

1. Introduction

The Board of Sunwater is committed to striving for high standards of governance relative to the size and nature of the Company as a government owned corporation (GOC).

This Board Charter sets out the respective roles, responsibilities, and authorities of the Board of Directors and management in setting the direction, management, and control of Sunwater.

The Charter is based on:

- Sunwater’s Constitution, which is in effect a contract that specifies the relationship between the Company, its Directors and shareholders (being the Shareholding Ministers)
- the *Corporations Act 2001 (Cth)* which establishes the framework under which Australian companies must operate and which applies to Sunwater as a public unlisted Company, and
- the Government Owned Corporations Act 1993 (Qld) (GOC Act).

The Board also complies with other regulatory requirements as they apply from time to time, as well as policies and other guidance issued by the Queensland Government that relate to the governance of GOCs.

Implementation of the key principles in this charter is supported by Board-approved policies.

2. Roles and Responsibilities

2.1. The Role of the Board

The Board is ultimately responsible for ensuring that Sunwater achieves its objectives ethically, responsibly, and within its legislative and regulatory obligations. Accordingly, the Board is accountable to the shareholding Ministers for the attainment of Sunwater’s purpose, and for ensuring the ongoing performance and sustainability of the Company.

The Board does this through the following key functions:

- Setting the overall culture, strategic direction, and key governance and risk management policies of Sunwater in collaboration with management and monitoring implementation against agreed key performance measures.
- Developing the Statement of Corporate Intent and Corporate Plan (SCI/CP) in accordance with the GOC Act, and ensuring that Sunwater acts in accordance with those documents as agreed with the shareholding Ministers.
- Monitoring Sunwater’s operational and financial performance including the approval of annual budgets and annual financial statements.
- Monitoring Sunwater’s compliance with legal and regulatory obligations.
- Setting the risk appetite within which Sunwater operates.
- Ensuring that effective audit and risk management systems are in place to protect Sunwater’s assets and to minimise the possibility of Sunwater operating beyond the Board’s approved risk appetite and associated acceptable risk parameters.
- Selecting and appointing the CEO, determining his/her conditions of service, and monitoring his/her performance against established performance objectives.
- Ensuring that valid directions from the shareholding Ministers are implemented considering the Directors’ various duties at law.
- Accounting to the shareholding Ministers and other key stakeholders for Sunwater’s performance.
- Representing Sunwater in formal interactions with the shareholding Ministers and key stakeholders and ensuring that the good reputation of Sunwater is upheld.

2.2. Respective Roles: Shareholding Ministers, Board and Management

The Board's role is to govern rather than manage Sunwater. The Board in conjunction with the leadership team sets the values, principles, and standards that inform and influence behaviours, actions and decision making within Sunwater, i.e. Sunwater's culture.

The Board delegates to the CEO responsibility for managing the day-to-day operations of Sunwater, and in this regard, sets specific limits of authority within which the CEO can act without reference to the Board.

The Board has adopted a Shareholder Communication Protocol that explains the respective roles of the shareholding Ministers, Board, and management in Sunwater and the protocol for communicating with shareholding Ministers.

Matters which the Board has reserved for itself and those which it has delegated to the CEO are further detailed in the Board Delegation of Authority Policy.

In broad terms, matters which the Board has reserved for itself include:

- Approving the purpose and strategy for Sunwater
- Approving the SCI and CP for Sunwater
- Recommending appointment of the CEO to the shareholding Ministers
- Appointing and/or removing the company secretary
- Establishing Board committees and approving their membership and terms of reference
- Approving delegated levels of authority to the CEO
- Setting the CEO performance review policy and process, and monitoring the CEO's performance accordingly
- Setting the CEO and senior executives' remuneration
- Setting Sunwater's risk appetite
- Approving Sunwater's annual operating and capital expenditure budget and many material changes to them
- Approving any changes to Sunwater's capital structure
- Approving Sunwater's annual report and accounts, including the corporate governance statement and the Directors' report including the remuneration report
- Recommending and declaring dividends
- Approving any significant changes in accounting policies or practices
- Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives
- Approving key governance and risk management policies, details of which are set out in the *Delegation of Authority Policy*.

