



CHARTER OF THE BOARD OF THE WATER CORPORATION

Approved: _____

Chairman

Board of the Water Corporation

18 December 2017

This Charter summarises the role and responsibilities of the Board of the Water Corporation.

1. Role of the Board
2. Composition
3. Appointment and Retirement of Directors
4. Duties of Directors
5. Skills
6. Meetings
7. Directors Inductions
8. Directors Development
9. Board Evaluations
10. Appointment and Responsibilities of the Board Chairman
11. Appointment and Responsibilities of the Chief Executive Officer
12. Committees of the Board
13. Working with the Government
14. Reporting to the Owner
15. Non-Executive Director Remuneration
16. Retained Authority and Delegations of Authority
17. Monitoring
18. Public Interest Disclosures
19. Director Protection
20. Access to Employees, Information & Records
21. Networking and Stakeholder Communication
22. Board Code of Conduct
23. Review of Charter
24. Independent Advice
25. Compliance
26. Risk Management
27. Annual Accounts Certification
28. Review of CEO and Other Senior Executives
29. Company Secretary

APPENDIX A: AICD Code of Conduct

APPENDIX B: Water Corporation Code of Conduct

The ***Water Corporations Act 1995*** (the Act) established the Water Corporation (Corporation) with effect from 1 January 1996. The Corporation is a body corporate with perpetual succession with a Board and the Act describes the functions, roles and responsibilities of the Board, management and staff. It also serves as the Corporation's constitution.

The Corporation is not an agent of the Crown and is not part of the Public Service and employees are not public servants or employees of the public sector. It is required to act in accordance with prudent commercial principles, subject to direction from the Minister and to endeavour to make a profit, consistent with maximising its long term value.

The Board

1. Role of the Board

In accordance with the Act the Board's role is to govern the Corporation and is responsible for:

- providing the overall strategic direction of the Corporation;
- ensuring management implements approved strategic plans for the Corporation;
- nomination and removal of the Chief Executive Officer (CEO);
- approving remuneration and terms of employment for the CEO;
- evaluating and providing feedback on the performance of the CEO;
- approving human resources strategies;
- approving operating budgets and the rates and charges submission;
- approving delegations;
- providing oversight for the financial reporting process;
- providing oversight to ensure risks facing the Corporation are identified, assessed and managed effectively;
- oversight of the process for monitoring compliance with applicable laws and regulations;
- acting within prudent commercial principles, taking into account the Strategic Development Plan (SDP) and Statement of Corporate Intent (SCI); and
- ensuring the Corporation is continuously and efficiently operating commercially in the best interests of its owner, taking account of risk and maximising the long term value of the Corporation.

Note: When the Government assumes a 'caretaker' role in the period immediately before a State General Election, it is convention that significant appointments, major policy decisions and major contracts are not undertaken.

2. Composition

The Board comprises not less than five nor more than six Non-Executive Directors (appointed by the Governor of Western Australia on the nomination of the Minister) and the CEO as an Executive Director. A quorum consists of three Directors.

The constitution and proceedings of the Board are detailed in Schedule 1 of the Act.

3. Appointment and Retirement of Directors

Where a vacancy occurs in the membership of the Board, the Board may recommend a candidate to the Minister.

Directors hold office for such period, not exceeding three years, as is specified in the instrument of his or her appointment, and are eligible for reappointment. Periods of appointment will be structured to ensure that approximately one-third of Directors retire each year.

Directors may resign from office by notice in writing delivered to the Minister. The Governor may at any time remove a Director, including the Board Chairman, or Deputy Chairman, from office and is not required to give any reason for doing so.

Unless he or she resigns or is removed from office, a Director continues in office until his or her successor comes into office, even if the period for which he or she was appointed has expired.

4. Duties of Directors

Schedule Two of the Act details the duties that must be observed by Directors of the Corporation. These duties are similar to the duties imposed on Directors of public listed companies.

