

# Board & Committee Charters

Version No: 2  
Approved By: Board  
Approval Date: 01/07/2021  
Next Review Date: July 2023

This document contains the Board & Committee Charters which sets out the roles, responsibilities, structures and processes of the Board of Directors (the Board) and its Committees of Westernport Region Water Corporation, trading as Westernport Water (WPW) (the “Corporation”).

## Table of Contents

- 1 Legislative Context..... 2
- 2 General Guidance & Information for Directors..... 4
- 3 Common Administrative and Procedural Provisions..... 7
- 4 Board Committees – General Operational Provisions ..... 9
- 5 Board Charter..... 11
- 6 Audit & Risk Committee Charter .....14
- 7 People, Diversity & Community Committee Charter..... 21
- 8 Safety, Sustainability and Innovation Committee Charter..... 23



## 1 Legislative Context

WPW is constituted under the *Water Act 1989* (the Act) with oversight by the Department of Environment, Land, Water and Planning (DELWP). Although a Government owned-business, WPW acts as stand-alone entity and is responsible for its own management and performance.

Under provisions of the Act, the Board of each water corporation reports to the Minister for Water (the Minister) via DELWP. In turn, the Minister is responsible for reporting to Parliament on the performance of each water corporation.

The *Water Act 1989 (Vic)* and the *Public Administration Act 2004* establish the relationship between the Minister and the Corporation under which the Minister has the power to:

- Regulate aspects of water management;
- Request regular reports and information;
- Make policy;
- Issue Ministerial directions; and
- Set standards and obligations.

As well as reporting to the Minister, the Corporation has a responsibility to report to, and take direction from, the following entities:

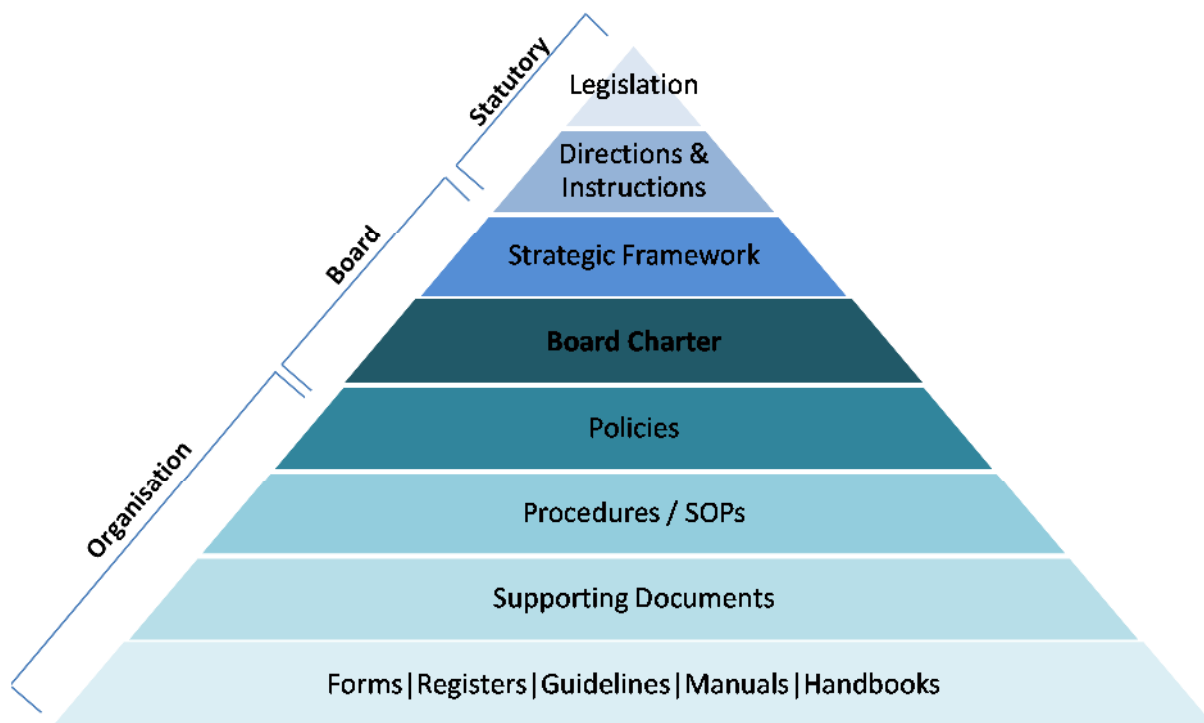
Organisation	Area of Regulation
Department of Treasury and Finance (DTF)	Financial management
Department of Health and Human Services (DHHS)	Safe drinking water
Essential Services Commission (ESC)	Pricing & performance
Environment Protection Agency (EPA)	Environmental protection
Energy and Water Ombudsman Victoria (EWOV)	Customer dispute resolution
Worksafe	Workplace safety, health & wellbeing
Energy Safe Victoria	Gas business / operations safety

The term 'Machinery of Government' is used in this Charter to collectively represent Government and its structure, the Instruments, Standing Directions, Instructions and Guidelines that are issued by the various Departments of Government.

WPW is governed by a Board of Directors (the Board), led by a Chair (the Chair) appointed by the Minister, and managed day-to-day by the Managing Director (the MD) under delegation from the Board. The Board is accountable to the Minister for the performance of WPW.

