

# Board charter



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## 1. Background

The board of directors (Board) of Icon Water Limited (Icon Water) is primarily responsible for ensuring that Icon Water has an appropriate corporate governance structure for itself and its controlled entities.

## 2. Purpose

The purpose of this Charter is to:

- promote high standards of corporate governance
- clarify the role, responsibilities and authorities of the Board
- enable the Board to provide strategic guidance and effective management oversight for Icon Water.

## 3. Obligations and compliance with legislation

### 3.1 Framework of obligations

Icon Water is an unlisted public company prescribed under Schedule 1 of the [Territory-owned Corporations Act 1990 \(ACT\) \(TOC Act\)](#).

The obligations and requirements of the *Corporations Act 2001* (Cth) (Corporations Act), and the TOC Act and Icon Water's Constitution set the broad framework for Icon Water's governance arrangements. The Board considers high standards of corporate governance are of core importance to the operations of Icon Water.

The Board considers compliance by Icon Water with legal and regulatory requirements as a key component of good corporate governance. The overseeing of such compliance is a significant role of the Board in respect of Icon Water's operations.

The Board is responsible for ensuring that adequate measures and processes are in place for compliance with laws and regulations by Icon Water, particularly the health and safety of its employees.

In performing their duties all directors, executives, management and personnel must:

- comply with applicable laws and regulations
- comply with Icon Water's corporate and operational protocols, policies and procedures
- operate in accordance with the objective of ecologically sustainable development.

Any legal and regulatory compliance issues are to be reported to the relevant Executive and, where appropriate, the Board.

### 3.2 Obligations under the TOC Act

Obligations on the Board under the TOC Act are additional to the obligations that are imposed on it by any other law or its constitution. The main objectives of Icon Water as set out under Part 2, section 7(1) in the TOC Act is:

- a) to operate at least as efficiently as any comparable business
- b) to maximise the sustainable return to the Territory on its investment in the corporation or subsidiary in accordance with the performance targets in the latest statement of corporate intent of the corporation
- c) to show a sense of social responsibility by having regard to the interests of the community in which it operates, and by trying to accommodate or encourage those interests
- d) if its activities affect the environment – to operate in accordance with the object of ecological sustainable development.

Under the TOC Act the following specific obligations are imposed on Icon Water's directors:

- the directors must, as soon as practicable after becoming aware of a "significant event" affecting the Icon Water Group, tell the Voting Shareholders about the event (Part 3, section 16A)
- give effect to a lawful direction by the Voting Shareholders (Part 3, section 17)
- ensure that the applicable ACT Government policies advised to it by the Voting Shareholders are, as far as practicable, complied with by Icon Water (Part 3, section 17A)
- establish an audit committee (Part 3, section 18A)
- prepare and submit Icon Water's Statement of Corporate Intent (Part 3, section 19 and 20) or modify a statement of corporate intent (Part 3, section 21)
- give the Voting Shareholders within the prescribed period after the end of each financial year an annual report on the operations of the Icon Water Group (Part 3, section 22).

## 4. Responsibilities

### 4.1 Board

The Board is responsible for:

- overseeing Icon Water performance and operations, including its control and accountability systems and compliance
- appointing a suitably qualified and experienced Chief Executive Officer <sup>1</sup>
- removing a Chief Executive Officer
- monitoring the performance and remuneration of the Chief Executive Officer
- developing succession plans for the Chief Executive Officer and consulting with the Voting Shareholders in relation to potential successors
- appointing, and where appropriate, removing the Company Secretary
- approving succession plans for executive management
- reporting to the Voting Shareholders
- setting the strategic direction for Icon Water
- providing strategic advice to management in relation to the development and implementation of the corporate strategy
- approving Icon Water's Statement of Corporate Intent which sets the corporate strategy and performance objectives and monitoring implementation of these
- monitoring work health and safety performance and reviewing management's operation and continuous improvement of arrangements for work health and safety management
- declaring dividends which are agreed with the Voting Shareholders, or failing agreement, as the Voting Shareholders direct in writing
- approving major contracts valued above a defined amount, and variations of a defined amount or proportion (as per Icon Water Delegations Schedule)
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures
- approving Icon Water's Annual Report and monitoring financial and other reporting
- delegating of authority to the Chief Executive Officer, Company Secretary, and executive management

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<sup>1</sup> Reference to Chief Executive Officer can also refer to Managing Director, where the Chief Executive Officer is appointed as a Director. This appointment as a Director is subject to the agreement of Icon Water's Voting Shareholders, under the provision of section 12 of the Territory-owned Corporations Act 1990. The power of the Voting Shareholders to appoint and remove Directors is also detailed in section 47(2) of the [EN07.00.09 Icon Water Limited Constitution](#).