Directors have the same fiduciary relationship with the Corporation and have the same duties to the Corporation (to act with loyalty and in good faith) as Directors of a company under the *Corporations Act 2001 (Cth)*. These duties are enforceable only by the Minister for Water.

Conflicts of interests and related party transactions are managed in accordance with the Corporate Policy and Codes of Conduct in section 22 of the Board Charter.

5. Skills

Under the Act, the Minister nominates Non-Executive Directors and where a vacancy occurs the Board may recommend a candidate.

When making a recommendation to the Minister the Board is responsible for ensuring an appropriate balance of skills, knowledge, experience, independence and diversity is considered.

The regular assessment of the range of qualifications, skills, experience, past performance, and diversity of gender, age, experience, relationships and background on the board allows for the identification of particular competencies and perspectives that best increase the Board's effectiveness.

6. Meetings

Schedule 1 of the Act outlines the proceedings of the Board.

The Board annually establishes its:

- Board calendar;

- Meeting calendar; and
- Sub-committee calendar.

The Company Secretary is responsible for ensuring there are proper proceedings of the Board and taking minutes of meetings to reflect the proper proceedings of the Board.

7. Directors Induction

The Company Secretary is responsible for the induction of new Directors to the Board of the Corporation.

8. Directors Development

The Company Secretary is responsible for coordinating appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

9. Board Evaluation

The Board engages a corporate governance specialist to undertake an independent Performance Evaluation of the Board and the Board Committees annually. A comprehensive review and assessment of the Board is completed biennially and light touch review completed every other year.

10. Appointment and Responsibilities of the Board Chairman

In accordance with the Act, the Governor will appoint the Chairman and Deputy Chairman from amongst the Non-Executive Directors.

The specific roles of the Board Chairman include:

- provide leadership and vision to the Corporation;
- ensure the efficient organisation and conduct of the Board's function;
- ensure all Directors are informed of all material matters;
- evaluate the performance of the Board, Directors, Committees and the CEO; and
- exercise such specific and express powers as are delegated to the Chairman by the Board from time to time.

11. Appointment and Responsibilities of the Chief Executive Officer

The Board has the power to appoint and remove the CEO, and to fix and alter the CEO's terms and conditions of service. However, the Board must obtain the concurrence of the Minister before it exercises these powers.

The Board has approved a general delegation of financial and legal authority. The CEO may authorise all expenditures in accordance with that delegation, or any other delegation by the Board, subject to:

- All CEO compensation, outside of normal remuneration, must be authorised by the Board Chairman.

- Whilst the Board (via the Remuneration Committee) approves the remuneration of employees reporting to the CEO, the appointment of individuals to specific management roles is the responsibility of the CEO.

The CEO is responsible for, and has the necessary powers to administer, the day to day operations of the Corporation.

12. Committees of the Board

The Board may establish sub committees and working groups to assist it in its oversight of the Corporation.

To assist the Board in undertaking its responsibilities, the Board has established three committees comprised of up to three Non-Executive Directors who are assisted, where appropriate, by the Corporation's CEO and Chief Financial Officer. These are:

- the Audit & Risk Committee
- the Remuneration Committee; and
- the Safety Committee,

which operate under separate Charters.

Minutes of the Committees will be provided to and noted by the Board.

The Audit & Risk Committee assists the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, risk management, the audit process, and the Corporation's process for monitoring compliance with applicable laws and regulations.

The Safety Committee supports and assists the Board to review and oversee Occupational Safety and Health policies and performance including impacts on the public, employees and contractors.

The Remuneration Committee supports and assists the Board to ensure that remuneration and benefits arrangements support the strategic aims of the business whilst complying with regulatory requirements and satisfying the requirements of our owner.

The functions of each of these committees are described in more detail in their respective charters.

The Board sets a number of expectations of its committees. These expectations are captured in the relevant committee's charter. The Board reviews committee charters every two years and may amend or revoke a charter.

