



Board Charter

1. Overview

The Board of Directors of Sydney Water Corporation (Sydney Water) has adopted this Charter to guide the Board and its Committees in the exercise of their duties and responsibilities.

The Board is committed to excellence in corporate governance.

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

- Sydney Water Act 1994 (Sydney Water Act)
- State Owned Corporations Act 1989 (SOC Act)
- Constitution of Sydney Water (Constitution)

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

2. 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 Sydney Water. All decisions relating to the operation of Sydney 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) of the SOC Act. The Board is to comply with any such direction.

The Board may adopt policies of the NSW Government or any other policies that otherwise do not apply to Sydney Water, provided that such policies are relevant and beneficial to Sydney Water.

3. Functions of the Board

The Board approves the overall strategy, direction and policy of Sydney Water, and oversees management's implementation.

Aligned to section 20L(2) of the SOC Act, the Board has delegated to the Chief Executive Officer, and through the Chief Executive Officer to other senior executives and management, responsibility for day-to-day management of Sydney Water.

The functions and responsibilities of the Board include:

- overseeing Sydney Water's operational and financial performance and ensuring that Sydney Water maintains any operating licence granted under section 12 of the Sydney Water Act
- approving Sydney Water's overall strategic direction including adopting objectives, goals, high-level policies and management plans
- monitoring strategy implementation
- overseeing compliance with legislative, regulatory and common law requirements
- approving Sydney Water's statement of values, behaviours and code of conduct to underpin the culture
- providing leadership and overseeing management in its instilling of Sydney Water's values and behaviours

- approving the Statement of Corporate Intent and the Corporate Plan, consistent with section 21 of the SOC Act
- monitoring the obligations within the Statement of Expectations
- approving price review submissions to the Independent Pricing and Regulatory Tribunal of New South Wales
- overseeing Sydney Water's environmental and public health strategy and performance
- approving major decisions, major capital expenditure (including material deviations to the Capital Investment Plan), significant financial matters (including dividend policy) and, where appropriate, making recommendations to the Shareholder Ministers
- adopting budgets, regularly monitoring financial performance, and reporting to the Shareholder Ministers, except where delegated to the Chief Executive Officer under the Conferral of Powers Instrument
- reviewing the policy, procedures and processes for meeting Sydney Water's obligations for continuous disclosure
- in accordance with section 20K of the SOC Act, selecting and recommending to the Portfolio Minister a candidate for the position of Chief Executive Officer. As set out in section 20K of the SOC Act, on the recommendation of the Portfolio Minister the Chief Executive Officer will be appointed to this role by the NSW Governor. In accordance with section 20J (5) of the SOC Act, the Chief Executive Officer may be appointed to the Board, as the Managing Director
- formulating employment and performance agreements with the Chief Executive Officer, and reviewing the Chief Executive Officer's performance
- supporting the Chief Executive Officer and ensuring the Chief Executive Officer has the appropriate delegations of authority and access to resources relevant to the role
- approving the recruitment, and monitoring and periodically evaluating the performance, of senior executives directly reporting to the Chief Executive Officer
- approving and ensuring periodic reviews of the systems of risk management (for both financial and non-financial risks), internal compliance and control and corporate governance, to ensure appropriate frameworks, controls, and an appropriate culture of risk management, are in place
- setting the risk appetite within which the Board expects management to operate
- ensuring appropriate frameworks are in place for management to report relevant information to the Board
- whenever required, challenging management and holding it to account.

4. Code of Conduct

The Board is to have a Code of Conduct to be followed by all Directors.

5. Conduct of Board Meetings

The Constitution sets out the manner in which the Board is to conduct business.

A Board meeting requires at least three Directors to be present to constitute a quorum. The Board will meet as often as the Directors consider necessary to fulfil their duties and responsibilities. Generally, the Board will meet eight times per year.

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 Corporate Secretary to all Directors no less than fourteen (14) days in advance of the meeting, except in exceptional circumstances.

The agenda and papers for each meeting of the Board will be distributed by the Corporate Secretary to all Directors one (1) week prior to the meeting, except in exceptional circumstances.

The only persons entitled to be present at a Board meeting are the Directors and the Corporate Secretary, unless otherwise agreed with 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 to be kept safe as an official record of the Board's resolutions.

6. Committees

The Board may establish Committees under Article 19.11 of the Constitution and may delegate any of its powers to a Committee, which will be expressly stated in its Charter.

The Board is to establish an Audit & Risk Committee, a Safety, People, Customer & Stakeholder Committee; a Nominations & Remuneration Committee; Infrastructure, Environment & Public Health Committee and other Committees as it sees fit.

Each Committee is to have a Charter, approved by the Board, and membership determined by the Chair of the Board (having regard to NSW Treasury's Commercial Policy Framework).

The Board is to review its Committee structure (including the role, function, Charter and membership) at least every two years.

