

# Icon Distribution Investments Limited

## Corporate Governance Charter

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## 1. Introduction

The board of directors (**Board**) of Icon Distribution Investments Limited (**IDIL**) is primarily responsible for ensuring that IDIL has an appropriate corporate governance structure.

IDIL is a wholly owned subsidiary of Icon Water Limited (**Icon Water**), which is 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 TOC Act and IDIL's Constitution (**Constitution**) set the broad framework for IDIL's governance arrangements. The Board considers high standards of corporate governance are of core importance to the operations of IDIL.

Under the Corporations Act, directors are bound to operate consistently with the duties and obligations established by that Act. IDIL is also subject to the TOC Act which imposes additional obligations on IDIL and its directors. Both Acts are generally capable of concurrent operation and IDIL is required to comply with both Acts.<sup>1</sup>

The purpose of the Corporate Governance Charter (**Charter**) is to promote high standards of corporate governance and compliance. A key component of this involves compliance with various legal and regulatory requirements, including those obligations under the Corporations Act, the TOC Act and the Constitution.

## 2. Purpose of the Charter

IDIL is an unlisted public company.

The Board is primarily responsible for the corporate governance of IDIL.

The purpose of this Charter is to:

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

## 3. Obligations under the TOC Act

The Board must comply with 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 the Constitution. The main objectives of IDIL as set out in the TOC Act are:

- a) to operate at least as efficiently as any comparable business
- b) to maximise the sustainable return to the Australian Capital Territory on its investment in IDIL in accordance with the performance targets in the latest statement of corporate intent of Icon Water
- c) to show a sense of social responsibility by having regard to the interests of the community in which IDIL operates, and by trying to accommodate or encourage those interests
- d) where IDIL's investments or activities affect the environment, to operate in accordance with the object of ecologically sustainable development.

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

- a) the directors must, as soon as practicable after becoming aware of a "significant event" affecting IDIL, tell the Voting Shareholders about the event
- b) give effect to a lawful direction by the Voting Shareholders under section 17 of the TOC Act
- c) ensure that the applicable ACT Government policies advised to it by the Voting Shareholders are, as far as practicable, complied with by IDIL.

The above are in addition to numerous obligations on IDIL under the TOC Act, of which the Board needs to procure compliance by IDIL.

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<sup>1</sup> Section 5E of the Corporations Act provides that the Corporations Act is not intended to exclude or limit the concurrent operation of a Territory law. If an inconsistency between the Corporations Act and TOC Act were to arise section 5G of the Corporations Act will apply to determine which provision takes priority.

## **4. Responsibilities**

### **4.1 Board**

The Board is accountable to the Icon Water Board for the overall strategic direction, management and corporate governance of IDIL.

The Board is responsible for:

- overseeing IDIL performance and its investment operations
- reporting to the Icon Water Board
- setting the strategic direction and investment objectives for IDIL 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
- monitoring financial and other reporting
- 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
- providing effective oversight and management of Icon Water's energy investment.

### **4.2 Chair**

The Chair of the Board is appointed by Icon Water.

The responsibilities of the Chair of the Board include:

- procedural control over Board meetings
- facilitating the effective contribution of all directors
- providing leadership to the Board and IDIL
- 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 IDIL are addressed
- promoting constructive and respectful relations between Board members and between the Board and management
- chairing general meetings.

### **4.3 Directors**

Directors should attend and participate in Board meetings.

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

Directors should review papers, documents and reports provided by management before Board 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 IDIL. A director will be taken to act in the best interests of IDIL if they act in the best interests of Icon Water (provided that IDIL is not insolvent or does not become insolvent as a result of that act)
- 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 IDIL from incurring debts where there are reasonable grounds to expect that it cannot pay those debts.

#### **4.4 Chief Executive Officer**

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

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

The Board is responsible for appointing the Company Secretary. The Board has chosen to appoint the same Company Secretary and deputy Company Secretary as those people appointed by the Icon Water Limited Board.

## **5. Board membership and composition**

### **5.1 Board composition**

The Board must comprise:

- a chair, a deputy chair and at least two but no more than six additional directors
- directors who, in the opinion of the Voting Shareholders, have the expertise or skills necessary to assist IDIL to achieve its principal objective.

### **5.2 Board appointments**

The number of directors, their appointment and removal is determined by Icon Water under the Constitution.

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)) must provide their consent for the appointment of a director to IDIL.

### **5.3 Remuneration**

Directors' remuneration is determined by Icon Water in accordance with the requirements of the Constitution.

## 6. 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*.

## 7. 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).

## 8. Public Interest Disclosure

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

## 9. Access to information and independent advice by Directors

Directors have access to any IDIL 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.

## 10. Communication of information

The Board will:

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

## **11. Legal and regulatory compliance**

IDIL must be aware of and comply with all applicable laws and regulations.

The Board considers compliance by IDIL 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 IDIL's operations.

The Board is responsible for ensuring that adequate measures and processes are in place for compliance with laws and regulations by IDIL, particularly the health and safety of its employees. Icon Water's Work Health and Safety Statement attached to the Icon Water corporate governance charter is applicable to IDIL.

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

- comply with any applicable law and regulations
- comply with IDIL's corporate and operational protocols, policies and procedures
- take account of environmental issues in all of IDIL's planning and operations.

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

## **12. Meetings**

### **12.1 Frequency**

The Board shall meet as and when required, but no less than four times per year in order to fulfil its duties. The Board may convene at any time at the request of the Directors or Icon Water, 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.

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 Annual energy investment strategy session**

In addition to regular Board meetings, the Board will hold an annual energy investment strategy session to discuss the strategic direction and investment objectives for IDIL.

### **12.3 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 s12 of IDIL Constitution).

### **12.4 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.

### **12.5 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.

## 12.6 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 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.

## 12.7 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. Review and approval

This Charter shall be reviewed annually and any major amendments<sup>2</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.

## 14. Document control

Version	Author	Description of changes	Approved by/date
1	General Manager Finance	Revision	Board/16 February 2015
2	General Manager Business Services	Amendments to Board size as a result of changes to the Constitution and other minor administrative amendments	Board/16 February 2017
3	Governance Secretariat Officer	Inclusion of meeting information and movement of sections in line with the Icon Water Limited Charter	Board/11 April 2018

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<sup>2</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 PR11.03 Creating and maintaining IMS documents, which also includes definitions for minor and administrative amendments, which also defines minor and administrative amendments.)