2.3. The Role of Directors

Directors are individually responsible to ensure that the Board fulfils its role as set out in this Charter. This requires Directors to:

- Contribute to setting the strategic direction and promote an organisational culture consistent with Sunwater's values.
- Ensure achievement of the functions of Sunwater in a proper, effective, and efficient way.
- Demonstrate and promote high standards of corporate governance
- Monitor the performance of Sunwater in the areas of strategy, finance, compliance, and risk management.
- Participate in the appointment of the CEO and the regular monitoring of the CEO's performance



- Account to the shareholding Ministers for the Company's performance
- Undertake a representative role for Sunwater as required.

Directors have no individual authority to act on behalf of, or be involved in, the day-to-day management of Sunwater unless the Board has specifically delegated that task to an individual Director.

Directors are expected to perform their duties with integrity, honesty and in a professional manner, and exercise independent judgment on matters before the Board.

As a minimum, all Directors are required to comply with their legal duties and obligations when discharging their responsibilities as Directors. These duties include:

- Acting honestly, in good faith in the best interests of the Company, and for a proper purpose.
- Acting with a degree of care and diligence that a reasonable person would exercise if in the Director's position¹.
- Refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.
- Avoiding conflicts of interest wherever possible and appropriately managing conflicts where they arise.
- Monitoring Sunwater's financial situation to best ensure that the Company doesn't incur a debt while it is insolvent.

Conduct and other expectations of Directors including those regarding confidentiality and conflicts of interest are respectively set out in the *Directors' Code of Conduct* and the *Directors' and Executives' Conflict of Interest Procedure*.

The behaviours expected of Directors to support and lead Sunwater's values are set out in Appendix 1: Values and Behaviours.

In accordance with the Constitution, Sunwater indemnifies Directors and officers for certain liabilities incurred as an officer of the Company, an officer of a subsidiary of the Company, or as an officer of another company when acting as a nominee director (as outlined in section 2.4 below). Sunwater also takes out Directors' and officers' insurance to the extent permitted by law.

Directors are entitled to seek independent professional advice in relation to the performance of their duties as a Director at Sunwater's expense following the approval of the Chair (or Audit Committee Chair where the Board Chair is conflicted). This advice shall generally be made available to all Directors.

2.4. Role of directors appointed to other boards

Directors of Sunwater might be nominated to sit on the board of another entity. In these circumstances, the Sunwater Director is a 'nominee director'.

A nominee director owes their director duties to the company to which they are appointed and not their nominator (that is, Sunwater).

Nominee directors should be particularly conscious of conflicts of interest between their duties to the company and their loyalty to Sunwater as their nominator. They should not pass on confidential information gained from sitting on the board of the other entity to Sunwater even where they consider that Sunwater should have that information.

¹ Clause 6.2 of the Constitution provides that in determining for the purposes of the Corporations Act the degree of care and diligence that a reasonable person in a like position in a company would exercise in the circumstances of the company, regard must be had to the application of the GOC Act to the company, and the relevant matters required or permitted to be done under the GOC Act in relation to the company.

If the nominee director has any doubts as to whether they have a conflict of interest, they should follow the process outlined in the *Directors' and Executives' Conflict of Interest Procedure* or seek independent professional advice.

2.5. The Role of the Chair

The primary role of the Chair is to ensure the efficient and effective operation of the Board. While legally the Chair doesn't have any additional responsibilities or powers to that of any other Director on the Board, the Chair plays an important role in:

- Leading the Board and facilitating constructive contributions by all Directors
- Ensuring the Board functions effectively and efficiently as a whole in discharging its responsibilities.
- Chairing Board meetings and ensuring the effectiveness of those meetings
- Establishing an effective working relationship with the CEO, and facilitating a good working relationship between the Board and CEO.
- Establishing an effective working relationship with the shareholding Ministers and key stakeholders.
- Guiding the on-going professional development and performance reviews of the Board and Directors.
- Undertaking a high-level representative role for Sunwater.