7. Board Performance

The Board members will participate in an annual review of the Board's performance and effectiveness, including the performance of its Committees. The Chair will implement a review system which, subject to consultation with the Board, may include:

- a collective review of effectiveness undertaken by the Board
- individual performance reviews for Directors
- opportunities for Directors to give private feedback to the Chair on Board effectiveness
- any other review mechanisms as the Chair decides.

An external facilitator will be engaged to assist with an independent Board performance review every third year.

8. Independent Advice

At the discretion of the Chair, a Director may obtain independent professional advice at the expense of Sydney Water if such advice is considered necessary for the Director to effectively discharge their duties and responsibilities as a Director.

9. Access to Management and Facilities

A Director may request access to appropriate Sydney Water managers or to inspect any Sydney Water asset or facility via the Chief Executive Officer or the Corporate Secretary. Such a request may arise when there is a

need for a detailed briefing or assistance to understand a technical issue or otherwise to discharge the Director's duties and responsibilities and will not be unreasonably denied.

10. 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.

11. Director Development

At the discretion of the Chair, Sydney Water may contribute to the cost of 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 Sydney Water directorship.

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

12. Responsibility to Employees

The Board values the know-how, enthusiasm and efforts of Sydney Water's employees. The Board's responsibilities to Sydney Water's employees are to foster diversity, a constructive culture aligned to Sydney Water's signature behaviours and values, and ensuring compliance with relevant legislative, regulatory and common law requirements.

13. Responsibility to Customers and the Community

The Board recognises that Sydney Water's vision is to create a better life with world class water services, and the principal objectives of Sydney Water are to be a successful business, to protect the environment, and to protect public health. In this context, the Board's responsibilities are to ensure these objectives are achieved ethically and in the public interest.

14. Responsibility to Shareholding Ministers

The Board is responsible to the Shareholding Ministers under the provisions of the SOC Act and the Constitution. The Board's responsibilities to the Shareholding Ministers, include:

- consulting in good faith with the Shareholding Ministers for the yearly preparation of the Statement of Corporate Intent, under section 21 of the SOC Act
- obtaining the prior written approval of the Shareholding Ministers when required under statute or regulation
- providing information to respond to Parliament or as otherwise required under Section 29(1) of the SOC Act.
- quarterly reporting to the Shareholding Ministers on the operations of Sydney Water and its subsidiaries
- preparing annual accounts and an annual report of operations for Sydney Water and its subsidiaries
- consulting in good faith in the preparation of the Statement of Expectations
- governing Sydney Water responsibly so as to protect and enhance shareholder value for the benefit of New South Wales
- informing the Shareholding Ministers of any matters which have or are likely to have a significant impact on the operations or financial position of Sydney Water

- informing the Shareholding Ministers of any material or significant matter that may be contentious, relevant to the Government's accountabilities and policy objectives or that may be of public interest
- 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 Sydney Water, and
 - the provision of other information reasonably requested by NSW Treasury

15. Responsibility to Portfolio Minister

The Board is responsible to the Portfolio Minister under the provisions of the Sydney Water Act and the SOC Act including:

- governing Sydney Water responsibly to:
 - maintain any operating licence granted under section 12 of the Sydney Water Act, and
 - protect and enhance the reputation of Sydney Water
- under section 20K and schedule 9 of the SOC Act:
 - selecting and recommending to the Portfolio Minister a candidate to the position of Chief Executive Officer, and
 - seeking the Portfolio Minister's approval for the Chief Executive Officer's conditions of employment.
- informing the Portfolio Minister 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 Sydney Water
- providing information to respond to Parliament or as otherwise required under Section 29(2) of the SOC Act.

Under section 5A(2) of the Sydney Water Act, the Portfolio Minister advertises for nominations for selection to the Board.

16. Responsibility to Regulators

The Board is to monitor and oversee Sydney Water's regulatory compliance.

17. Board Composition

Under section 5A of the Sydney Water Act, the Board may consist of up to ten Directors, including the Chair, appointed by the Shareholding Ministers.

The Board's membership is to include Directors with specific expertise in business management, protection of the environment, and public health.

The roles of Chair and Chief Executive Officer are to be separate.

18. Role of Corporate Secretary

The Corporate Secretary is responsible for corporate governance arrangements at Sydney Water and supports the effectiveness of the Board and its Committees.

The decision to appoint or remove a Corporate Secretary is to be approved by the Board, and will include a standing acting Corporate Secretary to perform the functions of the Corporate Secretary when the appointed Corporate Secretary is unavailable.

19. Indemnity and Insurance

Subject to the conditions and limitations in clause 5(5) of schedule 10 of the SOC Act and the conditions in Article 31 of the Constitution, Directors are to be indemnified for costs and expenses in defending criminal or civil proceedings brought against them as a current or former officer of Sydney Water.

Sydney 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.

20. 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.