The MD is a member of the Board and is the primary link between the Board and WPW's employees – providing organisational leadership, communicating Board priorities and policies to the employees, and presenting reports, submissions and budgets to the Board.

The following image provides an overview of the various roles and responsibilities within the governing and operational context of WPW.



## 2 General Guidance & Information for Directors

### 2.1 Right to seek professional advice

The Board collectively, and each Director individually, has the right to seek independent professional advice on matters pertaining to governing the Corporation, subject to the approval of the Chair, or in the Chair's absence, the Board.

Upon receipt, the advice is circulated to all Directors. Other Directors should be advised of both an approval to seek independent advice and of any declined request for a Director to obtain advice.

### 2.2 Conduct

*The Public Administration Act 2004* prescribes each Director, in conducting the business of the Board, to comply with the Victorian Public Sector Values and the Code of Conduct published by the Public Sector Standards Commissioner. In addition, DELWP has published *A Governance Guide to the Victorian Water Industry*, which is essential reading for every Director.

As a member of WPW's Board, each Director has a duty to act with care and diligence and is expected to individually:

- Exercise independent judgment to make decisions for a proper purpose;
- Not have a material personal interest in the subject matter of any decision;
- Take steps to inform themselves on the subject matter of the decision to the extent they reasonably believe to be appropriate;
- Reasonably believe the decision is in the best interests of the Corporation;
- Keep confidential any information they obtain as a result of their position as a Director;
- Observe "Cabinet solidarity" once a decision is reached - the Board's responsibilities are collective and, once decisions are made, Directors must not advocate a position contrary to the established decision;
- Recognise that their actions may reflect on the Corporation and their conduct must not be called into question or bring either themselves or WPW into disrepute; and
- Adhere to all codes of ethics, codes of conduct and standards of behaviour that apply to employees or officers of the Corporation (VPS Code of Conduct).

The Board assesses independence of Directors annually through a Declaration of Private Interests by each Director.

### 2.3 Conflict of Interest

In discharging their responsibilities, the Directors have a duty to act in the best interests of the Corporation as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

Directors must comply with the Corporation's Conflict of Interest Policy, which requires the Board avoid any action, position or interest that conflicts with an interest of WPW or gives the appearance of a conflict. Directors are expected to use the position of Director appropriately, which includes:

- Not placing themselves in a position of conflict of interest;
- Avoiding bias, discrimination, caprice or self-interest;

- Not using the position as a Director to seek an undue advantage for themselves, family members or associates, or to cause detriment to the Corporation;
- Declining any gifts, benefits, or hospitality that may cast doubt on the Director's ability to apply independent judgement as a Director of WPW.
- A Director who has a material personal interest in a matter that relates to the affairs of WPW must give the other Directors notice of such interest, even if this interest has been noted in the Corporation's Register of Declarations of Private Interest, at the commencement of every Board meeting.
- A Director must notify other Directors of any Conflicts of Duty arising as a result of their employment with, and duty to, another public or private organisation, including other public sector organisations (e.g. as a Committee member, employee, volunteer, or organisation member).
- Directors must notify the Board if they become a candidate in any local, state or federal election. Directors must not use WPW resources in connection with their candidature.

## 2.4 Dispute resolution

The following protocol applies where there is a question whether or not a Director has failed to comply with the intent of and the principles and procedures in this Charter:

- A Director who considers that another Director has breached this Charter may inform the Chair of the alleged breach.
- A Director who considers that the Chair has breached this Charter may inform the Deputy Chair of the alleged breach.
- The Chair or Deputy Chair must inform the Director of the allegation as soon as practical after it has been made.
- The Chair or Deputy Chair must determine a process for investigating the allegation which will include:
  - Inviting the Director against whom the allegation has been made to make written and/or oral submissions in response to the allegation; and
  - Consideration of the allegation and any written or oral submissions; and
  - Determining whether the Director has or has not breached any provision of this Charter.

At the completion of the process the Board will decide what action should be undertaken as a result of the outcome of the investigation, which in the case of a serious breach may include referring the matter to the Minister.

Where a dispute remains unresolved and that poses a major risk to the effective operation of the Corporation, the Minister and the Secretary of DELWP will be notified.

## 2.5 Expenses and allowances

Directors are entitled to be reimbursed out of the Corporation's funds for reasonable travel, accommodation and meal expenses incurred in carrying out Board functions and exercising Board powers under the *Water Act 1989*.

## 2.6 Insurance

WPW maintains Directors and Officers Liability insurance cover. The amount of cover may be adjusted from time to time and is determined by the Board.

## **2.7 Newly appointed Directors & new Committee members**

New Directors and new Committee members will be inducted to the Board / Committee by the Managing Director and Board / Committee Secretary.

### **3 Common Administrative and Procedural Provisions (applicable to Board & Committees)**

The Board and its Committees adopt processes outlined in the *Water Act 1989 (s120-122A)* and follows the *DELWP Guidance Notes for Meetings*. Directors are required to be familiar with these to support effective Board & Committee operation. These documents can be found in the Board Resource Centre.

The guidance notes set out common administrative procedures to ensure ease of operation and consistency of operating protocols.

#### **3.1 Meetings**

The Board & Committee Chairs are responsible for the conduct of all Board / Committee meetings. This includes being satisfied that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the broad strategic direction set by the Board.