2.6. The Role of the CEO

The Board is responsible for appointing the CEO and approving CEO recommendations for appointment of senior executives, and otherwise determining the terms, conditions, and powers of the CEO.²

The Board has set out the CEO's role and duties in a position description and performance agreement with the CEO. On an annual basis, the Board undertakes a formal review of the performance of the CEO in accordance with the terms of the CEO's contract and the CEO and Senior Executive Employment Arrangements Policy.

The relationship between the Board and the CEO is a critical one as the Board relies on the CEO to implement agreed strategy and for information as to Sunwater's operations and performance. Conversely, the CEO relies on the Board for direction, mentoring, and support.

2.7. The Role of the Company Secretary

The Company Secretary is appointed by the Board and is primarily responsible for ensuring that Board processes and procedures run efficiently and effectively, and in accordance with the Constitution as well as accepted and mandated standards of corporate governance.

The Company Secretary's responsibilities include:

- Ensuring that appropriate notice is given for all member and Board meetings in accordance with the Board's instruction.
- Ensuring that the agenda and Board papers for meetings are circulated to Directors within the time limits prescribed by the Board.
- Recording and maintaining all minutes of the Board and Board committee meetings.
- Maintaining the shareholders' register and such other registers and records as the Board may require.
- Maintaining this Charter and other Board approved policies.

² Clause 9 of the Constitution provides that the CEO must be appointed in accordance with the GOC Act, and on terms and conditions (including remuneration) as determined by the Board with the approval of the shareholding Ministers.

- Maintaining the Register of Interests listing those interests of all Directors and executives which may cause a conflict of interest at any time in accordance with the *Directors' and Executives' Conflict of Interest Procedure*.
- Co-ordinating and overseeing the induction of new Directors.
- Attending to all filings and lodgement of documents with relevant regulatory entities.

All matters for the Board's attention should be directed by the CEO or management to the Company Secretary, to be processed and forwarded to the Chair. Equally, any actions resulting from Board decisions are to be processed through the Company Secretary, to the CEO and management for implementation.

The Company Secretary has responsibility to record all decisions or requests and advise the Board or CEO when further action is required, or deadlines are to be met.

As the Company Secretary plays a critical role in supporting the Board, an appropriately qualified officer is appointed by, and reports to, the Board regarding governance and Board-related matters.

3. Composition of the Board

All Directors are non-executive Directors and are appointed by the Governor-in-Council in accordance with the GOC Act. The Constitution provides for the suspension and cessation of a Director's appointment (clauses 3.5 and 3.6.)

The *Directors' and Executives' Conflict of Interest Procedure* strengthens the independence of Directors and aims to ensure that:

- The Directors exercise unfettered and independent judgement
- The interests of the Company are properly protected
- Individuals' vested interests do not influence decision-making against the interests of Sunwater.

The Board regularly considers the desirable composition of the Board to guide and drive Sunwater's strategic direction and ensure the effective governance of Sunwater.

In assessing its desirable composition, the Board considers the following:

- professional and industry-based skills which should be held collectively by the Board
- board diversity (such as age, gender, geography, and culture) which should also be considered collectively
- attributes and behaviours that all Directors should be expected to possess in order to be an effective director.

It is important to note that each individual Director is not expected to hold all professional and industry skills. Rather, these skills should be held collectively by the Board as a whole.

Boards typically prepare a board composition matrix outlining:

- the skills, experience and diversity which it is considered ideally the Board should collectively hold
- the skills, experience and diversity which the Board currently holds.

The Board has developed a questionnaire to assist it with the development of its composition matrix.

The 'gaps' identified through this process can be used to inform director recruitment, board succession planning as well as board professional development. The Board uses this assessment to advise the shareholding Ministers regarding Board composition.

4. Board Process

4.1. Board Meetings

The Board meets as often as it sees fit to ensure the proper governance of Sunwater. Currently, the Board meets approximately 10 times each year. The Board additionally meets as required to deal with specific issues and other matters including strategic planning.