- reviewing and ratifying systems of risk management, internal compliance and control, and legal and regulatory compliance to ensure appropriate compliance frameworks and controls are in place
- approving major amendments to charters of Board committees
- monitoring the composition and performance of the Board to assist in ensuring it is comprised of the right mix of skills, competencies and diversity in accordance with a Board skills matrix developed and maintained by the Board
- when considering the composition of the Board, recognise the value of the Board hearing the perspectives and views of customers and ensure that the Board includes at least one director with skills and experience in customer and community consultation and inclusion
- developing succession plans for the non-executive Directors including the Chair and Deputy Chair and consult with the Voting Shareholders on planning, recruitment processes and potential successors
- undertaking periodic assessment of Board performance and competencies
- providing effective oversight and management of Icon Water's energy investment.

The Board may delegate some of the above responsibilities to the Board's committees for consideration and recommendation back to the Board.

The Board is accountable to the Voting Shareholders for the overall strategic direction, management and corporate governance of Icon Water, in accordance with Icon Water's Business Strategy (Statement of Corporate Intent).

#### **4.2 Chair of the Board**

The Chair of the Board is appointed by the Voting Shareholders.

The responsibilities of the Chair of the Board include:

- procedural control over Board meetings and chairing general meetings
- facilitating the effective contribution of all directors
- providing leadership to the Board and Icon Water
- acting as a spokesperson for the Board
- promoting the efficient organisation and conduct of the Board's functions
- facilitating Board discussions to ensure core issues facing Icon Water are addressed
- briefing directors on issues arising at meetings with the Voting Shareholders
- facilitating regular evaluations, peer review and self-assessments of directors on their knowledge, competencies and experience to ensure the Board has the right composition and performance levels and can use this for succession planning and recruitment and advising the Voting Shareholders of the outcomes of these evaluations
- ensuring appropriate committees are established, with appropriately skilled directors to oversee and assess particular aspects of Icon Water
- promoting constructive and respectful relations between Board members and between the Board and Executive Management.

#### **4.3 Directors**

Directors should attend and participate in Board meetings and meetings of committees on which they serve.

Directors should spend the time needed to properly discharge their responsibilities.

Directors should review papers, documents and reports provided by management before Board and committee meetings.

Directors should ask questions of, request information from, and raise any issue of concern with management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.

Directors must exercise independent judgment when making decisions.

Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential. Directors are required to comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are to:

- act in good faith and in the best interests of Icon Water Limited
- act with care and due diligence
- act for proper purposes
- avoid a conflict of interest or duty
- refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director
- stop Icon Water from incurring debts where there are reasonable grounds to expect that it cannot pay those debts.

Further information about these duties and the obligations of Icon Water's Directors are set out in [EN07.00.11 Directors Duties - A Practical Guide](#).

#### **4.4 Board committees**

The Board has established the following committees to assist it in carrying out its responsibilities to oversee and assess particular aspects of Icon Water:

- Risk and Assurance Committee – the role of the Risk and Assurance Committee is to provide independent assurance and advice to the Board on the integrity of Icon Water's internal control and compliance framework. This includes internal control and compliance activities in relation to all risk categories: safety, environment, financial, legal/regulatory, strategic, reputation and operational. The Committee achieves this through their review and independent assurance on matters relating to assurance, risk management and internal control, and financial management.
- Remuneration and Nominations Committee – the role of the Remuneration and Nominations Committee is to meet Icon Water's responsibilities in relation to the remuneration and performance of the Chief Executive Officer; ensure the Executive remuneration strategy supports the recruitment and retention of appropriately qualified and experienced executives; and provide the Board with a forum for reviewing Icon Water's remuneration framework to ensure it supports business objectives. The Committee is also responsible for the development of succession plans for the non-executive Directors and the Chief Executive Officer in consultation with the Voting Shareholders and approval of the succession plan for senior management positions.

Each Board committee charter sets out matters relevant to the objective, composition, responsibilities and administration and are approved by the Board.

Each Board committee will review its charter every two years and where major amendments have been made, make recommendations to the Board for final approval.

#### **4.5 Chief Executive Officer**

Responsibility for day to day management and administration of Icon Water is delegated by the Board to the Chief Executive Officer.

The Chief Executive Officer manages Icon Water in accordance with the strategy, plans, policies and procedures, including achievement of objectives in the annual Statement of Corporate Intent.