Members of the Executive Team may be invited to attend Board & Committee meetings. Directors have access to the executive managers (direct reports to the MD) in relation to issues for which they are accountable. All such enquiries are to be made via the Chair with the knowledge and consent of the MD.

The Board & Committees will from time to time meet without executive management (“In Camera”).

Board & Committee meetings shall take place in accordance with provisions above, and may occur at other such frequency as determined by the Board. The Board may meet, adjourn and otherwise regulate its meetings as it thinks fit.

Meetings may occur:

- At any location agreed to by the Board; or
- By using any form of technology such as telephone conferencing or videoconferencing; or
- By using a combination of the above.

#### **3.2 Quorum**

A majority of Directors present at a Board meeting constitutes a quorum.

A minimum of two members present at any Committee meeting shall constitute a quorum.

#### **3.3 Agenda & minutes**

The agenda together with supporting papers are made available through the Board portal or/and via email not less than five (5) business days before the meeting to provide Directors with reasonable time to prepare for the meeting.

Committees shall provide the Board with unredacted minutes of the Committee meeting at the next Board meeting following the Committee meeting (even if they are yet to be confirmed by the Committee).

Committee meeting minutes must be approved by the Committee Chair and circulated prior to the following meeting to each member. The Chair will sign the minutes upon their adoption by the Committee.

The Board will delegate the task of recording the minutes of each Board & Committee meeting to the Secretariat or another WPW employee, as it sees fit. The proceedings of all meetings will be minuted to reflect discussions and decisions made by the Board & Committee to address its roles and discharge its responsibilities.

An initial draft of the minutes will be sent to Chairs for initial review within five (5) business days of the meeting.

### **3.4 Conflicts of interest**

A Director (or member) is required to declare a conflict of interest that relates to an item on the agenda even if they have already declared it on their Declaration of Private Interests form.

### **3.5 Decisions and decision making**

The Board may make decisions on any matter put to the Board at a Board meeting and any other matter the Board sees fit.

Following Board discussion, any decision made by the Board is deemed to have been made unanimously unless:

- The matter has been put to a formal vote; or
- A Director explicitly states to the Board at the meeting that they abstain from making a decision on the matter or disagrees with the decision being made. Regardless of differing views on any decision, the Board must observe 'Cabinet solidarity'.

Any Director may request that a matter being decided at a Board meeting be put to a formal vote. At the request of any Director, the Chair will articulate the question being decided before the formal vote is conducted. A matter put to a formal vote will be determined by a majority of votes.

### **3.6 Attendance by Directors**

A Director cannot nominate another person to attend a Board meeting on their behalf or exercise any of their decision-making powers or rights as a Director.

A minimum attendance by each Director of 75% of all Board meetings together with 75% of Committee meetings of which they are an appointed member is required unless good reason exists.

### **3.7 Charter review**

This Charter will be reviewed every two years, or a lesser time should direction from Government require its amendment / review at another time.



## 4 Board Committees – General Operational Provisions

The Board has established Committees to assist the Board in exercising its authority, including the responsibilities set out in *the Act*.

### 4.1 Standing Committees

The standing Board Committees are:

- Audit and Risk Committee;
- People, Diversity & Community Committee;
- Safety, Sustainability & Innovation Committee.

The Board may establish other standing Committees or ad hoc Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

*The Act* (s.122c) directs the Committees on meeting protocols and failure by a Committee to comply with rules made by the Board regarding the Committee's proceedings may breach section 122C(2)(d)(iii) of *The Act*.

### 4.2 Committee Charters

The Board will determine the Charters of standing and ad hoc Board Committees, which will set out the roles and responsibilities of each Committee.

Committee Charters are subservient to the Board Charter; i.e., the Board Charter is the overarching Charter that provides direction to the Board and Committees.

### 4.3 Composition and term

The Board will determine the membership and composition and appointment of Board Committees, having regard to workload, skills and experience, and any regulatory requirements.

Board Committees will include at least three members, two of whom must be non-executive Directors.

Committees must include a majority of non-executive Directors.

Appointment to the Committee will be for a period as determined by the Board and members will be progressively rotated to maintain continuity.

The duties and responsibilities of members of the Committee are in addition to those duties set out for a Director of the Board.

The Chair of Board will appoint the Chair of the Committee noting that the Committee Chair:

- Shall be a non-executive director of the Board;
- Shall be appointed Chair for a period no longer than 24 months (unless reappointed by the Board Chair);
- Cannot be the Chair of the Board; and
- Where the Committee Chair is not present at a Committee meeting, the Committee must appoint a member of the Committee to preside as Chair.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of WPW.

At its annual November meeting (or as soon after as practicably achievable) the Board will review the composition of the Board Committees. The timing of this review allows for Committee membership to be considered following the Ministers appointment of Corporation Directors.

#### **4.4 Decision making**

Unless explicitly empowered by the Board, Committees cannot make decisions for or speak on behalf of the Board.

The responsibilities of Committees may be revised or expanded in consultation with, or as requested by, the Board from time to time.

Committees do not hold any delegated decision making authority and must defer to the Board on all matters requiring a decision.

Committees may obtain expert advice where appropriate following consultation with the Chair of the Board.

