



BOARD CHARTER



Introduction

Hunter Water Corporation (Hunter Water) is a state owned corporation owned by the NSW Government. Hunter Water's functions are to provide, construct, operate, manage and maintain systems and services for the supply of water, sewerage and drainage services, and the disposal of waste water.

This Charter builds on the following instruments, which establish the Board's powers, structure, composition, operations and accountabilities:

- a) Hunter Water Act 1991 (NSW) (Hunter Water Act)
- b) State Owned Corporations Act 1989 (NSW) (SOC Act)
- c) Hunter Water Constitution (Constitution)

The provisions of the above instruments prevail over any inconsistency with this Charter.

Powers of the Board

Under section 20L of the SOC Act, the Directors acting as a Board are to set the overall policy, strategy and direction of Hunter Water. All decisions relating to the operation of Hunter Water are to be made by or under the authority of the Board.

The NSW Government may direct the Board in the special circumstances provided for under sections 20N, 20O, 20P and 21(7) the SOC Act. The Board is to comply with any such direction.

The Board may adopt policies of the NSW Government that otherwise do not apply to state owned corporations.

Functions of the Board

To exercise its powers, the Board is to meet regularly and its functions include:

- a) providing leadership and setting the strategic objectives of the business
- b) appointing, and when necessary replacing, the CEO (or equivalent), in some cases requiring shareholder consultation or approval
- c) ratifying the appointment, and when necessary replacement, of other senior executives
- d) providing input into and final approval of senior executives' development of the Statement of Corporate Intent, including performance objectives and the underlying corporate strategy
- e) ensuring that the entity has in place an appropriate risk management framework
- f) setting the risk appetite within which the Board expects management to operate
- g) overseeing management's implementation of the entity's strategic objectives and its performance generally
- h) approving and reviewing the progress of major capital expenditure, capital management, and acquisitions and divestitures within the annual budget
- i) ensuring procedures are in place to manage the timely disclosure of material information to shareholders
- j) overseeing Hunter Waters' process for making timely disclosure to the Shareholder Ministers and other relevant stakeholders, including provision of information under the Reporting and Monitoring Policy for Government Businesses
- k) overseeing the integrity of the entity's accounting and corporate reporting systems, including the external audit
- l) approving and monitoring the implementation of Hunter Water's remuneration framework
- m) monitoring compliance with relevant government policies
- n) monitoring the effectiveness of Hunter Waters' governance practices.



Roles and responsibilities of the Board Chair

The specific roles of the Chair include:

- a) guiding the Board's leadership and strategic vision to enable Hunter Water to achieve its objectives
- b) setting the agenda for Board meetings in conjunction with the Managing Director and the Company Secretary
- c) leading the Board's deliberations, including presiding over Board meetings and directing Board discussions to effectively use the time available to address the critical issues facing Hunter Water
- d) reviewing the draft Board minutes and, subject to the Board's approval, signing the minutes and confirming that they properly reflect the Board's deliberations and decisions
- e) developing and maintaining an effective working relationship with the Managing Director, including acting as a sounding board and, where appropriate, an adviser to or a mentor for the Managing Director
- f) facilitating an effective dialogue with the Managing Director, particularly between Board meetings, about strategic matters and other issues that may be of interest to the Board or Shareholder Ministers
- g) responsible for ensuring processes are in place to facilitate effective communication with Shareholder Ministers
- h) promoting constructive and respectful relations between the Directors and between the Board and executive management
- i) leading the annual assessment of the Managing Director's performance
- j) leading and guiding succession planning and recruitment for the Managing Director's position and the Board
- k) leading the process of regular Board performance reviews
- l) where appropriate, acting as a spokesman for Hunter Water. The Chair will normally direct media enquiries to the Managing Director or consult with the Managing Director before speaking to the media or otherwise speaking publicly on behalf of Hunter Water or in relation to its business
- m) leading and guiding the ongoing effectiveness and development of the Board and individual Directors

The Board Chair is subject to the same duties as all other Directors, including complying with Hunter Water's Directors' Code of Conduct and policies for inclusion and diversity.