The Chief Executive Officer is responsible for informing the Board of the selection and appointment of suitably qualified executives.

The Board has in place procedures to annually assess the performance of the Chief Executive Officer. The Chief Executive Officer has in place procedures to assess annually the performance of the executive management team.

## 5. Board membership and composition

### 5.1 Board composition

The Board must comprise:

- a chair, a deputy chair and at least two and up to six further directors
- directors who, in the opinion of the Voting Shareholders, have the expertise or skills necessary to assist Icon Water to achieve its principal objective (section 12, TOC Act).

### 5.2 Board appointments

Icon Water's two Shareholders i.e., Ministers of the Australian Capital Territory (Voting Shareholders under the TOC Act and the Constitution) determine:

- the number of directors
- director appointment<sup>2</sup>
- director removal.

In relation to the appointment of new directors, the Voting Shareholders may request the Chair and Deputy Chair to form part of the interview panel for a new director (together with an ACT Government representative). In these circumstances, the panel will make its formal recommendations regarding appointment for the consideration of the Voting Shareholders.

In relation to the renewal of the appointment of existing directors, the Chair will consider Board competencies and composition and (where the Chair wishes to propose renewal) discuss with the relevant director their interest in a further term. The Chair will then make a recommendation to the Voting Shareholders.

The Chair will keep the Board informed of progress in relation to new appointments and renewals.

### 5.3 Subsidiary company Board appointments

The Icon Water Board is responsible for determining the appointment and removal of directors for Icon Retail Investments Limited (IRIL) and Icon Distribution Investments Limited (IDIL). The Chair of the Icon Water Board is the Chair of IRIL and IDIL.

Icon Water's two Voting Shareholders must provide their consent for the appointment of directors for these subsidiary companies.

## 6. Remuneration

Directors' remuneration is determined by the Voting Shareholders in accordance with the requirements of the Constitution.

## 7. Conflicts of interest

Directors are expected to be aware of conflicts of interest or duty that may arise and be mindful of their fiduciary obligations.

Directors must:

- disclose to the Board any actual, potential or perceived conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises
- take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty
- comply with the Corporations Act and the Constitution in relation to disclosing material personal interests and restrictions on voting.

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<sup>2</sup>The Voting Shareholders have the authority, following referral to the Public Accounts Committee, for final Director appointment (subject to [EN07.00.09 Icon Water Limited Constitution](#) s47, 48 and 49).

For on-going appointments or interests that may create a conflict, a director may give the other directors standing notice about an interest. However, a standing notice will lose effect if:

- the nature and extent of the interest increases materially above that disclosed in the notice
- any new director is appointed, unless the new director is given a copy of the notice.

Each year directors will be asked to update their Declaration of Interests (in relation to Icon Water, its subsidiaries and ActewAGL) and provide it to the Company Secretary. This information will be tabled annually at a meeting of the Board.

Further information about conflicts of interest is set out in [the Conflict of Interest Management Framework at Attachment A](#).

## **8. Code of conduct**

The Icon Water Code of Conduct articulates the high standards of honesty, integrity, ethical and law-abiding behaviour expected of all Icon Water workers – including Board Directors. The Code encourages the observance of those standards to protect and promote the interests of Icon Water's Voting Shareholders and other stakeholders (including employees, customers, suppliers, the community and creditors).

## **9. Public interest disclosure**

Icon Water's Public Interest Disclosure Procedure sets out the process for reporting and investigating public interest disclosures of wrongful and illegal behaviour by Icon Water, its officers or employees.

## **10. Access to information and independent advice by directors**

Directors have access to any Icon Water information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

Directors shall have access to:

- written Board papers sponsored by Executive Management
- Executive Management to seek explanations and information
- auditors, both internal and external, to seek explanations and information from them without management being present.

Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

## **11. Communication of information by the Board to the Voting Shareholders**

The Board will:

- communicate effectively with the Voting Shareholders including through regular meetings
- give the Voting Shareholders ready access to balanced and understandable information about Icon Water and its corporate goals
- oversee compliance with the TOC Act in relation to the notification and provision of information to the Voting Shareholders.

## **12. Meetings**

### **12.1 Frequency**

The Board shall meet as and when required, but no less than six times per year in order to fulfil its duties. The Board may convene at any time at the request of the Directors or a Voting Shareholder, noting formal compliance requirements of notifications under the Corporations Act.

An annual schedule of meeting dates will be produced by the Company Secretary setting out meeting dates for the Board, its committees, subsidiary boards and the Annual General Meeting.

