



Corporate Governance

Purpose

Corporate Governance concerns the directing of the company as distinct from the managing of the company. It involves the overseeing and contributing of the executive functions of management.

Corporate governance involves three elements of the Director's role:

1. Providing strategic direction for the company's survival and prosperity;
2. Providing supervision of the key executive performance and business results;
3. Being accountable for the company's affairs to its shareholders, employees, suppliers, investors, Governments and to the community as a whole.

Objectives

In fulfilling its purpose, the Committee's objectives are:

To overview Board strategic direction and business performance.

Duties and Responsibilities

In order to fulfil its objectives, the Committee will:

- Ensure that Board Committee Charters adequately reflect the corporate risk management responsibilities of each Committee.
- Critically evaluate Board decisions to ensure strategic focus.
- Assist in the structure and content of Board Strategy Sessions.
- Critically evaluate the key points arising from Board Strategy Sessions and ensure follow-up occurs through the normal Board processes.
- Stay abreast of developments in Corporate Governance issues and changes in relevant legislation and ensure Directors and Officers of the Corporation are adequately advised in this regard.
- Provide guidance to Directors in relation to matters which may arise from time to time concerning the conduct of Directors, including relations between Directors, and behaviour at Meetings and elsewhere in performance of their duties.
- Report to shareholders in relation to its activities, including a summary of any complaints received and subsequent investigations and the outcome of such investigations (including any resolutions).

- Maintain a Code of Conduct applicable to Directors (and senior management) and to provide a vehicle for the establishment of Protocols dealing with particular issues pertaining to Directors conduct which may arise over time and/ or pursuant to the Code of Conduct.
- Investigate and take appropriate action in the case of contravention of the Code of Conduct by Directors.
- Ensure appropriate Board development and succession planning for the Chair.
- Appoint and remove Board Committee Members as required from time to time.
- Ensure rotation of Directors through Board Committees.
- Provide a mechanism for dealing with matters arising of an internal and external nature relating to Directors and senior management.
- Provide a forum for discussion about issues relating to the conduct of Directors and senior management.
- Enable third parties to raise allegations pertaining to the conduct of Directors and senior management, and to provide a forum for investigating and dealing with such allegations.
- Allow any residual issues and/ or concerns pertaining to Directors and senior management to be raised with shareholders from time to time.

Membership of the Committee

The Committee will consist of at least 3 non-executive Directors including the Chair of the Hunter Water Corporation (HWC) Board. The Chair of the HWC Board will be appointed Chair of the Committee. The other Non-Executive Directors and the term of appointment of each Member shall be determined by the Corporate Governance Committee. The Committee may invite any other individuals to attend Meetings of the Committee, as it considers appropriate. The Managing Director is a permanent Member of the Committee.

Meetings

The Committee will hold at least 3 regular Meetings per annum and such additional Meetings as the Chair may decide in order to fulfil its duties. The Chair of the Committee will report to the Board following each Committee Meeting. The Committee's Charter shall be reviewed annually and updated as required.

The Company Secretary will be Secretary to the Committee. The Secretary, in conjunction with the Chair, will be responsible for determining the agenda and distributing the business papers to the Committee Members prior to each Meeting. The Secretary will also be responsible for keeping the Minutes of the Committee and circulating these to Committee Members and other interested parties. The Secretary may be supported in these duties by other management personnel.

Quorum

A quorum shall consist of 2 Committee Members.

Authority

In carrying out its duties the Committee shall have the authority to discuss directly with management, internal auditors or consultants any issue within its remit and to request reports, explanations and information on any of the activities or procedures of the corporation.

The Committee is authorised by the Board to obtain outside legal or other professional advice if it considers this necessary at the cost of the corporation.

Conflict of Interest

Committee Members must declare their interest, whether perceived, pecuniary or otherwise, in the exercise of their duties.

Approved by the Corporate Governance Committee and by the Board of Hunter Water Corporation on 25 June 2009.