The Board agrees to an annual calendar of its meetings and other activities one year in advance.

In accordance with the Constitution, the Board may: (a) meet using any technology consented to by all the Directors; and (b) pass a resolution in writing signed by all Directors entitled to vote on the resolution.

A quorum for the purposes of a Board meeting is a majority of the number of Directors appointed to the Board.

The Chair, in conjunction with the CEO and Company Secretary prepares an agenda which forms the basis for Board meetings. The Company Secretary aims to circulate the agenda and associated papers to Directors at least five business days before the relevant meeting.

In accordance with the Constitution, the Board ensures that adequate minutes of meetings of the Board and its committees are kept. Minutes are circulated in draft by the Company Secretary to the Chair for comment within one week of the meeting. Minutes are distributed with the following meeting's Board papers for confirmation at the next meeting, except where the date of the next Board meeting means that the minutes won't be approved within the statutory requirements, in which case, the minutes will be uploaded to Diligent for approval by way of circulating resolution.

4.2. Site Visits

The Board aims to visit between 2 and 4 of Sunwater's sites each year for meeting with Sunwater customers and staff. A schedule of site visits will be incorporated into the Board's annual calendar.

4.3. Communication Protocols

At all times, Directors are required to work only through the Chair and/or CEO for business matters and through the Company Secretary for administrative matters.

Requests for access to staff and corporate information should be directed through the CEO but 'cc'ed to the Chair to ensure maintenance of lines of authority and communication.

Directors should be mindful of their role in all communication with members of Sunwater's staff, clients, stakeholders, and broader community to ensure that they are acting in the best interests of Sunwater as a whole. Irrespective of the capacity in which Directors are engaged in Sunwater's activities, they need to be mindful that they will be seen as a Director.

The authorised spokesperson for the Sunwater Board is the Chair. The CEO speaks for the Company and delegates to the relevant senior executive for specific subject matters for which they are accountable.

Directors are expected to represent Sunwater in an appropriate manner and ensure its good reputation in the community at all times. Where issues regarding the reputation of Sunwater are raised in a public forum or raised directly with a Director, Directors are expected to bring that matter to the attention of the Chair and/or CEO as soon as possible. In this regard, the Board has adopted and refers Directors to the *Guidelines and Procedures for Directors to Deal with Voices Outside the Boardroom*.

5. Board Committees

To assist the Board in fulfilling its functions as effectively and efficiently as possible, the Board establishes Board committees to provide it with advice and recommendations.

The Board has adopted the following principles regarding the establishment and operation of Board committees:

- The Board prepares and adopts a separate charter for each committee it establishes outlining matters including the purpose, role and responsibilities, scope of authority (i.e., any delegations), membership, meeting frequency, reporting requirements, performance review and tenure (refer to the Audit Committee Charter, the Risk Committee Charter, and the Safety and Culture Committee Charter).
- Committees or working groups are to generally comprise between three and five members, with preferably an uneven number of members. If considered desirable, the Board can appoint suitably skilled external members to committees with the prior approval of the shareholding Ministers. The Board may invite members of Sunwater's management to attend committee meetings as attendees.
- Committees are generally not to be involved in dealing with operational or management issues, but rather on matters of relevance to the Board's functions.
- Committees and working groups are generally to have only limited decision-making power but rather make recommendations to the full Board which retains the collective responsibility for decision-making.
- Each committee should have an annual work plan.
- Committees operate in the same way as the Board with formal papers, including agendas, briefing papers, minutes, etc. All Directors have access to all committee papers as a matter of course. Committees provide a copy of their meeting minutes for inclusion in the Board papers for the subsequent Board meeting. Directors are required to actively question the committee on its work and recommendations to the Board.
- Committee membership is distributed equally among Directors and, provided an appropriate skills base of the committee is maintained, regularly rotated to enable fresh perspectives and professional development of Directors. Where possible a Director should have no more than 2 committee memberships.

The Board periodically reviews the performance of Board committees as part of the regular Board performance review cycle.

