	3.1, 3.2	<input checked="" type="checkbox"/>
4.5	Provide the information indicated in the guide to reporting on ASX Principle 4.	3.1, 3.2, 7, Note 4	<input checked="" type="checkbox"/>
<b>Principle 5</b>	<b>Make timely and balanced disclosure</b>		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	5.1, 5.2	Note 5
5.2	Provide the information indicated in the guide to reporting on ASX Principle 5.	5.1, 5.2	Note 5
<b>Principle 6</b>	<b>Respect the rights of shareholders</b>		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	5.1, 7, Note 6	<input checked="" type="checkbox"/>
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	5.1, 7, Note 6	<input checked="" type="checkbox"/>
<b>Principle 7</b>	<b>Recognise and manage risk</b>		
7.1	The Board or appropriate board committee should establish policies on risk oversight and management.	8	<input checked="" type="checkbox"/>
7.2	The CEO and the CFO should state to the board in writing that:		
7.2.1	the statement given in accordance with best practice recommendation 4.1 (integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and		
7.2.2	the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	6, 8	<input checked="" type="checkbox"/>
7.3	Provide the information indicated in the guide to reporting on ASX Principle 7.	8	<input checked="" type="checkbox"/>
<b>Principle 8</b>	<b>Encourage enhanced performance</b>		
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	2.6, 2.7, 2.8, 2.11, Remuneration report	<input checked="" type="checkbox"/>
<b>Principle 9</b>	<b>Remunerate fairly and responsibly</b>		
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand: (i) the costs and benefits of those policies; and (ii) the link between remuneration paid to directors and key executives and corporate performance.	Remuneration report	<input checked="" type="checkbox"/>
9.2	The board should establish a remuneration committee.	3.1, 3.3	<input checked="" type="checkbox"/>
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Remuneration report	<input checked="" type="checkbox"/>
9.4	Ensure that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.		Note 7
9.5	Provide the information indicated in the guide to reporting on ASX Principle 9.	3.1, 3.3, Remuneration report	<input checked="" type="checkbox"/>
<b>Principle 10</b>	<b>Recognise the legitimate interests of stakeholders</b>		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	4.1	<input checked="" type="checkbox"/>

#### Notes:

- The letter of appointment given to the current, inaugural, directors of Western Power did not contain all of the information recommended in this ASX Principle (see section 2.6 of the corporate governance report).
- Parts of recommendation 2.4 of the ASX Principles are not applicable to Western Power to the extent that the composition of the Board is ultimately controlled by the Governor.
- ASX Principle 3.2 has no relevance to Western Power as it is not a publicly listed entity (see section 4.2 of the corporate governance report).
- The independence of committee members is influenced by the process of appointment of the directors to the Board by the Governor and, therefore, the committee may not always have a majority of independent members. However, it currently does have the required majority. Under the Act, Western Power's external auditor is the WA Auditor General. Therefore, recommendations in the ASX Principles as to independence and evaluation of the external auditor are not relevant.
- ASX Principle 5 has no relevance to Western Power as it is not a publicly listed entity and therefore is not subject to the ASX Listing Rules (see section 5.2 of the corporate governance report).
- Western Power does not hold annual general meetings. However, the Auditor General reports directly to the Minister in respect of the audit of Western Power's financial reports.
- ASX Principle 9.4 has no relevance to Western Power as it is a statutory corporation and there is no equity-based executive remuneration in place.