

## Board Selection Committee Charter

### 1. Scope

The Board Selection Committee is established as a committee of the Owners' Representative Group (ORG) and operates within the scope and authority of the *Water and Sewerage Corporation Act 2012*, TasWater's Constitution, the ORG Charter, and any appropriate direction provided by the ORG.

Any code of conduct approved by ORG for representatives will equally apply to the Board Selection Committee.

### 2. Roles and Responsibilities

In fulfilling their responsibilities, the members of the Committee have a duty to act in the best interests of TasWater as a whole, irrespective of personal, professional, commercial or other interests, loyalties and affiliations.

The roles and responsibilities of the Board Selection Committee include:

- Ensure the structure of the Board adds value to the corporation
- Provide assurance that the Board has the effective composition, skills and commitment to adequately meet TasWater's objectives and discharge its responsibilities and duties to the corporation
- Develop and implement strategies to search for and appoint suitable candidates as directors of TasWater
- Ensure that Board succession plans are in place to balance the periodic refreshment of the Board with the need to maintain the skills and competencies necessary for the Board to achieve TasWater's objectives
- Discuss with the Board Chair the outcomes of the evaluation process for the Board as a whole, its committees and individual directors
- Maintain, and implement the directors' remuneration framework approved by the ORG.

### 3. Committee Composition

The ORG will appoint members to the Board Selection Committee in accordance with TasWater's Constitution, namely:

- Two representatives from the North Western region
- Two representatives from the Northern region
- Four representatives from the Southern region
- The Board Chair.

If the Chief Representative is not a member of the Board Selection Committee, the Committee Chair will maintain close consultation and communication with the Chief Representative.

Aside from the Board Chair, members will be appointed to the committee for a maximum of three years, or until they are no longer an Owner's Representative for their member, or no longer an elected representative of a member council, whichever occurs sooner.

There is no limit to the number of terms a committee member may serve, as long as the member continues to meet the eligibility criteria specified in TasWater's Constitution or this Charter.

The Board Chair will not be a member of the Committee when the Committee is attending to any matter directly related to the position or remuneration of the Board Chair. However, if the incumbent Board Chair is retiring or otherwise not intending to renominate for any position on the corporation's Board, the Committee may, at its discretion, invite the retiring Board Chair to provide advice and guidance regarding the appointment of a replacement Board Chair until the new appointment is made.

#### **4. Access to Information and Independent Advice**

The Committee has the right to seek relevant information and independent advice considered necessary to discharge any of its duties, at TasWater's expense.

Such information and advice will be retained by TasWater.

#### **5. Meetings**

The Committee will respond as quickly as reasonably practical to requests for it to convene.

The Committee will meet as often as necessary to discharge its duties.

The Committee Chair will chair the meetings, but members present may elect a chair for that meeting in the absence of the Committee Chair or if the Committee Chair is excluded due to a conflict of interest.

Members of the Committee will comply with the spirit of TasWater's policies aimed to manage conflicts of interest. In particular, members will declare any actual, potential or perceived conflicts of interest regarding the matters to be addressed at any meeting. The Committee Chair (or meeting chair if appointed) will adjudicate any issues and ensure the outcome is recorded in the Minutes.

A quorum of the Selection Committee is five members. A quorum must be maintained during each matter of business transacted by the Committee.

Subject to TasWater's Constitution, the Committee may meet face-to-face, by telephone or video conferencing or other communication methods, and may make decisions by circulating (out of session) resolution.

The Committee may invite other people to attend meetings or consult with as the Committee considers appropriate.

The Committee Chair will ensure that notices of meetings, agendas and papers are distributed to members in a reasonable time before the meeting.

#### **6. Meeting Proceedings and Minutes**

Minutes of all Committee meetings will be prepared and approved by the meeting chair and distributed to members within a reasonable time after the meeting.

The Committee Chair (or meeting chair) will provide a summary report to the next meeting of the ORG, or earlier if necessary, being mindful of the appropriate level of confidentiality associated with some of the Committee's duties.

#### **7. Secretariat**

TasWater will provide secretarial, administrative and other necessary support to the Board Selection Committee and Committee Chair, unless the Committee determines otherwise.

TasWater will retain the Minutes of Committee meetings in perpetuity.

#### **8. Selection Committee Processes**

##### **8.1 Board selection, appointment and removal**

The Committee will undertake its duties in a manner that complies with relevant legislation and TasWater's Constitution, corporate governance framework and relevant policies related to the Committee's scope and operations.

### ***Preparation for recruitment***

When a Board vacancy arises, the Committee will develop a recruitment plan to:

- Encourage the Committee to look beyond obvious candidates and traditional networks to meet the appointment objectives
- Meet the Board's diversity policy and objectives
- Consult with the Board on the role description and the future skills, capabilities, diversity and experience it requires to meet TasWater's objectives
- Achieve a timely outcome.

### ***Board Rotation Policy***

Directors who are considered to be performing well and contributing to the development and governance of TasWater should be encouraged to serve for two full terms and may be considered for further term(s) where circumstances warrant.

Once appointed, well performing directors will be recommended to the Board Selection Committee for a further term upon the expiration of their individual first term.

Should a subsequent term be appropriate, then the incumbent director would be considered along with alternate candidates considered by the Selection Committee.

