CHARTER
NOMINATIONS AND GOVERNANCE COMMITTEE

1 Introduction

The Nominations and Governance Committee (Committee) is a committee of the Board of Directors (Board) of Hunter Water Corporation (Hunter Water). This Charter sets out the functions delegated by the Board to the Committee and the Committee's objectives, authority and operation.

2 Purpose

The Committee assists the Board in fulfilling its nomination responsibilities in relation to:

a. The composition and performance evaluation of the Board and Board Committees.
b. The appointment and succession of the Managing Director.
c. The performance of the Managing Director and Executive Management Team.
d. The review and implementation of effective corporate governance practices to enable Hunter Water to operate to a high standard and in accordance with its obligations to its people, customers, community, Shareholders Ministers and other stakeholders.

3 Objectives

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

a. Undertake the functions of a nomination committee as set out in the NSW Treasury Commercial Policy Framework: *TPP17-10 Guidelines for Boards of Government Businesses* (Framework), including to:
    i. Confirm that Board succession plans are in place.
    ii. Establish clear roles and responsibilities for the Board and management.
    iii. Confirm that the Board has an effective composition to allow it to discharge its responsibilities.
b. Review and consider the development and implementation of principles, policies and practices of corporate governance.
c. Make recommendations to the Board, in relation to the above, as appropriate.

4 Authority

The Committee is a sub-committee of the Board and has no executive powers.

The Committee has the authority to directly engage with management, internal auditors, or consultants (including probity advisors), and request reports and information on any relevant Hunter Water activities. It can also obtain independent legal or professional advice, if deemed necessary, at Hunter Water's cost.

5 Duties and responsibilities

To fulfill its objectives, the Committee will:

a. Develop a board plan to best structure the Board to add value and achieve the right skills mix.

b. Develop and regularly review the Board skills matrix, to confirm that the composition of the Board sets out the skills, expertise and diversity (including gender diversity) that the Board currently has and is looking to achieve as part of its membership.

c. Review and make recommendations to the Board and to NSW Treasury for appointment or reappointment of non-executive directors. This includes providing information where required[1]. Having regard to the Board skills matrix, the Committee will assess the composition of the Board with the objective that it comprises Directors with broad range of skills, expertise and experience from diverse backgrounds.

d. Determine that an appropriate and transparent process is in place for effective succession planning and renewal of the Board and Board Committees.

e. Review the performance, skills and experience of Directors and/or the Chair reaching the end of their term and where appropriate, make recommendations. These will be reviewed by NSW Treasury who will consider the recommendation in conjunction with the skills and experience of the Director against the needs of Hunter Water before making the recommendation to the Voting Shareholders.

f. Evaluate the collective performance of the Board, the Chair, the individual performance of all Directors, the Managing Director and the Committees and report findings to the Chair and Board as appropriate.

g. Review the performance outcomes for the Executive Management Team on an annual basis.

h. Review the structure and membership of Board Committees and make recommendations to the board.

i. Oversee the development and maintenance of governance policies relevant to the Board, including the Director's Code of Conduct and the investigation of any breaches or disclosures, complaints or allegations made against a Director or the Managing Director.

j. Confirm that Directors have access to appropriate continuing professional development necessary to improve their skills and knowledge and to fill any gaps within the current Board composition.

Committee members will stay updated about corporate governance, ethics, government policy and relevant legislative changes. They will also confirm that Directors and officers of Hunter Water are provided with training and updates in this regard.

6 Membership, appointment and term

The Committee must consist of at least three non-executive directors, a majority of whom are independent.

The Managing Director will not be a member but may attend meetings with the permission of the Chair.

Director nominations and terms of appointment are determined by the Board.

The Committee may invite any other individuals to its meetings, as it considers appropriate.

7 Chair

The Chair of the Board of Hunter Water is the Chair of the Committee.

8 Secretary

The Company Secretary or designate will be the Committee Coordinator.

The Committee Coordinator, together with the Chair and/or the Managing Director, will set the agenda, distribute the business papers at least five days before the meeting, keep the meeting minutes and circulate

[1] In accordance with Principle 1 and Practice Guide 5 of the Framework.

these within one month of the meeting. Other management personnel may assist the Committee Coordinator in these tasks.

9 Meetings

The Committee will meet at least four times each year and as requested by any Committee member.

10 Conflict of Interest

Committee members must declare their interest, whether perceived, financial or otherwise, in the exercise of their duties under Schedule 10 of the *State Owned Corporations Act 1989* (NSW).

11 Quorum

A quorum requires two Committee members.

Meetings can be held in person, by telephone, video conference or a combination of these methods.

12 Assessment

The Committee will review its performance and effectiveness annually, and report to the Board.

13 Review of Committee Charter

The Committee will review this Charter at least annually, and recommend any changes to the Board.

DOCUMENT INFORMATION

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