13. Working with Government

The Government is the ultimate owner of the Corporation and it regards its relationship with Government as paramount.

Notwithstanding the Corporation's independence from Government, the Act prescribes the duties of Directors (*Part 2, Division 4 section 20, 24 and Schedule 2*) including a code of conduct.

In addition, the Board must, after consultation with the Public Sector Commissioner, prepare and issue a code or codes of conduct for the Corporation's staff setting out:

- minimum standards of conduct and integrity to be observed by members of staff; and
- minimum standards of merit, equity and probity applicable to management of staff.

14. Reporting to the Owner

The Board is required to report regularly to its owner, the Minister and does so through its Annual Report, Quarterly Performance Reports (copies are also provided to the Treasurer) and the annual Statement of Corporate Intent and Strategic Development Plan.

The Chairman, CEO and other members of the Board and Management will meet with the Minister as required.

15. Non-Executive Director Remuneration

A Non-Executive Director is paid from the funds of the Corporation. Each Director's remuneration and allowances are determined by the Minister. Remuneration is not paid to a Non-Executive Director who holds a full time office, or position, that is remunerated out of moneys appropriated by Parliament.

Each Director is reimbursed for usual and ordinary expenses incurred in connection with the Board's business.

16. Retained Authority and Delegations of Authority

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, the Board decides what Corporation matters are to be delegated, either to specific Directors or to management. In addition, the Board outlines what controls are in place to oversee the operation of the delegated powers.

As a consequence, the individual Directors have no individual authority to participate in the day to day management of the Corporation, including making any representations or agreements with related corporations, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Board by resolution expressly delegates an authority to a Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management position. Committees and their members require specific delegations from the Board as a whole and these will be contained in the charter for each committee.

Specific Retained Authority

In general, the Board retains all powers and authorities to carry out the Corporation's business effectively and efficiently, except where specific authority is delegated to the CEO and Board committees.

The following matters must be referred to the Board for approval:

- Strategic Development Plan;
- Statement of Corporate Intent;
- Corporate Governance Framework;
- Corporate Strategy;
- Corporation Capital Investment Program;
- Any transaction exceeding \$10,000,000 (transactions greater than \$25 million require Ministerial approval);
- Budgets;
- Remuneration for the CEO and Target Based Reward approval;
- Annual Report;
- Board Position Statements and significant policies relating to;
 - Safety;
 - People;
 - Governance and Risk and Compliance;
 - Environment;
 - Funding;
 - Financial Management;
 - Customer and Stakeholder;
 - Operations;
 - Infrastructure Asset Management;
 - Maintenance;
- The Corporation Purpose, Vision and Values;
- Code of Conduct;
- Conflicts of Interests;
- Related Party Transactions;
- Corporate Lobbying;
- Board Delegations;
- All Board Committee Charters;
- Commercial Insurance;
- Treasury Risk Management Policy;
- Financial and Legal Authorisation Policy and Standard; and
- Any matters which amounts to a major initiative or is likely to be of significant public interest.

Delegated Authority

In order to facilitate the day to day operations of the Corporation, the Board has delegated its authority to the CEO and their senior executives as specified in section 14 of Part 2 Division 3 of the Act. Senior Executives who propose to delegate their authority to management direct reports may do so with the prior approval of the CEO. However, such delegations can only be within the delegated authority of each senior executive.

The Board has delegated the following functions to management, for the day to day operations of the Corporation:

- Delegated Financial and Legal Authorisations;
- Delegated Human Resources Authorisations; and
- Delegated Policy Authorisations.

The Board retains the obligation to monitor its delegations and has controls in place to ensure its delegations of authority are operating effectively and efficiently.

The Board will review its Delegations at least every 3 years.

