
**PEOPLE, REMUNERATION AND GOVERNANCE
COMMITTEE CHARTER**

Version No: v7
Approved By: WPW Board
Approved Date: 21/02/2017
Next Review: Feb 2020

This Charter sets out People, Remuneration and Governance Committee (the “Committee”) objectives, authority, composition, roles and responsibilities, procedures, reporting and administrative arrangements as required by Westernport Water’s (the “Corporation”) governing bodies.

Collectively the Legislative Context including changes to Government and its structure, and the Instruments, Standing Directions, Instructions and Guidelines that are issued by the various Departments of Government are encapsulated in the term “Machinery of Government” in this Charter.

The Committee Charter is subservient to the Board Charter; i.e. the Board Charter is the overarching Charter that provides direction to the Board and Committees and each Committee must comply firstly with the Board Charter, and then with the Committee Charter. If in any case the Committee Charter is silent on any matter, the Board Charter presides. In any case of confusion or contradiction, the Board Charter presides.

1. Role and Purpose:

The role of the People, Remuneration and Governance (PRG) Committee is to assist and advise the Board to fulfil its oversight responsibilities to the Corporation on matters relating to:

- 1.1. The compensation, bonuses incentives and remuneration issues of the Managing Director (MD) and executives including Government Sector Remuneration Panel (GSERP) guidelines and constraints;
- 1.2. Policies and systems relating to remuneration, incentives, superannuation, evaluation, discipline and termination, affecting all employees, including the Enterprise Agreement;
- 1.3. The Committee will oversee all WPW governance policies and make recommendations to the Board to either adopt or reject a specific governance policy.
- 1.4. Succession planning, people and leadership development, diversity, employee engagement and culture improvements;
- 1.5. Other people, performance and organisational culture matters or investigations as required.

2. Accountabilities:

2.1. Structure of Remuneration

2.1.1. Ensure that the Corporation’s remuneration, recruitment, retention and termination policies for the MD, executives and other employees, as well as the incentive policies, practices and performance indicators are aligned to the Corporation’s vision, values and overall business objectives and are appropriately designed to:

- Motivate the MD and employees to pursue the long term growth and success of the Corporation, and
- Demonstrate a clear relationship between the achievement of the Corporation’s objectives and the MD’s and the employee’s performance and remuneration.

2.1.2. Monitor and review the senior executives’ performance and key performance indicators, including the MD’s recommendations on annual bonus components;

- 2.1.3. Review employee grievance or employees complaints about remuneration not resolved by senior executives.

2.2. Managing Director's Performance

- 2.2.1. Oversee the recruitment of the MD including the attraction and recruitment process, contracting and performance management;
- 2.2.2. Set the MD's performance outcomes and associated performance indicators and support the annual performance review process as per the Board calendar, and make recommendations on the MD's remuneration within the terms of the employment contract and GSERP conditions;
- 2.2.3. Develop a succession plan for the MD and recommend this to the Board;
- 2.2.4. Recommend to the Board executive bonus guidelines which comply with the Victorian Public Sector Commission and on how to incentivise executives under a GSERP contract to attain the highest performance and ethical standards;
- 2.2.5. Oversee and ensure implementation of an executive management succession plan that includes professional and career development for key and high potential executives;
- 2.2.6. Review the succession plans annually, as per the Board calendar, and provide recommendations to the Board.

2.3. Diversity

- 2.3.1. Oversee the Corporation's compliance and alignment with the Department's current Diversity and Inclusion Strategy and the associated legislative and policy requirements regarding diversity.
- 2.3.2. Make recommendations to the Board regarding the measurable objectives for diversity, including gender, cultural and ethnic diversity across the Corporation.

2.4. Engagement and Performance

- 2.4.1. Ensure the robustness and alignment of the performance appraisal system with the Corporation's policies and strategies;
- 2.4.2. Monitor training, education and development programs and policies for the MD and senior executives;
- 2.4.3. Monitor the organisational engagement and annual engagement survey results and satisfy the Board the culture, engagement and work environment are appropriate and safe for all employees.

2.5. Enterprise Bargaining

Provide direction for and oversight of the Enterprise Agreement strategy.

2.6. Governance

- 2.6.1. Co-ordinate the annual process for the Board Performance Review and make recommendations to the Chair of the Board on the appropriate composition of the Board and the skills required of individual Directors;
- 2.6.2. Review the number and type of Board Committees on a biennial basis, and make recommendations to the Board on the establishment, disestablishment, operation, membership and composition of Board Committees.
- 2.6.3. Oversee and review management recommendations to the Board of the Corporation's Governance Policies not under other Committee responsibilities, prior to recommendation to the Board.

3. Reporting:

Oversee the preparation of the Remuneration Report for inclusion in the financial statements and make recommendations to the Board on the remuneration report for the annual report.

4. Composition and Term:

- 4.1. The PRG Committee is a Committee of the Board.
- 4.2. The Committee will include at least three members, two of whom must be independent non-executive Directors.
- 4.3. The Committee must include a majority of independent Directors.
- 4.4. The Board will appoint Committee members.
- 4.5. The Chair of the Board will appoint the Committee's Chair, who must be a Board Director.
- 4.6. Appointment to the Committee will be for a period as determined by the Board and members will be progressively rotated to maintain continuity.
- 4.7. The duties and responsibilities of a member of the Committee will be in addition to those duties set out for a Director of the Board.

5. Meetings:

- 5.1. The Committee will hold meetings at least twice a year or as frequently as required to perform its functions.
- 5.2. Meetings of the Committee may be held face-to-face or by any technological means by which members can participate in a discussion.
- 5.3. A quorum will be two members.
- 5.4. Committee members will be invited to disclose conflicts of interest at the commencement of each meeting.
- 5.5. A meeting agenda and supporting documentation will be provided to members at least five working days prior to each meeting.
- 5.6. In the Chair's absence from a meeting, the members of the Committee present at the meeting will select a Chair for that particular meeting, who must be an independent Director.
- 5.7. The Board and Committee Secretary or other delegated person undertakes the duties of the secretariat.
- 5.8. The Chair must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the internal auditor or the Chair of the Board.
- 5.9. The proceedings of all meetings will be minuted to reflect work done by the Committee to address its roles and discharge its responsibilities.
- 5.10. Minutes must be approved by the Chair and circulated prior to the following meeting to each member and Committee observers as appropriate. The Chair will sign the minutes upon their acceptance by the Committee. The minutes are to be provided to the Board at the earliest meeting of the Board after each Committee meeting.

6. Committee Performance:

The Committee will review its performance including the extent to which it has met its responsibilities under this Charter, annually.

7. Review of Charter:

The Board will review the Charter every three years. This Charter will continue in operation until replaced by a subsequent version or rescinded.