An annual meeting planner will be produced by the Company Secretary to outline the business to be considered at each meeting.

## 12.2 Quorum

A quorum for meetings is:

- five while the number of Directors in office is eight
- four when the number of Directors in office is six or seven
- and otherwise shall be three (refer s62 of the [EN07.00.09 Icon Water Limited Constitution](#)).

## 12.3 Attendees

The Board may invite anyone, including Executive Management and their expert technical representatives or external parties, to attend meetings and participate in discussions concerning specific issues. The Board will ensure there are opportunities to strengthen engagement between the Board and staff such as having a staff member attend Board or Committee meetings as an observer.

## 12.4 In camera sessions

The Board may, from time to time, hold in camera sessions. In particular, the Board may choose to meet separately with Executive Management and their expert technical representatives or external parties to discuss any matters the Board believe should be discussed privately. Unless otherwise agreed by the Board, no other Icon Water employees, including those providing secretariat services will be present for the in camera sessions.

The minutes will record that an in camera discussion was held. Following closure of the in camera session, the Chair will summarise any decisions made or actions arising to enable these to be captured in the minutes of the meeting.

## 12.5 Secretariat

The Company Secretary or approved delegate shall provide secretariat support, including taking and distributing minutes of each meeting.

The Company Secretary will manage the process of:

- scheduling Board and Committee meetings for each calendar year
- issuing invitations to meeting participants
- coordinating meeting arrangements (such as room set-up and catering)
- collating and distributing meeting packs
- taking and distributing minutes of each meeting and ensuring approved minutes and meeting agendas are provided to the Voting Shareholders following each meeting.

## 12.6 Minutes

Minutes of each meeting shall be recorded and circulated to all directors of the Board for approval and entered into the minute book within one month of the meeting (Corporations Act S251A).

The minutes must be signed by the chair of the meeting within a reasonable time.

## 13. Reporting of business goals

As required by the TOC Act, Icon Water has agreed business goals with the Voting Shareholders. These goals are outlined in the Business Strategy (Statement of Corporate Intent (SCI)) which is provided annually to the Voting Shareholders and tabled in the ACT Legislative Assembly.

Quarterly reports are provided to the Voting Shareholders during the year outlining achievements and outcomes against the strategic objectives in the SCI.

#### **14. Performance assessment**

The Board shall review its performance in meeting its obligations periodically, but not less than every two years. This performance review will also consider the performance of the subsidiary boards and the Board committees.

#### **15. Review and approval**

This Charter shall be reviewed every two years and any major amendments<sup>3</sup> will be recommended for approval by the Board. The Chair can approve minor amendments and the Company Secretary can approve administrative amendments.

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<sup>3</sup> A major amendment is a change to a current Integrated Management System (IMS) document that significantly impacts upon the content, including its meaning or intent. (Source: Icon Water procedure [PR07.06 Creating and maintaining IMS documents](#), which also includes definitions for minor and administrative amendments, which also defines minor and administrative amendments.)

## 16. References

### External references

[Corporations Act 2001 \(Cth\)](#)

[Territory-owned Corporations Act 1990 \(ACT\)](#) (TOC Act)

### IMS procedures

[PR07.14 Management of Public Interest Disclosures](#)

### IMS enablers

[EN01.00.05 Code of Conduct](#)

[EN07.00.09 Icon Water Limited Constitution](#)

[EN07.00.10 Remuneration Committee Charter](#)

[EN07.00.17 Risk and Assurance Committee Charter](#)

[EN07.00.11 Directors Duties - A Practical Guide](#)

### Other references

Notice of Director's Personal Details and Standing Notice of Director's Interests

Board remuneration and expenses

## 17. Document control

Version	Author	Description of changes	Approved by/date
1	Company Secretary	Revision	Board December 2006
2	Company Secretary	Revision	Board May 2012
2.1	Company Secretary	Revision	Board June 2013
3	Company Secretary	Revision	Board January 2014
4	Company Secretary	Full revision of charter, including new IMS formatting and removal of annexures from charter	Board December 2015
4.1	Governance Secretariat Officer	Minor amendments	Chair April 2017
5	Governance Secretariat Officer	Major amendments to include more information on director appointments and in-camera sessions	Board April 2018
6	Governance Secretariat Officer	Minor amendments, including format changes	Company Secretary July 2019
7	Governance Secretariat Officer	Minor amendments to include modern slavery reporting	Company Secretary October 2019
7.1	Governance Secretariat Officer	Minor amendments, including review timing of charter	Chair 24 March 2021
8.0	Governance Secretariat Officer	Major amendments including to Board composition with inclusion of customer and community experience and opportunity for staff observers	Board April 2023
9.0	Governance Secretariat Officer	Major amendments to reflect changes to Icon Water Board and Committees	Board February 2025

Version	Author	Description of changes	Approved by/date
		and inclusion of a conflict of interest management framework.	