### ***Selection processes***

The Committee will determine an appropriate selection process to fill each vacancy that promotes transparency and objectivity and ensures directors are appointed on merit.

The Committee will take into account any recommendation(s) of suitable candidates submitted by the Board.

The Committee will take all reasonable steps to protect the privacy of candidates, the confidentiality of the selection process and associated personal and background checks, during and after the selection process is conducted.

Before appointing directors, the Committee will undertake processes to ensure that candidates are capable of committing the time involved to fulfil the role as director, meet the requirements of the approved role description, are highly likely to work successfully with other members of the Board, are suitably independent of the corporation, and ensure sufficient background checks have been performed to assess the personal capacity and integrity of the candidates as suitable to the role.

### ***Appointments***

The Committee will appoint directors based on merit, the balance of skills required on the collective Board, relevant Board policies and appropriate due diligence checks.

The Committee, or an appropriate delegate, will undertake appropriate enquiries into the credentials, character and suitability of candidates for director appointments.

The Committee will determine the appropriate term of appointment for each director, balancing the need for continuity and refreshment as determined in the Board's succession plan.

The Committee will determine the remuneration of the appointee in accordance with the approved directors' remuneration framework.

The Board Selection Committee has the authority to appoint directors, including the Board Chair, by simple majority, in accordance with TasWater's Constitution.

The Committee will authorise TasWater to prepare appointment letters for new directors, authorise the Board Chair to sign the letter for non-Chair appointees and record this in the minutes of the relevant Committee meeting.

### ***Communication***

The Committee will ensure candidates are kept informed of the process and promptly advise unsuccessful candidates.

The Committee Chair will keep the ORG informed of progress during the recruitment process and advise the ORG of all appointments immediately these are confirmed.

### ***Removal of Directors***

TasWater's Constitution provides the rule(s) for removing a director.

If a director's performance ultimately warrants removal, the Selection Committee will consult with the Board Chairman to assess the options available for redressing the matters and provide a recommendation on the most appropriate action to the ORG.

### ***8.2 Board Evaluation***

At the first meeting of the Selection Committee after the completion of the annual Board evaluation process, the Board Chairman will discuss with the Board Selection Committee the outcomes of the evaluation of the Board as a whole, its committees and individual directors.

The Selection Committee will report to the ORG regarding the outcome of the Board evaluation process.

The outcomes of the evaluation process will be taken in to account by the Selection Committee when reviewing the Board's succession plan and considering any director for reappointment to the Board.

### ***8.3 Board Remuneration***

TasWater's Constitution authorises the payment of fees and allowances to Board directors.

The Board Selection Committee will develop an appropriate framework for the remuneration of Board directors for consideration by the ORG.

Under the Constitution, the ORG has the authority to approve the directors' remuneration framework.

In developing the remuneration framework, the Committee is to consider:

- The need to provide a competitive level of remuneration that attracts and retains high calibre, independent directors to achieve TasWater's objectives
- TasWater's size, complexity and working environment, as well as the duties, responsibilities and personal risk undertaken by directors in a modern commercial environment
- Guidance provided by the relevant ASX Corporate Governance Principles and Recommendations, particularly the recognition that directors' remuneration should comprise cash or non-cash benefits, superannuation and the ability to salary sacrifice, and should not include options, bonus payments or retirement benefits other than superannuation

- Specifying components for the remuneration of the Board Chairman and individual directors, and Board committee chairs, Board committee members and any other relevant fees the Committee considers appropriate
- A policy to determine increases in directors' remuneration over time and
- A policy for periodic external reviews to be conducted.

#### **8.4 Selection Committee sitting fees**

The ORG will determine whether TasWater will pay fees and/or allowances to Committee members within the provisions of TasWater's Constitution, and approve the quantum payable, noting that the Board Chairman's remuneration is determined under the directors' remuneration framework.

Sourcing expert advice from independent advisors as required, the Selection Committee will develop a policy for the payment of appropriate fees and/or allowances to its members for services to the Committee, for consideration by the ORG.

Regardless of whether fees and allowances are payable, TasWater will reimburse Committee members for reasonable expenses incurred in the execution of their Committee duties.

#### **8.5 Chief Representative stipend**

The ORG will determine whether TasWater will pay fees and/or allowances to the Chief Representative within the provisions of TasWater's Constitution, and approve the quantum payable.

Sourcing expert advice from independent advisors as required, the Selection Committee will develop a policy for the payment of appropriate fees and/or allowances to the Chief Representatives for consideration by the ORG.

### **9. Review of Charter**

The Committee will review this Charter after one year of its approval by the ORG and recommend any changes to the ORG for consideration.

Thereafter, the Charter will be reviewed at least three yearly, with the expectation of earlier reviews if the need arises.

The Committee will review its performance and its membership at the same time it reviews the Charter, report to the ORG accordingly and recommend any changes to the ORG for consideration.

### **10. Disclosure and Transparency**

This Charter will be published on TasWater's website.

The Committee authorises TasWater to disclose a general description of its Board recruitment and appoint processes, remuneration framework and other information to meet the requirements of the ASX Corporate Governance Principles and Recommendations.

*Approved by the Owners' Representative Group at its meeting on 10 May 2018.*



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*Chief Representative  
Owners' Representative Group*