

Corporate Governance Framework

Corporate governance is the system by which the activities of the Corporation are controlled and coordinated in order to achieve its desired outcomes.

TasWater has voluntarily adopted the *ASX's Corporate Governance Principles and Recommendations* (ASX Principles) as the basis for its corporate governance framework.

As it is not a publicly-listed company, not all of the ASX Principles are relevant and in some areas TasWater's governing legislation, context and structure preclude it from complying with those Principles. Where this occurs, TasWater has sought to recognise the intent of the ASX Principles in its policies and practices, whilst remaining compliant with its obligations under other applicable instruments.

The WSCA mandates other specific governance features, including the composition of the Board, rights and responsibilities of its owner councils, and specific sections of the *Corporations Act 2001* (Cth) that are formally displaced and therefore do not apply. In most other ways, the Board's powers, obligations, rights and responsibilities are similar to those of other privately-owned, large proprietary limited companies.

Corporate Governance disclosure obligations

The following table summarises TasWater's compliance with ASX Principles.

| Principle 1 – Lay solid foundations for management and oversight <i>Companies should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</i> | |
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| • The respective roles and responsibilities of TasWater's Board and Management are disclosed | ✓ |
| • Those matters expressly reserved to the Board and those delegated to Management are disclosed | ✓ |
| • TasWater undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director | ✓ |
| • TasWater provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director | ✓ |
| • TasWater has written agreements with each director and senior executive setting out the terms of their appointment | ✓ |
| • The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board | ✓ |
| • TasWater has a Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the progress in achieving them | ✓ |
| • The Board Selection Committee periodically evaluates the performance of the Board, its Committees and individual directors and discloses annually whether a performance evaluation was undertaken in the reporting period | ✓ |
| • TasWater has a process for periodically evaluating the performance of its senior executives and discloses annually whether a performance evaluation was undertaken in the reporting period in accordance with that process | ✓ |

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| Principle 2 – Structure the Board to add value <i>Companies should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i> | |
| <ul style="list-style-type: none"> The process of recruiting directors is undertaken by a Board Selection Committee in accordance with the WSCA, comprising representatives appointed by the Owners’ Representatives in each of the three regions and the Board Chairman The Board Selection Committee has a Charter that is regularly reviewed Succession planning for the Board is managed by the Board Selection Committee in consultation with the Board Chairman | ⚠ |
| <ul style="list-style-type: none"> The Board Selection Committee has a skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership | ✓ |
| <ul style="list-style-type: none"> The Board solely comprises independent directors | ✓ |
| <ul style="list-style-type: none"> Directors disclose any interests and the register of interests is reviewed at least annually | ✓ |
| <ul style="list-style-type: none"> Directors undergo an induction program when appointed and appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles are provided | ✓ |
| Principle 3 – Act ethically and responsibly <i>Companies should act ethically and responsibly</i> | |
| <ul style="list-style-type: none"> The Board has a Directors’ Code of Conduct, and TasWater employees have a Code of Conduct | ✓ |
| <ul style="list-style-type: none"> The Codes of Conduct applicable to Directors and employees are published on TasWater’s website | ✓ |
| <ul style="list-style-type: none"> The current profile of TasWater’s Board and workforce is explained in this Annual Report | ✓ |
| Principle 4 – Safeguard integrity in corporate reporting <i>Companies should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting</i> | |
| <ul style="list-style-type: none"> The Board has an Audit and Risk Committee comprising four independent non-executive directors | ✓ |
| <ul style="list-style-type: none"> The Chair of the Audit and Risk Committee is an independent non-executive director who is not the Board Chairman | ✓ |
| <ul style="list-style-type: none"> The Audit and Risk Committee Charter is published on TasWater’s website | ✓ |
| <ul style="list-style-type: none"> The directors’ qualifications and experience are disclosed in this Annual Report | ✓ |
| <ul style="list-style-type: none"> The Audit and Risk Committee meeting schedule is disclosed in this Annual Report | ✓ |
| <ul style="list-style-type: none"> The CEO and General Manager Finance & Commercial Services provide declarations that the financial records are compliant with appropriate accounting standards and give a true and fair view of the financial position and performance of TasWater | ✓ |
| <ul style="list-style-type: none"> The Auditor-General is invited to attend TasWater’s Annual General Meeting | ✓ |