Roles and responsibilities of the Managing Director

The Board delegates to the Managing Director by formal written instrument full authority for the management of Hunter Water, and reserves to itself all other authority not expressly delegated.

The Managing Director must manage Hunter Water in accordance with the strategy, plans, practices and policies approved by the Board to achieve the agreed objectives. The Managing Director must advise and, where appropriate, consult with the Chair on matters that are sensitive, extraordinary or of a strategic nature.

In addition, the Managing Director's responsibilities include:

- a) providing leadership to Hunter Water's employees and its stakeholders and the public generally, including fostering of a culture for employees that is supportive of Hunter Water's overall objectives
- b) acting as Hunter Water's principal spokesman to the media and stakeholders (the Managing Director will inform the Chair promptly of sensitive or otherwise significant interaction that he or she may have with the media or other stakeholders)
- c) ensuring that the ethical standards established by the Board are complied with
- d) ensuring that the powers delegated by the Board are exercised in a competent manner and within the intent and limits of such delegation, and referring all matters outside of his or her delegated authority to the Board for approval
- e) ensuring the Board is provided with sufficient information to enable it to act effectively
- f) making recommendations to the Board on matters which it has reserved to itself, including corporate strategy, strategic issues and approval of quarterly and annual accounts and Statements of Corporate Intent
- g) liaising with the Portfolio Minister and his or her ministerial advisers, Government departments and other stakeholders (the Managing Director will consult with or advise the Chair as appropriate in respect of communications with Government Ministers or their advisers or departments on issues of a strategic or sensitive nature)
- h) keeping the Chair informed of all matters of significance that occur between Board meetings
- i) managing Hunter Water so as to achieve the performance targets agreed between the Board and the Managing Director
- j) ensuring Hunter Water's risk management and internal control frameworks are fully and effectively developed, implemented and managed

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- k) recommending policies of a strategic nature to the Board, adopting and implementing operational policies appropriate for Hunter Water's business, and ensuring Hunter Water's policies are complied with
- l) discharging any other responsibilities as may be determined by the Board from time to time.

Role and responsibility of the Company Secretary

The Company Secretary is responsible for the corporate governance arrangements of Hunter Water and supports the effectiveness of the Board and its Committees.

The Company Secretary's key responsibilities include:

- a) advising on matters including Directors' duties, corporate governance, policy and procedures and compliance or otherwise as requested by the Chair, the Board, Committees or the Managing Director from time to time
- b) monitoring the implementation of Board and Committee policies and procedures to ensure they continue to be appropriate and deliver the desired outcomes
- c) organising and attending Board and Committee meetings and preparing minutes that accurately reflect the business of the meetings.
- d) coordinating the timely completion and despatch of Board and Committee meeting agendas, briefing papers and minutes of proceedings
- e) facilitate the effective exchange of information between the Board, Committees and senior executives
- f) organising and facilitating the induction and professional development of Directors.

Each Director should be able to communicate directly with the Company Secretary and vice versa. The decision to appoint or remove a Company Secretary is to be made or approved by the Board.

Code of Conduct

The Board is to have a Code of Conduct appropriate for Directors with stewardship of a state owned corporation responsible for delivering essential services to the public. The Code of Conduct is to be followed by all Directors.

Conduct of Board meetings

The Constitution sets out the manner in which the Board is to conduct business. The Board will meet as often as the Directors consider necessary to fulfil their duties and responsibilities.

All Directors are entitled to receive notice of a meeting of Directors. The date, time and venue of each meeting will be notified in writing by the Company Secretary to all Directors no less than fourteen (14) days in advance of the meeting, except in exceptional circumstances.

Additional meetings may be scheduled as required. Urgent matters requiring the approval of the Board or a Board Committee between scheduled meetings may be dealt with by way of a circular resolution (out of session meeting).