#### **4.5 Meeting cycle**

The Board & its Committees have a duty to act with care and diligence, work as a team, and meet on a regular basis:

- The Board no less than once every three months;
- The Audit & Risk Committee no less than four times per year;
- Other Committees, not less than twice per year.

#### **4.6 Reports from Committees**

Committees report to the Board on all matters within their Charter and provide advice and recommendations to facilitate decision-making by the Board and management.

Committee Chairs report to the Chair of the Board.

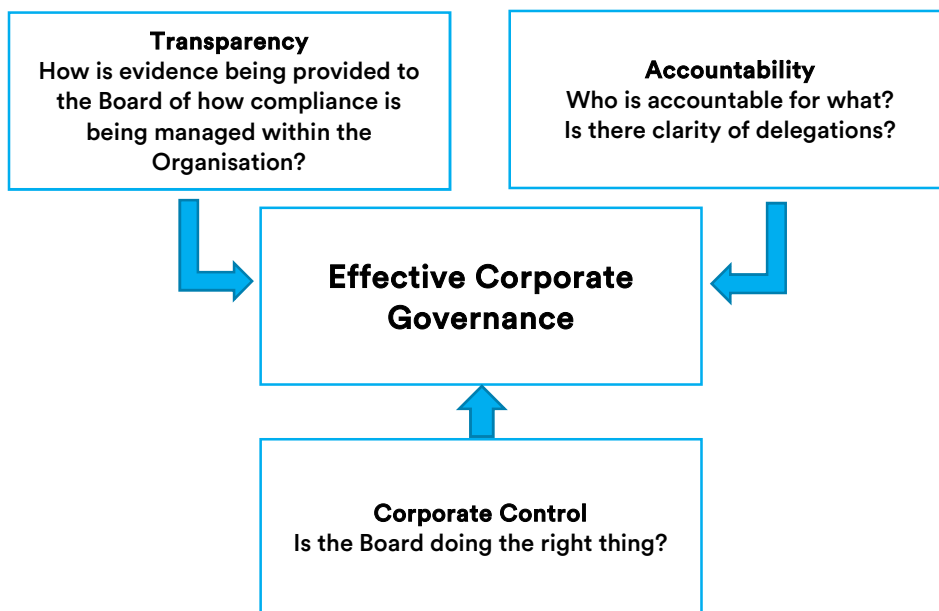
#### **4.7 Review of performance**

An annual calendar year review of each Committee operation will be undertaken which shall be incorporated with the annual performance review of the Board, usually due in March annually.

## 5 Board Charter

### 5.1 Role of the Board

The role of the Board is, through effective corporate governance, to provide strategic guidance and leadership for the Corporation.



### 5.2 Responsibilities of the Board

The responsibilities of the Board are (but not limited to):

- Leading the strategic direction of the Corporation including the development with management of the corporate objectives, strategy and policy, approving plans, new investments, major capital and operating expenditures, and major funding activities proposed by management;
- Understanding and protecting the Corporation's financial position through approving annual targets and financial statements and monitoring actual financial performance against forecast and prior periods;
- Providing oversight and monitoring the Corporation's obligations set out within its governing legislation, including requiring and monitoring legal and regulatory compliance, compliance with accounting standards, unfair trading legislations, occupational health and safety, environmental standards and monitoring the health and wellbeing of the Corporation's employees;
- Considering and approving the Corporation's frameworks for managing all categories of risk and monitoring the effectiveness of risk management, including satisfying itself through appropriate reporting and oversight that effective internal control mechanisms are in place and are being implemented in accordance with regulatory requirements;
- Assessing and determining whether to accept risks beyond the approval discretion provided to management;
- Attending to matters referred to it by the MD or Committees of the Board and to any matters identified through the Machinery of Government and as reserved by legislation or policy to the Board;
- Protecting the reputation of the Corporation by being aware of and informing the other directors of any litigation, actions, transactions, issues, papers and reports to external/third parties which impact on the Corporation and may attract significant public, government, regulatory or other interest;
- Assuring itself that appropriate audit arrangements are in place;

Unless requested to do so by the Chair, members of the Board other than the Chair and the MD may not comment publicly on the Corporation's functions, performance or affairs of the Board. The Chair and the MD will confer and agree with each other before making a significant public comment. Copies of all significant press releases are forwarded to all Directors.

### **5.3 The Board and the Managing Director**

*The Act* provides direction on terms relating to the appointment and removal of the MD, including that the Board is responsible for:

- Subject to Government direction of the day recommend to the Minister the appointment of the MD;
- Evaluating and assessing performance of, rewarding and if necessary, the removal of the MD;
- Determining the corporate goals and objectives relevant to the remuneration of the MD and evaluating the performance of the MD in light of these objectives;
- Reviewing and approving succession plans for the MD, executives reporting to the MD and any other key personnel; and
- Providing oversight of individual remuneration levels for executives who report directly to the MD and any other person the Board determines.

### **5.4 Chair of the Board**

The Minister appoints one of the Directors to be the Chair in accordance with the *Water Act 1989*.

The Chair represents the Board to the Minister and communicates the Board's position.

The Chair presides at meetings of the Board.

The Chair ensures the Board has ready access to up-to-date copies of relevant legislation, policies and procedures.

The Board appoints a Deputy Chair who must act as Chair if the position is vacant or the Chair is unable, for any reason, to perform the duties of the office. While acting as Chair, the Deputy Chair has and may exercise all the powers, and must perform all the duties of the Chair.