17. Monitoring

The Audit & Risk Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, risk management, and the Corporation's process for monitoring compliance with applicable laws, regulations and the Corporation's Code of Conduct, by having oversight of the following controls:

- considering the effectiveness of the Corporation's internal control system, including information technology security, fraud and control;
- understanding the scope of internal and external auditors' reviews of internal control over financial reporting, and obtains reports on significant findings and recommendations, together with management responses;
- ensuring an appropriate overall risk management framework is in place each year; and
- reviewing the effectiveness of the system for monitoring the Corporation's compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

18. Public Interest Disclosures

The Corporation is committed to the aims and objectives of the ***Public Interest Disclosure Act 2003*** (WA) and accordingly has adopted a "Whistleblowers Policy".

The purpose of the policy is to help detect and address misconduct, help provide an environment in which persons feel able to raise issues of concern to them and the Corporation and help protect people who report misconduct in good faith.

19. Director Protection

As a general rule, a Director has two key areas of protection - the right to information and the ability to insure against specific risks of being a Director. The Act also provides limited protection for Directors who have acted honestly in the discharge of their duties, but have nonetheless been subject to a claim of breach of duty.

In addition, the Corporation executes a Deed of Indemnity, Insurance and Access in favour of each Director individually.

Insurance

The Corporation will:

- provide each Director with a copy of the Directors' and Officers' (D&O) Policy and any changes to that policy; and
- maintain each Director's D&O insurance for seven years from the date at which he or she ceased to be a Director.

20. Access to Employees, Information & Records

Subject to the Director's Deed of Indemnity, Insurance and Access, each Director has right of access to all records in the control of the Corporation.

21. Networking and Stakeholder Communication

Developing networks and working to promote the reputation of the Corporation are important ways for Directors to add value. Directors are expected to act as ambassadors for the Corporation.

Furthermore, Directors are encouraged to be acquainted with the Corporation's senior managers and employees through attendance at corporate events and site visits when appropriate.

The Board recognises that internal communication is one way in which the Corporation can strengthen the culture and feeling of commitment amongst employees. The Board will follow the Board of Directors Internal and External Communication Protocol.

22. Board Code of Conduct

The Board may from time to time adopt:

- a code of conduct to guide the Directors and promote high ethical and professional standards and responsible decision-making; and
- a code of conduct which sets out the minimum acceptable standards of behaviour expected of the Directors and employees of the Corporation.

Directors must comply with all codes of conduct adopted by the Board under the clause above.

The Board has:

- adopted the "Code of Conduct" for Directors produced by the Australian Institute of Company Directors ("AICD Code"); and
- adopted the Corporation's "Code of Conduct".

Each Director will follow the Conflicts of Interest Policy, the Related Party Transactions Policy and Receipt & Management of Gifts, Benefits or Hospitality Policy.

23. Review of Charter

The Board will regularly review the Charter to ensure that it meets best practice standards, which comply with the AICD and ASX Principles and meet the needs of the Corporation, owner and the Board.

24. Independent Advice

Each Director may obtain independent professional advice at the Corporation's expense to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a committee.

Directors are entitled to reimbursement of all reasonable costs where a request for reimbursement of the cost of such advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by the Chairman of the Audit & Risk Committee.

25. Compliance

It is part of the philosophy of the Corporation that at all times it shall comply with the law as it applies to the Corporation and will demonstrate ethical behaviour. The Corporation believes that ensuring everyone in the Corporation complies with the law is simply part of good management.

Every officer, contractor, agent and distributor of the Corporation is required to comply with all aspects of the law and to act ethically at all times.

No person who wilfully breaches the law and is prosecuted will receive support from the Corporation.

The Audit & Risk Committee ensures appropriate compliance systems are in place within the Corporation. Aspects of this process may be delegated. In particular, the Head of Risk & Assurance will oversee the Corporation's Compliance Framework. The Head of Risk & Assurance will work in conjunction with the relevant line managers to ensure all areas of compliance are covered within the Corporation. The framework will be developed in accordance with AS ISO 19600:2015: Compliance Management Systems - Guidelines.