# Conflict of Interest Management Framework

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**18 February 2025**

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## 1. COI Management Framework

- 1.1 This document is the COI Management Framework (**Framework**) applicable to Icon Water Limited Board of Directors.
- 1.2 The purpose of this Framework is to provide probity processes identifying and managing Conflicts of Interest that may conflict with the interests of Icon Water Limited for its Board of Directors (**Board**).

## 2. Background

- 2.1 Icon Water Limited, ABN 86 069 381 960 (**Icon Water**) is an unlisted public company wholly owned by the ACT Government under Schedule 1 of the [Territory-owned Corporations Act 1990 \(ACT\)](#) (**TOC Act**). Its voting shareholders are the Ministers as appointed by the ACT Government. It owns, manages and operates all water and sewerage services for the ACT and the bulk water supply for Queanbeyan.
- 2.2 The Board of Icon Water is primarily responsible for ensuring that Icon Water has an appropriate corporate governance structure for itself and its controlled entities.
- 2.3 The Board is committed to demonstrating compliance by Icon Water with legal and regulatory requirements, which it considers is a key component of good corporate governance and a significant role of the Board in respect of Icon Water's operations. Icon Water has engaged Sparke Helmore Lawyers to prepare this Framework to ensure that the policies and processes for managing any Conflicts of Interests declared by Directors are transparent, well-documented, defensible, and represent best practice.

## 3. Purpose

- 3.1 The purpose of this Framework is to:
  - (a) ensure that a high standard of ethics and probity is achieved in all functions and activities of the Board, by facilitating transparency and accountability through a comprehensive Conflict of Interest management process;
  - (b) inform all Directors of the probity controls, processes and principles applicable to their role and participation in Board meetings; and
  - (c) ensure all individuals involved with the Board have guidance on probity issues.

## 4. Application of this Framework

- 4.1 This Framework (including its Attachments) applies to Directors. Directors must comply with this Framework to the extent that they have any interests that may give rise to a conflict in the course of performing their role.

## 5. Applicable Legislation and Policy Requirements

- 5.1 In general, Directors should be guided by:
  - (a) their statutory obligations and requirements under the *Corporations Act 2001* (Cth) (**Corporations Act**) and the TOC Act;
  - (b) Icon Water's Constitution (**Constitution**);
  - (c) The Board Charter; and
  - (d) the Directors Duties - A Practical Guide,

which set out the broad framework for Icon Water's governance arrangements, including in relation to Conflict of Interests.

- 5.2 All individuals subject to this Framework will act honestly and in good faith in the discharge of their duties in relation to their role and involvement with the Board.

## 6. Fundamental Probity Principles

- 6.1 Key probity principles that should inform all activities, recommendations, and decisions made by the Board include:
- (a) **Fairness and Impartiality** - Fairness and impartiality require that recommendations and decisions are based on established rules, principles and procedures, and are not made based on irrelevant considerations.
  - (b) **Consistency and Transparency of Process** - Directors will act consistently according to Icon Water's documented policies and procedures for identifying and managing Conflicts of Interest when undertaking their roles.
  - (c) **Identifying and Managing Conflicts of Interest** - This Framework provides guidance on the effective management of risks arising from Conflicts of Interest by setting out disclosure processes and risk management strategies upon the identification of potential conflicts. Declared interests will not be viewed prejudicially or as evidence of wrongdoing, but instead will be seen as facilitating the integrity of the Board's decision-making.
  - (d) **Establishing and Maintaining Records** - Probity is the evidence of ethical behaviour. That evidence is created through sound record-keeping practices, including a practice of documenting all decision-making processes. Icon Water will ensure that robust records regarding the disclosure and management of Conflicts of Interest are properly documented and readily accessible to Directors and for authorised release (if required) and in accordance with this Framework.

