

Corporate Governance Framework

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

We have voluntarily adopted the ASX's *Corporate Governance Principles and Recommendations* (ASX Principles) as the basis for our corporate governance framework.

As we are not a publicly-listed company, not all the ASX Principles are directly applicable, and in some areas our governing legislation, context and structure preclude us from complying with those Principles. Where this occurs, we have sought to recognise the intent of the ASX Principles in our policies and practices, while remaining compliant with our obligations under other applicable instruments.

The *Water and Sewerage Corporation Act 2012* (Tas) mandates other specific governance features, including the composition of the Board, rights and responsibilities of its owners 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 clearly delineate the respective roles and responsibilities of its Board and management and regularly review their performance.</i>	
<ul style="list-style-type: none"> The respective roles and responsibilities of TasWater's Board and management are outlined in the Board Charter and the Board Delegations Manual. 	✓
<ul style="list-style-type: none"> Those matters expressly reserved to the Board and those delegated to management are disclosed. 	✓
<ul style="list-style-type: none"> TasWater undertakes appropriate checks before appointing a person or putting forward to the Board Selection Committee a candidate for election as a Director. 	✓
<ul style="list-style-type: none"> TasWater provides the Board Selection Committee with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. 	✓
<ul style="list-style-type: none"> TasWater has written agreements with each Director and senior executive setting out the terms of their appointment. 	✓
<ul style="list-style-type: none"> The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. 	✓
<ul style="list-style-type: none"> TasWater has a Diversity and Inclusion Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity in the composition of the Board, senior executives and workforce generally and to assess annually both the objectives and the progress in achieving them. 	✓
<ul style="list-style-type: none"> 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. 	✓
<ul style="list-style-type: none"> 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. 	✓

Principle 2 – Structure the Board to add value <i>Companies should have a board of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</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, the Crown’s Owners’ Representative, the Chief Owners’ Representative 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. The Board Selection Committee has a charter that is regularly reviewed and the number of meetings held during the reporting period are disclosed in the Annual Report. 	⚠
<ul style="list-style-type: none"> A matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership is maintained. 	✓
<ul style="list-style-type: none"> The Board solely comprises independent non-executive directors. 	✓
<ul style="list-style-type: none"> The length of service of each Director is disclosed in the Annual Report and on TasWater’s website. 	✓
<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 effectively are provided. 	✓
Principle 3 – Instil a culture of acting lawfully, ethically and responsibly: <i>Companies should instil and continually reinforce a culture across the organisation of acting lawfully, 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 and articulated Values and Behaviours. 	✓
<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"> Any material breaches of the code of conduct are reported to the Audit and Risk Committee and the Board. 	✓
<ul style="list-style-type: none"> The profile of TasWater’s Board and workforce is outlined in the Annual Report. 	✓
<ul style="list-style-type: none"> TasWater’s Public Interest Disclosure Policy is published on TasWater’s website. 	✓
<ul style="list-style-type: none"> Any material incidents reported under the Public Interest Disclosure Policy are reported to the Audit & Risk Committee and the Board. 	✓
<ul style="list-style-type: none"> The Fraud and Corruption Control Policy or other similar policies regarding ethical behaviour is disclosed. 	✓
Principle 4 – Safeguard the integrity of corporate reports <i>Companies should have appropriate processes to verify the integrity of its corporate reports.</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 the Annual Report and are published on TasWater’s website 	✓
<ul style="list-style-type: none"> The Audit and Risk Committee meeting schedule and Directors’ attendance are disclosed in the Annual Report. 	✓
<ul style="list-style-type: none"> The CEO and Chief Financial Officer 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 and that the opinion has been formed on the basis of a sound system of risk management and internal controls which are operating effectively 	✓
<ul style="list-style-type: none"> The Auditor-General is invited to attend TasWater’s Annual General Meeting. 	✓

Principle 5 – Make timely and balanced disclosure <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>	
<ul style="list-style-type: none"> Our key governance documents prescribe quarterly meetings between TasWater 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. 	⚠
Principle 6 – Respect the rights of security holders <i>Companies should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.</i>	
<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 Shareholders’ Letter of Expectations, 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"> General Meeting resolutions can be decided by a show of hands or a poll in accordance with TasWater’s Constitution. 	⚠
<ul style="list-style-type: none"> Owners’ Representatives and owners are able to receive communication from and provide communication to TasWater electronically. 	✓
Principle 7 – Recognise and manage risk <i>Companies should establish a sound risk management framework and periodically review the effectiveness of that framework.</i>	
<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"> TasWater’s Risk Management Framework has been established and undergoes periodic review to ensure that it continues to be sound and that TasWater is operating with due regard to the risk appetite set by the Board 	✓
<ul style="list-style-type: none"> The Audit and Risk Committee review the Risk Management Framework periodically and strategic risks at least annually. 	✓
<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. 	✓
<ul style="list-style-type: none"> Management provides assurances to the Board regarding the status of risk management and internal control systems. 	✓

Principle 8 – Remunerate fairly and responsibly

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 security holders and with the entity's values and risk appetite.

<ul style="list-style-type: none"> The Board holds responsibility for human resources and remuneration policies. 	✓
<ul style="list-style-type: none"> Under governing legislation, the Board will comprise a maximum of seven independent non-executive directors, one of whom will act as Chair. 	✓
<ul style="list-style-type: none"> The Board Charter is published on the website. 	✓
<ul style="list-style-type: none"> Board member details are published on the website. 	✓
<ul style="list-style-type: none"> The number of Board meetings held and the Directors' attendance figures are disclosed in this Annual Report. 	✓
<ul style="list-style-type: none"> Directors take 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 or performance-based remuneration scheme. 	✗

✓ Complies

✗ Processes not compliant or not applicable

⚠ Principle adapted to meet TasWater's context but is consistent with the intent.