The Audit & Risk Committee will receive a report from the Head of Risk & Assurance regarding compliance exceptions and may be required to elaborate on any relevant aspects of this report. Annually, a Compliance Report will contain statements that the Corporation is meeting its requirements under the various requirements or legal responsibility for all directors or notify directors of any issue of concern.

In addition, the Board will receive regular reports about Audit & Risk Committee activities, issues and related recommendations.

26. Risk Management

The Board has oversight responsibilities for risk management.

The CEO is charged with implementing appropriate risk management systems within the Corporation. Aspects of this process may be delegated. The implemented processes will be in accordance with AS/NZ ISO 31000:2009.

The Board shall review all major strategies and actions for their impact on the risk facing the Corporation and take appropriate actions.

The Corporation shall review all aspects of its business for changes to the risk profile on an annual basis and reports will be made to the Board via the Audit & Risk Committee.

27. Annual Accounts Certification

Under direction from the Office of the Auditor General, the Board requires the C E O and Chief Financial Officer to provide written certification as part of the approval of the Corporation's annual financial statements:

- the Corporation's financial statements present a true and fair view in all material respects of the Corporation's financial position and operational results and are in accordance with relevant accounting standards; and
- the statement given in the preceding paragraph (with regard to the integrity of the financial statements) 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 the financial reporting risks.

28. Review of the CEO and Other Senior Executives

The CEO is the key employee of the Corporation and of the Board.

The Remuneration Committee is charged with developing the process for the Board's annual evaluation of the CEO and other senior executives' performance and making recommendations to the Board accordingly. The Board Chairman is responsible for the evaluation process in respect of the CEO and the CEO is responsible for the evaluation process of direct reports.

29. Company Secretary

The role of the Company Secretary is to support the effectiveness of the Board and its Committees. It ensures the Corporation complies with all Governance related legislation and guidelines. The Company Secretary reports to the Chairman of the Board.

APPENDIX A: AICD Code of Conduct

AUSTRALIAN INSTITUTE
of COMPANY DIRECTORS

Membership

Code of conduct

Every member of the Australian Institute of Company Directors is expected to comply with a code of conduct determined by the Company Directors' Board of Directors from time to time.

A member should, in respect of any corporate entity of which the Member is a director, comply with the following standards of conduct:

1. The member should act honestly, in good faith and in the best interests of the company as a whole.
2. The member has a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. The member should use the powers of office for a proper purpose, in the best interests of the company as a whole.
4. The member should recognise that the primary responsibility is to the company as a whole but may, where appropriate, have regard for the interest of other stakeholders of the company.
5. The member should not make improper use of information acquired as a director.
6. The member should not take improper advantage of the position of director.
7. The member should properly manage any conflict with the interests of the company.
8. The member has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
9. Confidential information received by the member in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
10. The member should not engage in conduct likely to bring discredit upon the company.
11. The member has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

Australian Institute of Company Directors Code of Conduct, approved September 2005.

APPENDIX B: Water Corporation Code of Conduct



Code of Conduct

Message from the CEO

As Water Corporation employees we are responsible for our behaviour and conduct in the workplace.

Everyone at the Water Corporation, including directors, contractors and consultants, must be conscious of, and operate in accordance with the expectations of the community.

This Code of Conduct provides clear guidelines for the standards of behaviour and ethical and accountable decision-making expected in our dealings with each other, our customers and the community.

We need to familiarise ourselves with this Code of Conduct and understand what is expected of us.

Sue Murphy, Chief Executive Officer

Our Water Corporation Values

Our values give us direction about what's expected of us, and help to make our priorities very clear, so we know where we're going and why we're here. We are expected to act with our values in mind.