A Director cannot nominate another person to attend a Board meeting on their behalf or exercise any of their decision-making powers or rights as a Director.

### **5.5 Resolutions without meetings**

When a matter requiring decision before the next Board meeting is circulated electronically, Directors will receive a paper with a clear recommendation and date for reply. Directors are required to send approval / dissent to the Chair by email before the due date specified in the paper. The Chair will notify Directors by email of the results of the Resolution.

At the following Board meeting, the Resolution will be recorded in the Minutes.

## **5.6 Special meetings**

The Chair may at any time (and must if requested by two Directors) call a Special Meeting of the Board.

Notice of the Special Meeting must be in writing, be served on each Director, and specify the time and place of the meeting and the reason for it. A Special Meeting must deal only with business stated in the notice.

## **5.7 Board performance and assessment**

Directors are required to take appropriate and timely action to ensure they have the requisite understanding of the water industry structure and the Corporation's position within it and its operations and financial management risks, to enable them to discharge their responsibilities.

The Board undertakes ongoing assessment and review of performance of the Board, its Committees and individual Directors annually as per the Board calendar. The aim of the assessment is to identify areas of improvement and provide an opportunity for further Director development and/or Board renewal.

The Board may use specialist corporate governance consultants/facilitators at intervals set by the Board to manage the process impartially and independent reviews occur three-yearly.

A report of the collective performance of the Board will be prepared by the Chair and must be provided to the Minister annually by the 31<sup>st</sup> March. As per the Statement of Obligations it is to include the Board's performance as it relates to the strategic planning process and associated outcomes and any actions to improve accountability of the Board.

## 6 Audit & Risk Committee Charter

*The Water Act (1989)* and the *Financial Management Act (1994)* require Westernport Region Water Corporation (WPW) (the Corporation) to establish and maintain a Board Audit and Risk Committee.

This Charter sets out the Audit and Risk Committee (“the Committee”) objectives, authority, composition, roles and responsibilities, procedures, performance, and reporting and administrative arrangements.

### 6.1 Purpose

The purpose of the Audit and Risk Committee is to assist the Board in discharging its duties regarding the Corporation’s financial management, risk and control framework and its external accountability responsibilities.

### 6.2 Scope

The Committee is formally appointed by the Board and as such is responsible to the Board. Members are expected to understand and observe the requirements of the *Victorian Government Risk Management Framework* including the *Financial Management Act 1994*, and *Standing Directions, Instructions* and related directives from the Victorian Government.

The Committee is responsible for the oversight of:

- Financial performance;
- The financial reporting process, including annual financial accounts;
- The scope of work, performance and independence of the internal auditor;
- Ratification of the engagement and dismissal by management of the internal audit provider;
- The scope of work and performance of the external auditor;
- The operation and implementation of the risk management framework;
- Matters of accountability and internal control affecting the operations of the Corporation;
- The acceptability, disclosure of and correct accounting treatment for significant transactions that are not part of the Corporation’s normal course of business;
- The effectiveness of management information systems and other systems of internal control; and
- The sign-off of accounting policies.

### 6.3 Membership

The Committee members will be appointed by the Board and:

- Shall consist of at least three independent non-executive Directors and the Board may appoint independent external members. The independent member(s) will not be a non-executive Director of the Corporation nor hold any other responsibilities at the Corporation; and
- The majority of the Committee must be ‘independent’ members as defined in the *Standing Directions of the Minister for Finance* under the *Financial Management Act 1994*.

The Board shall appoint the Chair, noting that:

- The Chair shall be a non-executive Director of the Board;
- The Chair of the Board is ineligible of being the Chair of the Committee; and
- Where the Board appointed Committee Chair is not present at a Committee meeting, the Committee must appoint a member of the Committee to preside as Chair.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Corporation. At least one member of the Committee must have significant expertise in financial accounting or auditing. The Committee should also collectively possess significant skill and knowledge in risk management.

The Committee will not include the following persons as members:

- The Managing Director
- The Chief Finance Officer
- The Internal Auditor(s)

In alignment with the Corporate Conflict of Interest Policy an external independent member can be appointed to the Committee provided they:

- Have not been employed in an executive capacity by the Corporation or a related organisation.
- Have not been a Director after ceasing to hold employment in an executive capacity by the Corporation or a related organisation within the last three years;
- Have not been a principal of a material professional advisor or a material consultant to the Corporation or a related organisation, or an employee materially associated with the service provider, within the last three years;
- Are not a material supplier or a material customer of the Corporation, or a related organisation or an officer or otherwise directly or indirectly associated with a material supplier or material customer;
- Have no material contractual relationship with the Corporation or a related organisation other than as Committee member of the Corporation;
- Have not served on the Committee for a period which could, or could reasonably be perceived to materially interfere with the person's ability to act in the best interests of the Corporation; and
- Are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Committee member's ability to act in the best interests of the Corporation. Materiality should be considered from the perspectives of both Corporation and the individual.

Independent Committee members may be appointed for a period of up to three years after which they will be eligible for re-appointment after a formal review of their performance. Members will be progressively rotated to maintain continuity.

#### **6.4 Authority/Areas of Responsibility**

The delegation of responsibilities to this Committee does not absolve individual Board Directors, or the Board as a whole, from their fiduciary responsibilities.