The agenda and board papers will be provided to Directors at least five (5) days prior to each meeting.

The only persons entitled to be present at a Board meeting are the Directors and the Company Secretary, unless otherwise agreed by the Chair.

Minutes of meetings of the Board will be prepared and circulated to the Chair for approval within one (1) month of the meeting, except in exceptional circumstances. The Board is to confirm the minutes of a meeting at the following meeting. An individual Director's dissent or concerns are to be recorded if requested by the Director.

The Board is to exercise its powers by making formal resolutions. The confirmed minutes are the official record of the Board's resolutions and are to be securely stored in accordance with Hunter Water's document retention policy and *State Records Act 1998* (NSW).

In accordance with the Constitution, a quorum for each meeting of the Board is not less than two Directors which are not excluded from voting by virtue of declaring a material personal interest in the matter being considered. The quorum must be present at all times during the meeting.





Board Committees

The Board may establish committees under Article 20.7 of the Constitution to assist it in carrying out its duties and responsibilities.

Pursuant to Principle 2 of the *NSW Treasury Commercial Policy Framework: Guidelines for Boards of Government Businesses*, the Board should form a nominations committee with at least three members (the majority being independent Directors), an independent chair and a committee charter. The role of a nominations committee is to assist with identifying and assessing potential candidates, that are put forward by a Shareholder, as to whether they have the right skills and experience required to fill a vacancy. Hunter Water has established the Corporate Governance Committee to facilitate this function.

Pursuant to the requirements of Principle 4 of the *NSW Treasury Commercial Policy Framework: Guidelines for Boards of Government Businesses*, the Board must establish an audit committee. In accordance with Principle 7, the Board must also establish a risk committee. Principle 7 states that the Board may have a combined audit and risk committee. Hunter Water has established an Audit and Risk Committee.

The majority of the Audit and Risk Committee should be:

- a) independent Directors
- b) have an independent chair (who is not the chair of the Board)
- c) have a committee charter
- d) have members with relevant qualifications (financially literate and at least one member should have relevant qualifications and experience, such as a qualified accountant or other finance professional with experience of financial and accounting matters).

The Audit and Risk Committee is to have its own written charter. The Charter is to be reviewed annually and any substantive changes are to be approved by the Board.

The Board has established two other Committees as follows:

- Investment Committee
- Sustainability Committee

All of the Committees must meet at least four times a year and are required to have a charter. The Board must report annually on the number of Committee meetings and individual attendance of members.

The Board is to review its Committee structure, at least every two years.

Performance evaluation

The Board will evaluate its own performance annually to consider the extent to which it has met its responsibilities under this Charter and to identify opportunities for continual improvement.

The review may also encompass the performance of the Board's Committees and of individual Directors.

The Board will approve a process for the review, which may include its scope, performance measures (qualitative and quantitative). It will engage an external and independent consultant to conduct the review at least every three years. The outcomes of the review will be considered by the Board and a summary is to be provided to shareholders.

Independent advice

The Board collectively and each Director individually has the right to seek independent professional advice at Hunter Water's expense to assist them to carry out their responsibilities. While prior approval of the Chair is required, it may not be unreasonably withheld. In the absence of the Chair's consent, approval by the Board may be sought.

Access to management and facilities

A Director may request access to appropriate Hunter Water managers or to inspect any Hunter Water asset or facility via the Managing Director or the Company Secretary. Such a request may arise when there is a need for a detailed briefing or assistance to understand a technical issue, and will not be unreasonably denied.



Access to information and records

Each Director is entitled to have free and full access to all Board records (including but not limited to, minutes, papers, agendas, tabled documents, and presentations) created during their term(s) as a Director. This entitlement continues after a person ceases being a Director.

Director development

Hunter Water may contribute to the cost of memberships, continued professional development, education or training which is relevant to the expertise for which an individual Director was appointed to the Board or which is otherwise specifically relevant to their Hunter Water directorship.

The Company Secretary (on behalf of the Chair) has the responsibility to administer and approve support for Directors.