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| <p>Principle 5 – Make timely and balanced disclosure</p> <p><i>Companies should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</i></p> | |
| <ul style="list-style-type: none"> • Our key governance documents prescribe quarterly meetings between the Chairman and Owners’ Representatives, formal quarterly reporting of performance and other key matters and two General Meetings of Owners’ Representatives each year | ✓ |
| <ul style="list-style-type: none"> • This is augmented by the Board’s continuous disclosures policy encompassed in its Shareholders Relations Policy | ⚠ |
| <p>Principle 6 – Respect the rights of shareholders</p> <p><i>Companies should respect the rights of its shareholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</i></p> | |
| <ul style="list-style-type: none"> • TasWater’s key governance documents are published via the website | ✓ |
| <ul style="list-style-type: none"> • TasWater holds quarterly meetings and biannual general meetings with the Owners’ Representatives | ✓ |
| <ul style="list-style-type: none"> • The Owners’ Representatives receive quarterly reports | ✓ |
| <ul style="list-style-type: none"> • The Owners’ Representatives general meetings and quarterly meetings provide forums for shareholders to communicate with TasWater | ✓ |
| <ul style="list-style-type: none"> • The Shareholder Relations Policy, Owners’ Representatives’ Code of Conduct and Owners’ Representatives’ Group Charter facilitate effective communication between TasWater and the Owners Representatives and are published on the TasWater website | ✓ |
| <ul style="list-style-type: none"> • Owners’ Representatives and Owner Councils are able to receive communication from and provide communication to TasWater electronically | ✓ |
| <p>Principle 7 – Recognise and manage risk</p> <p><i>Companies should establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p> | |
| <ul style="list-style-type: none"> • TasWater’s Risk Management Framework has been established and undergoes periodic review | ✓ |
| <ul style="list-style-type: none"> • TasWater has an Audit and Risk Committee comprising four independent non-executive directors, chaired by an independent non-executive director that oversees risk | ✓ |
| <ul style="list-style-type: none"> • The Audit and Risk Committee Charter is published on the website | ✓ |
| <ul style="list-style-type: none"> • The number of Audit and Risk Committee meetings held and the directors’ attendance figures are disclosed in this Annual Report | ✓ |
| <ul style="list-style-type: none"> • The Audit and Risk Committee review the risk management framework at least annually | ✓ |
| <ul style="list-style-type: none"> • The internal audit arrangements are published in this Annual Report | ✓ |
| <ul style="list-style-type: none"> • Management provided its assurances and formal declarations to the Board regarding the status of risk management and internal control systems. Confirmation of this can be found in the Directors’ Declaration accompanying the Financial Reports | ✓ |
| <ul style="list-style-type: none"> • The Board is informed of any material exposure to economic, environmental and social sustainability risks and how those risks are managed | ✓ |

| Principle 8 – Remunerate fairly and responsibly <i>Companies should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for shareholders.</i> | |
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| <ul style="list-style-type: none"> The Board holds responsibility for human resources and remuneration policies | ✓ |
| <ul style="list-style-type: none"> The Board Charter is published on the website | ✓ |
| <ul style="list-style-type: none"> Directors have taken advice from independent expert advisors as required. No remuneration advisors undertake other work for management | ✓ |
| <ul style="list-style-type: none"> Under the enabling legislation, remuneration for directors is the responsibility of Owners' Representatives and the Board Selection Committee. Disclosures in Principle 2 above explain the composition of the Board Selection Committee | ⚠ |
| <ul style="list-style-type: none"> The Remuneration Report, incorporated in the Directors' Report, provides further detail on TasWater's remuneration policies | ✓ |
| <ul style="list-style-type: none"> TasWater does not have an equity based remuneration scheme | ✗ |

Key: ✓ complies ✗ Processes not compliant or not applicable ⚠ Principle adapted to meet TasWater's context but is consistent with the intent