## 7. What is a Conflict of Interest?

- 7.1 For the purpose of this Framework, a Conflict of Interest is any interest, affiliation, circumstance or duty that:
- (a) conflicts with an individual's ability to perform their duties in relation to their role on the Board in a proper and impartial manner, or
  - (b) is reasonably likely to be viewed by others as impacting an individual's ability to perform their duties in relation to Board in a proper and impartial manner.
- 7.2 A Conflict of Interest may be actual (a real, present conflict), potential (a circumstance which has not yet arisen, but which would constitute a conflict if it arose), or perceived (a circumstance that is reasonably likely to lead others to believe that there is a conflict). A Conflict of Interest may involve the possibility of financial gain or loss for the affected individual or their immediate family or close associates. It may also arise in the absence of any financial connection, through a prior employment relationship, long-term personal relationship, personal belief, or other affiliation.
- 7.3 The Constitution, at clause 78, recognises that Directors may either personally, through immediate family or close associates, or through another engagement in a professional capacity, hold an interest that conflicts with their role on the Board. While there are rules regarding disclosure of Director's Interests, and the management of these within the

Constitution, in recognition of personal enterprise, the Constitution does not attempt to restrict the ability of Directors to conduct or partake in professional or personal endeavors. Further, the Constitution does not restrict Directors, even if they are conflicted, from participating in the execution of any instrument by or on behalf of Icon Water, whether through signing or sealing the same or otherwise.

- 7.4 To ensure compliance with the Constitution and the legislative and fiduciary obligations, it is essential that the activities and decisions made by the Board are robust and impartial, drawing on the most accurate and reliable information, without being influenced by any Conflict of Interest affecting any Director.
- 7.5 The procedures and processes in this Framework, which supplement the existing Icon Water governance arrangements, aim to ensure an appropriate and defensible balance between those two goals. Following the processes in this Framework will also ensure that the conduct of the Board accords with sound corporate governance practices and will contribute to the defensibility and reliability of any decisions, advice, or recommendations by the Board.
- 7.6 This Framework adopts the following principles to inform obligations and procedures for the Board:
- (a) **Transparency:** The declared interests of all Directors will be disclosed to all other Directors, to minimise any real or perceived opportunity for any one Director to advance a personal or business interest via participation in Board activities;
  - (b) **Collective decision-making:** It is acknowledged that the Board makes decisions collectively, meaning that no one individual is able to determine the direction taken by Icon Water. The use of group decision-making reduces the impact that any one individual's views can have on the overall outcome; and
  - (c) **Documentary record-keeping:** The Secretariat Team will maintain full and detailed records of:
    - (i) all Conflict of Interest disclosures and any updates provided by Directors; and
    - (ii) where applicable, Minutes of Board meetings identifying the individuals present, and details of any person that excuses themselves from the discussion of any agenda item on the basis of an actual, potential, or perceived conflict.

## 8. Related party transactions

- 8.1 For the avoidance of doubt, nothing in the Framework limits Directors obligations in relation to declaring and managing related party transactions under the Corporations Act. The processes set out in section 4 of the Directors Duties - A Practical Guide continue to apply.

## 9. Obligations in relation to Conflicts of Interest

- 9.1 Clause 79 of the Constitution requires that each Director must disclose his or her interests to Icon Water in accordance with the Corporations Act, which will be recorded by the Board Secretary in the minutes of the relevant meeting. Where a conflict of interest has been determined to be material, that conflicted Director may not take part in the debate nor vote in respect of the subject matter for which he or she is conflicted.
- 9.2 Directors are responsible for:
- (a) complying with the Corporations Act and the Constitution;

- (b) declaring any and all interests or duty that may give rise to an actual, potential or perceived Conflict of Interest that might reasonably be thought to exist as soon as the situation arises, including upon commencing work as a Board member and prior to attending any Board meetings;
  - (c) restrictions on participation in debating and voting, where an interest has been determined to be material;
  - (d) notifying the Company Secretary of any updates or changes to declarations as circumstances arise or become known;
  - (e) take necessary and reasonable action to resolve or avoid any actual or potential Conflict of Interest or duty which could directly conflict with any role or duties as a Director;
  - (f) reviewing all meeting agendas (as applicable to their role) promptly upon receipt to identify any items that may give rise to a Conflict of Interest for notification to the Board Chair;
  - (g) when a conflicted agenda item is announced at any meeting:
    - (i) if excluded in accordance with paragraph 10.3(a), excuse themselves from the room for the duration of all discussion on that item;
    - (ii) if subject to limited duties in accordance with paragraph 10.3(b), restrict their participation in any discussion to the extent required;
    - (iii) if required to maintain transparency in accordance with paragraph 10.3(c), declare the relevant Conflict of Interest to meeting attendees when prompted, which may be by prior email notification; and
    - (iv) if subject to a newly declared conflict on which no decision has been made in accordance with section 10, act as if excluded in accordance with 10.3(a) until advised otherwise.
- 9.3 For the avoidance of doubt, nothing in the Framework limits Directors' obligations in relation to disclosing and managing conflicts of interest under the Corporations Act and the Constitution.
- 9.4 Without limiting the process in paragraph 9.2, Directors may give a standing notice to the Board for any ongoing appointments or interests that may create a Conflict of Interest, however such a standing notice, will need to be updated:
- (a) if the nature and extent of the interest increases materially above that disclosed in the standing notice; or
  - (b) if any new Director is appointed, unless the new Director is given a copy of the standing notice; and
  - (c) on an annual basis in July/August of each year (in relation to Icon Water, its subsidiaries and ActewAGL Joint Venture),
- with all updates being provided to the Icon Water Company Secretary and any other processes that apply through this Framework.
- 9.5 Completed Declarations of Interest forms must be sent to the Company Secretary for record-keeping, to be assessed by the Board Chair.
- 9.6 If there is any doubt about whether to disclose an interest, Directors should err on the side of caution and declare it.