The following image outlines the broad areas of responsibility and oversight of this Committee.



The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Board from time to time.

The Audit and Risk Committee’s areas of oversight are *(further defined in Table 1)*:

1. Financial performance
2. Risk management
3. Control and compliance framework
4. Internal audit
5. External audit

Table 1

1. Financial Performance	<ol style="list-style-type: none"> <li>1.1. Review financial management reports to ensure that resources allocated to attaining the Corporation’s goals are disbursed in an effective, efficient and responsible manner;</li> <li>1.2. Oversee the embedding of a culture of financial compliance across the Corporation;</li> <li>1.3. Review the current areas of greatest financial risk and how these are being managed in the Corporation;</li> <li>1.4. Review material accounting and reporting issues, including recent professional and regulatory pronouncements, changes to professional accounting and auditing standards, and changes to accounting policy, and understand their impact on the financial statements;</li> <li>1.5. Ensure compliance with the Standing Directions of the Minister for Finance as amended from time to time;</li> <li>1.6. Oversee the financial reporting process implemented by management and review any interim financial statements and annual financial statements prior to their release to determine whether they are complete, reflect appropriate accounting principles, contain appropriate disclosures, and are consistent with the information known to Committee members and recommend to the Board that they be adopted. In discharging this responsibility, the Committee will:</li> </ol>
--------------------------	--



	<ul style="list-style-type: none"> <li>1.7. Ensure accounting policies are consistently applied and any new accounting standards requirements related to the Corporation are appropriately reflected;</li> <li>1.8. Pay particular attention to complex and/or unusual transactions including those resulting from government policy changes where applicable;</li> <li>1.9. Focus on areas of the financial statements requiring judgment, for example those involving revenue recognition, valuation of assets and liabilities, environmental liabilities, and other commitments and contingencies;</li> <li>1.10. Obtain the relevant representations from management as to the preparation of the financial statements;</li> <li>1.11. Discuss with management, material movements in the financial statements between year-end financial reporting periods and from budget and ensure that explanations are consistent with the Committee’s understanding of the business.</li> <li>1.12. Review fraud control policies and procedures.</li> <li>1.13. Receive reports from management on all cases of suspected or actual fraud and review and assess action taken or proposed to ensure appropriate levels of control are maintained.</li> <li>1.14. Require any and all incidents of fraud and plans to remedy it to be reported both through the ARC and to Government (the Minister, Department and Auditor General).</li> </ul>
<p>2. Risk Management</p>	<ul style="list-style-type: none"> <li>2.1. Review the Corporation’s policy for the oversight and management of business risks;</li> <li>2.2. Provide oversight and annual review of management’s enterprise risk management framework (including policies, objectives, plans, resources, accountabilities, processes and activities);</li> <li>2.3. Provide oversight of the establishment and implementation of the Corporation’s risk management system;</li> <li>2.4. Ensure risk appetite statements are reviewed in line with the Risk Management Framework as part of the annual Risk &amp; Strategy Workshop;</li> <li>2.5. Ensure that the Corporation identifies, reviews and regularly updates the profile of the principal strategic, operational and financial risks;</li> <li>2.6. Review trends in the Corporation’s risk profile and the status of the risk management process;</li> <li>2.7. Monitor management performance in implementing risk management processes and systems; and evaluate the adequacy and integrity of key risk controls;</li> <li>2.8. Provide oversight of the annual review and update of the Corporation’s risk profile and provide the Board with an opinion to confirm or otherwise the Responsible Officer’s attestation regarding compliance with the mandatory requirements of the Victorian Government Risk Management Framework;</li> <li>2.9. Ensure a positive risk culture of beliefs, values and behaviours is monitored and reviewed on an annual basis;</li> <li>2.10. Review the adequacy of the Corporation’s Insurance program; and</li> <li>2.11. Review the adequacy of the Corporation’s Business Continuity Policies and Procedures.</li> </ul>

<p>3. Control and Compliance Framework</p>	<p>3.1. Periodically review the Corporation’s internal controls, including policies, procedures, processes and delegations;</p> <p>3.2. Annually review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management’s investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance;</p> <p>3.3. Ensure that all allegations of non-compliance with legislation and policies (including those related to fraud and corruption, conflicts of interest, travel and gifts, benefits and hospitality) are investigated;</p> <p>3.4. Obtain regular updates from management regarding compliance matters that may have a material impact on the Corporation’s reputation or financial statements;</p> <p>3.5. Review Audit Action Items to satisfy itself such matters are progressing and when complete approve closure.</p> <p>3.6. Make appropriate enquiries to satisfy itself that all regulatory compliance matters related to the business of the Corporation, have been considered in the preparation of the financial statements;</p> <p>3.7. Review the findings and recommendations of any examinations by Regulatory Agencies; and</p> <p>3.8. Ensure any and all theft and losses of significant and systemic incidents are reported as soon as practical to DELWP and DTF.</p>
<p>4. Internal Audit</p>	<p>4.1. Review and approve the Corporation’s Internal Audit Charter in-line with the Board policy review schedule;</p> <p>4.2. Manage the procurement, scope of works, performance and quality of the Internal Audit Service Provider (Internal Auditor);</p> <p>4.3. Ratify the engagement and dismissal by management of the Internal Auditor;</p> <p>4.4. Work through the internal auditor to:</p> <ul style="list-style-type: none"> <li>• Review the adequacy and focus of the internal audit work plan and its fit with the Corporation’s risk profile and the work of external auditors;</li> <li>• Review the performance of the internal audit function, its authority, the adequacy of its resources and the proposed allocation of those resources;</li> <li>• Take steps to confirm that the internal auditor has not been unduly influenced by management or experienced any problems with management; and</li> <li>• Meet together and privately with the internal auditors if necessary, to ensure free, frank and open communications.</li> </ul> <p>In addition, the Committee should make appropriate enquiries to:</p> <p>4.5. Monitor key risks and trigger events, including prevention and investigation of fraud, ethical culture, protection of assets and insurance;</p> <p>4.6. Approve and review management’s proposals as to how the Corporation plans to respond to advice received from the internal auditor, and direct management accordingly;</p>