6. Strategy

The Board has ultimate responsibility for the overall strategic direction of Sunwater and is responsible for approving the five year strategic plan of the organisation.

The Board is expected to work with management in the development of the five year strategic plan and when presenting the annual budget, management will be expected to identify any key initiatives that will help Sunwater to deliver on its five year strategic plan.

It is anticipated that:

- the standard Board meeting agenda includes an agenda item regarding strategy in which the CEO and Directors can raise issues related to strategy such as, the validity of crucial assumptions, milestones, changes in the environment which have a strategic impact, and suggested amendments to the plan.
- each quarter, the Board assesses progress in relation to delivering the strategy as detailed in five year strategic plan.
- briefing papers by the CEO/Executives to the Board include a discussion of the impact of the issue regarding the strategy as outlined in the five year strategic plan.

The Board from time to time may wish to invite outside speakers to attend Board meetings or specific workshops for the Board. Such speakers or experts can provide a strategic view both globally and locally in relation to the core business of Sunwater.

7. Board and Director Induction, Development and Performance

All new Directors undergo an induction program which is guided by the *Induction of New Directors Checklist* to enable them to fully and actively participate in the Board's activities and decision-making at the earliest opportunity.

The Board collectively and Directors individually are required to maintain, update, and enhance their skills, knowledge, and experience through relevant professional development activities. In accordance with the *Board Professional Development Procedure* Sunwater supports Directors in Board-related professional development through the provision of an annual budget for each Director.

The Board evaluates its performance, the performance of individual Directors and Board committees each year in accordance with the *Board Performance Evaluation Procedure*. The Board may choose to engage an independent facilitator to conduct the evaluation. The Chair will provide a written report to the shareholding Ministers on the results of the performance evaluation.

8. Director Remuneration and Travel

In accordance with rule seven of the Constitution, directors are remunerated for their services to Sunwater as Directors and are entitled to reimbursement for reasonable expenses incurred in performing their role and duties as a Director.

Directors only undertake travel where there is a demonstrated business need for the travel, that is, it contributes to the performance of Sunwater's objectives as specified in its strategic plan, to attend a Board or Committee meeting, or is associated with Directors' professional development in accordance with the Board's relevant policy.

The nature and cost of any travel expenditure is to be reasonable by organisational and community standards and, if necessary, able to withstand public scrutiny.

All Directors' travel is to be undertaken in accordance with the *Sunwater Travel Policy*.

9. Status and Review of Charter

In the event of a conflict between the Constitution and this Charter, the Constitution shall prevail.

The Board will review this Charter at least every two years (or if a significant change occurs which may have an impact on this document) to ensure it remains current and consistent with good governance practice.

10. Related Documents

- a) Sunwater's Constitution
- b) Shareholder Communication and Disclosure Policy
- c) Board Delegation of Authority Policy
- d) Directors' Code of Conduct
- e) Directors' and Executives' Conflict of Interest Procedure
- f) CEO and Senior Executive Employment Arrangements Policy
- g) Board Committee Charters:
 - Audit Committee Charter
 - Safety and Culture Committee Charter

- Risk Committee Charter
- h) Induction of New Directors’ Procedure
- i) Board Professional Development Procedure
- j) Board Performance Evaluation Procedure
- k) Sunwater Travel Procedure

11. Approval and Review Details

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|---------------|--------|----------------------------|----------------|----------------------|------------|
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12. Appendix 1: Values & Behaviours | Board



- We take personal responsibility for safety and achieving 'no harm'
- We speak the truth and treat others with respect
- We listen, are open to others' views and challenge supportively
- We live our values and have the courage to do the right thing
- We provide constructive feedback to support leadership



- We are open and transparent to maintain good working relationships with management
- We ask for help and help management to get the job done
- We work constructively with management to deliver the Sunwater strategy
- We deliver on our promises
- We are open to feedback from management



- We listen to and deliver to our customers' needs
- We do what we say we are going to do
- We are focused on change to deliver benefits to customers, staff and Shareholders
- We ensure Sunwater meets its governance responsibilities