Our values are:

- One Team – We are one team. We work together in the best interests of the Water Corporation and the community.
- Think Safe, Act Safe – We put safety first in everything we do. We are responsible for ourselves and others.
- Customer Focussed – We value our customers. We understand their needs and deliver great service.
- Value Every Dollar – We add value to our customers. We manage every hour we work, every dollar we spend.
- Future Thinking – We find clever and innovative ways to do things. We plan and deliver for the future.
- Take Personal Ownership – We hold ourselves and each other to account. We each take responsibility for our own decisions and actions.

Our Conduct

Behaviour

We will:

- behave in a way that upholds our values and good reputation
- behave ethically, honestly and with integrity
- act with care and diligence
- treat everyone with respect, fairness and courtesy
- maintain a safe and healthy workplace
- maintain, use and continuously develop our knowledge and skills

watercorporation.com.au
aquaDOC number: 425755



Code of Conduct



- comply with all lawful and reasonable directions given by the Corporation
- comply with all applicable Australian laws and regulations

Communication and Official Information

We will:

- maintain appropriate confidentiality about the Corporation's confidential information
- respect the privacy of individuals and the security of personal information
- protect the Corporation's intellectual property
- raise concerns of improper use of corporate information

Fraudulent, Corrupt or Misleading and Deceptive Behaviour or Conduct

We will:

- not engage in behaviour or conduct that is fraudulent, corrupt or misleading and deceptive
- not make use of the Corporation's information, systems, property or its position to gain or seek improper benefit for ourselves, the Corporation or a third party
- report any actual or suspected breach of this Code of Conduct, in particular fraud, corruption or misleading and deceptive behaviour

Use of Public Resources

We will:

- use the resources, including information, property and systems of the Corporation effectively, economically, properly and lawfully
- not use the Corporation's resources for personal or financial gain
- report any damage or loss of property and/or equipment immediately

Recordkeeping and Use of Information

We will:

- properly record actions, decisions and transactions to ensure transparency and accuracy
- ensure information, including confidential information, is recorded, handled and securely stored in accordance with record keeping and archive procedures
- obtain authorisation before altering or destroying records

Conflicts of Interest and Gifts and Benefits

We will:

- disclose and take reasonable steps to avoid any actual, perceived or potential conflict of interest in connection with our work
- openly declare private interests and affiliations that may conflict with or be perceived to conflict with the Corporation or the relevant individual's duties or position

Code of Conduct



- ensure decisions are accurately recorded so that they are transparent and capable of review
- follow legislated and/or policy requirements for managing real, perceived or potential conflicts of interest
- ensure that the acceptance (or refusal) of gifts, benefits or hospitality is in accordance with the Corporation's policy and is recorded in the relevant Branch Gift Register
- refuse any gift, benefit or hospitality that is likely to place the Corporation under an actual or perceived commercial, moral or ethical obligation to other organisations or individuals

Reporting Suspected Breaches of the Code

We will:

- report any actual or suspected misconduct or breach of the Code of Conduct, policies, guidelines or procedures to a Line Manager, the Human Resources Manager or the Principal Auditor
- in the matter of a Public Interest Disclosure, approach a Public Interest Disclosure Officer or the Corporation's Chief Executive Officer
- accept that if we make a report of a breach or suspected breach of legal or ethical standards in good faith we will be dealt with in a confidential manner

Compliance with Policies, Guidelines and Procedures

The Water Corporation has a number of policies, guidelines and procedures that set out specific legal and professional requirements and expectations.

We will adhere to these policies to protect the Corporation's reputation and relationships. We are accountable for making ourselves aware of these documents and to understand and comply with our obligations.

If we don't understand our obligations we will seek out the information. Our managers and supervisors will support us to ensure we always work to the standards we commit to in the Code of Conduct.

Breaches of Code of Conduct

We acknowledge the importance of the Code of Conduct to the good governance of the Water Corporation and the potential seriousness of any breach.

Any employee who breaches this Code or any of the policies, guidelines or procedures under it, or authorises or permits any breaches by a subordinate in sufficiently serious circumstances, may be subject to disciplinary action including dismissal.