	<p>4.7. Monitor actions taken by management to resolve issues raised by the internal auditor;</p> <p>4.8. Advise management to adopt and address the accepted recommendations from the internal auditor including remedial actions to mitigate future instances of non-compliance on a timely basis;</p> <p>4.9. Review all audit reports and provide advice to the Board on significant issues identified and action taken on issues raised, including identification and dissemination of good practice;</p> <p>4.10. Ensure that the internal audit work plan periodically includes a detailed analysis of the effectiveness of the Corporation’s risk management, internal compliance and control system over a four year cycle; and</p> <p>4.11. Provide advice to the Board on the appointment and ongoing engagement of the outsourced internal audit provider.</p>
<p>5. External Audit</p>	<p>5.1. Review the proposed external audit scope and approach each year in light of any changes to business circumstances and regulatory requirements.</p> <p>5.2. Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope or access to information;</p> <p>5.3. Consider all external audit reports and ensure that significant findings and recommendations made by the external auditor, and management’s proposed responses to them, are appropriate and acted upon in a timely manner;</p> <p>5.4. Monitor actions taken by management to resolve issues raised by external audit;</p> <p>5.5. Recommend how the Board should act on advice received from external auditors and ensure management take appropriate action; and</p> <p>5.6. Meet with the external auditor at least annually in the absence of management to ensure there is open communication between the Committee and the external auditor on relevant matters.</p>

## 6.5 Meetings

As a minimum, the Committee is to meet not less than four times per annum. Additional meetings may also be held where the Chair, the Managing Director or a member of the Committee deems this to be necessary. The Committee may also agree to conduct an out-of-session review and endorsement or approval of item(s), where appropriate.

The Committee will establish an annual calendar of agenda items. The General Manager Corporate & People together with the Board Secretary will be the primary management linkage for the Committee in relation to the audit responsibilities of the Committee.

The Committee shall determine the Officers who attend meetings. The Managing Director, General Manager Corporate and People, the Finance Manager/CFO, internal auditors and external auditors are to attend relevant aspects of meetings by standing invitation.

The Committee will meet privately with the Internal Auditor at least once a year.

The Committee reports directly to the Board on all matters within its Charter and provides advice and recommendations to facilitate decision-making by the Board and management.

The Chair of the Committee will report issues of concern direct to the Chair of the Board as they arise.

The Chair of the Committee will report at least annually to the Board on how the Corporation has performed from an internal audit and corporate governance perspective.

The Chair of the Committee will provide the Board with an endorsement in relation to the annual Financial Statements and verification to support the Risk Management Attestation.

## **6.6 Committee member performance**

All members of the Committee are required to take appropriate and timely action to ensure they have the requisite understanding of the water industry structure and the Corporation's position within it and its operations and financial management risks to enable them to discharge their responsibilities.

Members who do not have the requisite level of financial literacy and/or industry knowledge at the time of their appointment must raise their competence in the first six months of membership.

## 7 People, Diversity & Community Committee Charter

This Charter sets out the People, Diversity & Community Committee (“the Committee”) objectives, authority, composition, roles and responsibilities, procedures, performance, and reporting and administrative arrangements.

### 7.1 Purpose

The purpose of the People, Diversity and Community Committee is to assist the Board to oversee its responsibilities and duties in regards to human resource, remuneration, organisational development, diversity and inclusion and community engagement functions.

### 7.2 Scope

The Committee is formally appointed by the Board and is responsible to the Board.

The Committee will review, monitor and recommend to the Board for approval of relevant policies and strategic plans in relation to:

- Remuneration, recruitment, retention and termination policies
- Organisational culture and employee engagement
- Executive performance and remuneration
- Diversity and inclusion
- Community engagement and customer satisfaction

### 7.3 Responsibilities

The responsibilities of the Committee are as follows:

#### *Recruitment, Remuneration & Performance Management*

- Oversee the recruitment of the MD.
- Ensure that WPW’s remuneration, recruitment, retention and termination policies, as well as the incentive policies, practices and performance indicators are aligned to WPW’s vision, values and overall business objectives.
- Ensure that WPW’s remuneration, recruitment, retention and termination policies for the Managing Director (“MD”) and Public Entity Executive Remuneration Policy (“PEER Policy”) comply with government policy.
- Review the MD’s performance outcomes and associated performance indicators as recommended by the Chair of the Board including annual bonus components.
- Review the MD’s remuneration within the terms of the employment contract and PEER Policy conditions as recommended by the Chair of the Board.
- Review the senior executives’ performance and key performance indicators, including the MD’s recommendations on annual bonus components.