- 9.7 For the purposes of public accountability and transparency, declared interests by Directors will be maintained by the Company Secretary for audit purposes. All declarations of interest, including those which are determined not to be material, are recorded and stored by the Secretariat Team in the *Register of Director Interests*, with these records available for review by all Directors upon request.

## 10. Managing Conflicts of Interest

- 10.1 Once a disclosure has been made as required under section 8 above, it will be assessed by the Board Chair, for categorisation of the declared interest to apply any required treatment, including where there is a conflict, whether it is material. Where the declaration is made by the Board Chair, the Deputy Chair or another suitable representative from the Board will step in to assess the declared interest. All interests declared will be notified to all Directors for transparency and record-keeping.
- 10.2 The categorisation of the declared interest, including whether it amounts to a material interest, depends on the circumstances of each disclosure. The guidance in **Attachment A** sets out relevant factors for the Board Chair to consider when assessing materiality. The Board Chair may obtain advice from any Legal or Probity Adviser as or when required.
- 10.3 The Board Chair may make one of the following determinations about interests declared, with all interests declared and determinations made notified to all Directors for transparency and record-keeping:
- (a) **Material conflict:** The Board Chair may determine that a conflict of interest is sufficiently high risk to Icon Water to be declared a 'material conflict of interest'. This means that, in accordance with clause 79 of the Constitution, the affected Director must not participate in discussions related to the subject of the conflict, and must not vote or take part in any debate in respect of that issue in which the Director has a material conflict. Information within the scope of conflict will be shared or disclosed with the affected individual and they will be informed of the Board Chair's decision. The individual will be excluded from the meeting (or where appropriate, the portion of the meeting) and any activities connected with the material conflict of interest declared. In this case the Company Secretary will:
- (i) record the individual as excluded from any discussion, meeting or other activity connected with the subject matter of the conflict,
  - (ii) record the extent of the conflict,
  - (iii) ensure that no information within the scope of the conflict is distributed to or received from the conflicted individual,
  - (iv) where relevant, assist the conflicted individual to exclude themselves from any relevant component of Board meetings, and
  - (v) where relevant, ensure the conflicted individual's departure is properly recorded in the Minutes of each Board meeting.
- (b) **Conflicts requiring active management:** The Board Chair may determine that a declared interest is of a sufficiently high risk profile that some active management is required, in order to protect the interests of Icon Water. The particular management required will be determined based on the details of the conflict, but may include placing limitations on the Director's participation in Board activities relating to the declared interest. Without limiting the Chair's discretion, active management may involve:

- (i) **Participation in discussions but no final endorsements or decision-making** – the Director may review documents and contribute freely to Board discussions, but be excluded from any decision-making process regarding the subject matter of the conflict, to limit their ability to directly influence the outcome; or
- (ii) **Participation in an advisory capacity only** – the Director may respond to specific questions within their technical or specialist area of expertise (either in writing or during Board meetings) but not otherwise review information or contribute to Board activities relevant to the conflict declared. The Director may be excluded from any open discussions, voting or decision-making process related to the subject matter of the conflict.

Where a conflict of interest is found to require active management, the Company Secretary will:

- (iii) record the interest declared and the appropriate strategy of active management,
  - (iv) where relevant, assist the Director to exclude themselves from (or limit their participation in) any relevant component of a Board meeting; and
  - (v) where relevant, ensure the Director limited participation in Board activities related to the conflict is properly recorded in the Minutes.
- (c) **Immaterial conflict:** The Board Chair may determine that a declared conflict poses no real risk to Icon Water, and that the disclosure of the interest to other Board members, and for Icon Water's records, is sufficient to manage any risk.