All new Directors appointed to the Board are to undertake an induction program co-ordinated by the Company Secretary, to assist them in fulfilling their duties and responsibilities.

Relationship with employees

The Board values the knowledge, enthusiasm and efforts of Hunter Water's employees. The Board's responsibilities to Hunter Water's employees include:

- a) exhibiting and encouraging Hunter Water's values of:
 - Trust
 - Leading
 - Learning
 - Wellbeing
 - Inclusion
- b) recognising the corporate benefit of diversity in the workplace
- c) providing a safe and healthy work place for all workers as a key priority.

Relationship with customers and communities

The Board recognises the priorities of Hunter Water:

-  Customers and communities at the heart of all we do
-  Delivering sustainable, resilient and valued services
-  Building a high performing and resilient organisation
-  Being a valued contributor to our stakeholders

In this context, the Board's responsibilities to Hunter Water's customers and to the community include:

- a) being aware of and responsive to customer and community concerns
- a) acting honestly, fairly, diligently and in the public interest
- b) pursuing the principle objectives required by section 20E of the SOC Act.

Relationship with Shareholding Ministers

The Shareholding Ministers include the Treasurer and an eligible Minister nominated by the Premier. The Board recognises its relationship with the Shareholding Ministers. This relationship is built upon mutual respect, open engagement and sharing of information and a commonality of purpose to achieve the business objectives of Hunter Water as agreed in the annual Statement of Commitment.

This will involve:

- b) governing Hunter Water responsibly so as to protect and enhance shareholder value for the benefit of New South Wales



- c) informing the Shareholding Ministers of any matters which have or are likely to have a significant impact on the operations or financial position of Hunter Water
- d) dealing with NSW Treasury, as the Shareholding Ministers' representative, including:
 - the timely provision of relevant and accurate information on matters likely to affect the operations or financial position of Hunter Water
 - the provision of other information reasonably requested by NSW Treasury.

Relationship with Portfolio Minister

The Board recognises its relationship with the Portfolio Minister. The Board will keep the Portfolio Minister informed of any matters, including community services obligations, which have or are likely to have a significant impact on customers, the community, employees, the environment, or the operations of Hunter Water.

Regulatory compliance

The Board is to monitor and manage Hunter Water's regulatory compliance.

Board composition

Under section 4B of the Hunter Water Act, the Board is to consist of nine Directors including:

- a) a Chairperson (appointed by the voting shareholders of the Corporation)
 - b) seven Directors (appointed for their relevant expertise by the voting shareholders of the Corporation)
 - c) the Managing Director (or Chief Executive Officer) of the Corporation.
- When the Board is nominating a candidate for appointment as a Director to the Shareholder Ministers, it should consider the need for a Board to be of an appropriate composition, skills mix and commitment to enable it to discharge its duties effectively. There should be an appropriate balance of skills, experience, expertise and diversity on the Board.

There should be a majority of independent Directors on the Board (i.e. those who are independent from the business) in order to protect the rights and interests of shareholders.

Each Director should be limited to sitting on three government boards to optimise their commitment to the business.

Indemnity insurance

Subject to approval from the Shareholding Ministers (under clause 5(5) of schedule 10 of the SOC Act) and the conditions in Article 35 of the Constitution, Directors are to be indemnified for liabilities incurred in defending criminal or civil proceedings, in accordance with the SOC Act.

Hunter Water is to maintain cover for Directors' and Officers' Liability; and the cover, at a minimum, is to underpin the above indemnity granted to Directors.

Review of Charter

This Charter is to be reviewed annually to ensure that it remains consistent with the Board's objectives and responsibilities, and relevant standards of corporate governance.

Any modifications to, or replacement of, this Charter must be approved by the Board.

Approved by:	Board of Directors (on the recommendation of the Corporate Governance Committee)	Approved date:	30/04/2021
Maintained by:	Company Secretary	Next scheduled review date:	30/04/2022
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