### *Diversity and Inclusion*

- Oversee the Corporation's performance against WPW's current Diversity and Inclusion Plan and the associated legislative and policy requirements regarding diversity and inclusion as set by the Victorian Government.
- Make recommendations to the Board regarding the measurable objectives for diversity and inclusion, including gender, cultural and ethnic diversity across WPW.

### *Organisational Culture and Employee Engagement*

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

### *Enterprise Bargaining*

- Provide oversight of the Enterprise Agreement relating to matters of strategic significance.

### *Community Engagement and Customer Satisfaction*

- Consider and review WPW's key customer service, stakeholder engagement strategies to ensure consistency with vision, strategic direction and the expectations of WPW's customers and community stakeholders.
- Consider and provide guidance on emerging customer and community issues and policy development.
- Review customer service performance and community engagement activities against objectives and targets, including key performance indicators.
- Review customer and community insights, including annual customer satisfaction surveys, and provide guidance on how trends are addressed and managed.
- Review performance against regulatory targets identified in the 2018 Essential Services Commission Price Determination.
- Consider and review WPW's key community engagement and education strategies.

## 8 Safety, Sustainability and Innovation Committee Charter

This Charter sets out the Safety, Sustainability and Innovation Committee (“the Committee”) objectives, authority, composition, roles and responsibilities, procedures, performance, and reporting and administrative arrangements.

### 8.1 Purpose

The purpose of the Safety, Sustainability and Innovation Committee (“the Committee”) is to assist the Board to oversee its responsibilities and to meet its governance requirements in regards to workplace health and safety, sustainability, innovation and environmental management.

### 8.2 Scope

The Committee is formally appointed by the Board and is responsible to the Board.

The Committee has authority to obtain any information it requires from management in order to discharge its duties in line with its responsibilities.

The Committee is responsible for the oversight of:

- Workplace health and safety obligations
- Environmental performance
- Key innovation strategies
- The application and delivery of key new sustainability projects and initiatives

### 8.3 Responsibilities

The responsibilities of the Committee are as follows:

#### *Workplace Health and Safety*

- Review the effectiveness of WPW’s policies and procedures for a safe and healthy workplace.
- Review and monitor WPW’s systems for achieving compliance with relevant statutory workplace health and safety obligations.
- Monitor WPW’s Workplace Health and Safety (WHS) performance and compliance including progress of audit actions, review of remedial actions and the comparison of performance against industry benchmarks.
- Monitor the work and progress of the Health & Safety Committee.
- Provide a forum that encourages a culture where safety is owned by all employees and key contractors in their everyday activities.
- To encourage continuous improvement in safety practices throughout the organisation.

#### *Innovation, Sustainability and Environmental Management*

- Review WPW's key innovation, sustainability and environmental strategies to ensure consistency with vision, strategic direction and the expectations of key stakeholders.
- Review and provide guidance to the Board in regard to opportunities for innovation.

- To make recommendations to the Board on the strategic direction(s) and continuous improvement in relation to innovation, sustainability and environmental management.
- Review the effectiveness of WPW's policies and procedures for environmental management.
- Review Environmental management controls and activities to ensure the Corporation meets its environmental obligations.



## Appendix 1 – Appointment Terms & Board / Committee Membership

### Board

Director	Date appointed	Term
Philip Clark (Chair)	01/07/2017	30/09/2021
Rueben Berg (Deputy Chair)	01/10/2015	30/09/2023
Christopher Newton	01/10/2017	30/09/2021
Yvonne Dickson	01/10/2017	30/09/2021
Joanne Pearson	01/10/2017	30/09/2021
Annabelle Roxon	01/10/2019	30/09/2023
Leigh Berrell	01/10/2019	30/09/2023
Tanya Ha (Treloar)	01/10/2019	30/09/2023
Peter Quigley (MD)	31/08/2015	31/08/2021

### Audit & Risk Committee

Director / Member	Date appointed (current term)	Term
Joanne Pearson (Chair)	01/11/2019	30/10/2021
Christopher Newton	01/11/2019	30/10/2021
Annabelle Roxon	01/11/2019	30/10/2021
Rueben Berg	01/11/2019	30/10/2021
Leigh Berrell	01/11/2019	30/10/2021

### Safety, Sustainability & Innovation Committee

Director / Member	Date appointed (current term)	Term
Rueben Berg (Chair)	01/11/2019	30/10/2021
Tanya Ha (Treloar)	01/11/2019	30/10/2021
Philip Clark	01/11/2019	30/10/2021
Yvonne Dickson	01/11/2019	30/10/2021
Annabelle Roxon	01/11/2019	30/10/2021
Leigh Berrell	01/11/2019	30/10/2021

### People, Diversity & Customer Committee

Director / Member	Date appointed (current term)	Term
Yvonne Dickson (Chair)	01/11/2019	30/10/2021
Joanne Pearson	01/11/2019	30/10/2021
Phil Clark	01/11/2019	30/10/2021
Tanya Ha (Treloar)	01/11/2019	30/10/2021
Chris Newton	01/11/2019	30/10/2021

\* The Board will review the composition of the Board Committees at its annual November meeting (or soon after as practically achievable).