

# 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), the *Territory-owned Corporations Act 1990* (ACT) (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 if its activities affect the environment.

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 are:

- 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 the corporate strategy and performance objectives and monitoring implementation of these
- 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
- monitoring financial and other reporting
- delegating of authority to the Chief Executive Officer, Company Secretary, and executive management
- 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

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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 Icon Water Limited Constitution.

- 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 (section 12 TOC Act)
- developing succession plans for the Chair and advising shareholders on 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 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 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 *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 Committee – the role of the Remuneration 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.

Each Board committee charter sets out matters relevant to the objective, composition, responsibilities and administration and are approved by the Board. Each committee will review its charter annually and where major amendments have been made, make recommendations to the Board.

#### 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, (generally the Chief Minister and Deputy Chief Minister 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.

## 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.

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 and provide it to the Company Secretary. These documents will be tabled annually at a meeting of the Board.

Further information about conflicts of interest is set out in *Directors' Duties: A Practical Guide*.

## 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).

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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 Icon Water Limited Constitution s47, 48 and 49).

## 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 for Board approval, 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 and approved by the Board, 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 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.

## 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 Statement of Corporate Intent (SCI) which is provided annually to the Voting Shareholders and tabled in the ACT Legislative Assembly. Approved minutes and agendas of each Board meeting shall be circulated to the Voting Shareholders as soon as practical after each Board meeting. 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.

## 15. Review and approval

This Charter shall be reviewed annually and any major amendments<sup>3</sup> will be recommended for approval by the Board. The Chair can approve minor amendments and the General Manager Business Services 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 PR4.1 Creating and maintaining IMS documents, which also includes definitions for minor and administrative amendments, which also defines minor and administrative amendments.)

## 16. References

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

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

Icon Water Limited Constitution

Remuneration Committee Charter

Risk and Assurance Committee Charter

A Practical Guide for Directors, Corporations Act Directors' Duties

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

Board remuneration and expenses

Code of Conduct

Public Interest Disclosure Procedure

## 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
3	Company Secretary	Revision	Board/June 2013
4	Company Secretary	Revision	Board/January 2014
5	Company Secretary	Full revision of charter including new IMS formatting and removal of annexures from charter	Board/December 2015
6	Governance Secretariat Officer	Minor amendments	Chair/April 2017
7	Governance Secretariat Officer	Major amendments to include more information on director appointments and in-camera sessions	Board/April 2018