- 10.4 The Board Chair will have regard to known conflicts of interest when settling agendas for Board meetings, to assist the Secretariat Team to comply with any exclusion (in the case of a material conflict) or limited participation (in the case of a conflict requiring active management).
- 10.5 Without limiting the treatments available under paragraph 10.3, in some circumstances, disclosure of a conflict and the available treatments will be insufficient to satisfy a Director's duty under the Corporations Act. In such cases, the Director may be under a positive duty to take additional steps to remove the Conflict of Interest, including, if necessary, resignation.

## 11. Monitoring and Compliance

- 11.1 The Company Secretary will oversee the implementation of this Framework and seek assistance from any Probity Adviser as and when required.
- 11.2 Any standing management strategy implemented under this Framework should be revisited for suitability annually, or earlier if the circumstances giving rise to the conflict change.
- 11.3 Directors may ask questions or raise concerns regarding the application of the COI Management Framework with the Company Secretary at any time.
- 11.4 Directors are responsible for reporting to the Company Secretary on any potential or suspected breach (whether inadvertent or otherwise) of this Framework. Each Director will be expected to provide reasonable assistance to Icon Water in investigating any breach and minimising its impact on the reputation and functions of the Board and Icon Water.

## 18. Attachment A – Guidance on assessing declared interests

This Guidance sets out the relevant factors for consideration by the Board Chair when assessing declarations of interest by Directors and determining the appropriate categorisation and management strategy.

It is designed to assist the Board Chair to assess and manage conflicts of interests in a way that is defensible, appropriate by reference to protecting the legitimate interests of Icon Water, and consistent over time.

### Principles for assessing conflicts

- a) Interests should be assessed by reference to **relative benefits and risks for Icon Water**. Where the input or involvement of a Director would add significant value to a decision-making process, they should only be excluded from that process where the risks are significant enough to warrant it.
- b) When assessing a conflict of interest, the Chair should consider the **consequences of not treating the conflict** in determining the risk profile. This includes considering both the most likely outcome, based on all available information, and also the worst-case scenario.
- c) In managing conflicts of interest, the Chair should adopt the **least restrictive** management strategy that will effectively mitigate the risk to Icon Water.
- d) The **'reasonable person' test** can be helpful in determining whether a proposed conflict requires management, or whether a proposed management strategy is sufficient to manage the risk to Icon Water.

### Factors to consider

The significance or 'materiality' of a declared interest depends on unique circumstances involved. Whilst it is not possible to create a definitive list or set of circumstances for determining materiality for the purposes of the Framework, following guiding principles should be adopted to assess whether a declared interest is material, requires active management, or is immaterial:

- a) Whether any **mitigations or controls** are being applied other than by Icon Water. For instance, if a Director has a role with a private company, there may be standing arrangements in place within that company to restrict the Director's access to certain information. While such measures should not be relied upon exclusively, they may be relevant to assessing the risk profile of a conflict.
- b) For the purposes of assessing **financial interests** (such as business interests of shareholdings), factors relevant to materiality include:
  - a. The monetary value of the interest, and whether a reasonable person would consider that significant
  - b. Whether any potential benefit would result in a direct financial gain for the conflicted Director or their immediate family (e.g. direct payment), or merely a potential benefit to a group of people or a company (such as a possible increase in share price that may produce a dividend)
  - c. For shareholdings and other similar interests, whether the Director has control over the trading of shares or funds (noting that, where there is no ability to actively trade, there is less opportunity for the interest to impact the conduct of the Director)

- c) When considering the interests of a Director's **family and friends**, interests should typically only be considered material where they relate to the immediate family, and even then only where the circumstances warrant that classification. Unless the context suggests otherwise, the term 'immediate family' should be interpreted as referring only to a person's:
- a. spouse or romantic partner;
  - b. children;
  - c. parents; and
  - d. siblings.
- d) When considering the impact of **personal and social connections**, the Chair should take care to gather enough information to fully understand the nature of the relationship or connection before making any determination. Relevant factors to consider include:
- a. nature of the connection (friend / sport / charity / former colleague etc)
  - b. duration of the relationship
  - c. current status of the relationship
  - d. frequency and nature of contact
  - e. whether the connection involves any special power, dependency or allegiance

The combination of these factors together should establish an overall picture of the relationship, to allow the Chair to determine whether a reasonable person would consider the Director may not act impartially concerning the person or organisation the subject of the conflict.

### **Updates to this Guidance Note**

Icon Water may periodically review and update the information provided in this Guidance. Any updates must be approved by the Board Chair.