

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 principles and recommendations of the ASX Corporate Governance Council in the most recent edition of its [ASX Corporate Governance Principles and 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 2008 annual report. A copy of the annual report will be available after 30/09/2008.

ASX Principle	Reference	Comply	
Principle 1	Lay solid foundations for management and oversight		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2.1, 2.6, 3.1	Note 1
1.2	Disclose the process for evaluating the performance of senior executives.	2.7	
1.3	Provide the information indicated in the guide to reporting on ASX Principle 1.	2.7	
Principle 2	Structure the Board to add value		
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	Disclose the process for evaluating the performance of the board, its committees and individual directors.		
2.6	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"/>
Principle 3	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to:		
3.1.1	the practices necessary to maintain confidence in the company's integrity;		
3.1.2	the practices necessary to take into account Western Power's legal obligations and the reasonable expectations of its stakeholders		
3.1.3	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	4.1	<input checked="" type="checkbox"/>
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of the policy.	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"/>
Principle 4	Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	3.1, 3.2	<input checked="" type="checkbox"/>
4.2	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"/>
4.3	The audit committee should have a formal charter.	3.1, 3.2	<input checked="" type="checkbox"/>
4.4	Provide the information indicated in the guide to reporting on ASX Principle 4.	3.1, 3.2, 7, Note 4	<input checked="" type="checkbox"/>
Principle 5	Make timely and balanced disclosure		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	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
Principle 6	Respect the rights of shareholders		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of the policy.	5.1, 7, Note 6	<input checked="" type="checkbox"/>
6.2	Provide the information indicated in the guide to reporting on ASX Principle 6.	5.1, 7, Note 6	<input checked="" type="checkbox"/>
Principle 7	Recognise and manage risk		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	8	<input checked="" type="checkbox"/>
7.2	The board should require management to design and implement the risk management and internal control system to manage Western Power's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of Western Power's management of its material business risks.		
7.3	The board should disclose whether it has received assurance from the CEO and the CFO that the declaration provided in accordance with section 295A of the <i>Corporations Act</i> is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	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"/>
Principle 8	Encourage enhanced performance		
8.1	The board should establish a remuneration committee.	3.1, 3.3	<input checked="" type="checkbox"/>
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Remuneration report	<input checked="" type="checkbox"/>
8.3	Provide the information indicated in the guide to reporting on ASX Principle 8.	3.1, 3.3, Remuneration report	<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 determined by the Governor (on recommendation from the Minister).
- 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).