

# CHARTER



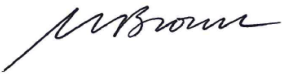

**TITLE:** BOARD CHARTER **DATE:** 26/02/20

**DOCUMENT TYPE:** CHARTER

**DOCUMENT OWNER:** COMPANY SECRETARY **DM NUMBER:** 10983835

This document is not to be considered in isolation, but in relation to its position in the document hierarchy as illustrated under section heading: document hierarchy and questions.

## 1 ENDORSEMENTS

Sign off	Signature and date	Name and title	Business unit
Author:	 Date: 26/02/2020	Melanie Brown Company Secretary	Office of the General Counsel
Endorsed by: (where applicable)	 Date: 26/02/2020	Robert Cole Chairman	Board of Directors
Approver (level 3 manager or above):	Date: ___/___/___		
Approval details			
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## 2 INTRODUCTION

This document describes the purpose, structure, responsibilities and membership of the Electricity Generation and Retail Corporation trading as Synergy (**Synergy**) board.

It is mandatory to apply this charter in the conduct of all board activities.

### 2.1 Responsibility

The company secretary is responsible for maintaining this charter.

## 3 REVIEW

This document must reviewed every two years.

**4 ROLE**

- 4.1 legislation authorising board creation** In accordance with section 8(1) of *Electricity Corporations Act 2005 (WA) (Act)*, the management and control of the business and affairs of the Electricity Generation and Retail Corporation trading as Synergy (**Synergy**) are vested in the board.
- 4.2 general role of the board** The board may in the name of Synergy and subject to the Act, perform the functions, determine the policies and control the affairs of the corporation: section 9(b) of the Act. The central role of the board is to provide strategic guidance for Synergy and to provide effective oversight of Synergy’s management and its business activities.

**5 DUTIES AND RESPONSIBILITIES**

- 5.1 board’s responsibilities** The board’s responsibilities include:
- Strategy**
- (a) approving and guiding management in the development of Synergy’s annual strategic development plan and statement of corporate intent;
  - (b) providing input into and final approval of management’s development of corporate strategy and performance objectives;
  - (c) further developing planning processes, including Synergy’s strategic plan;
  - (d) monitoring senior management’s performance and implementation of strategy, and ensuring appropriate resources are available;
- Governance and oversight of management**
- (a) appointing and removing the chief executive officer, including approving remuneration and conditions of service of the chief executive officer and remuneration policy and succession plans for the chief executive officer;
  - (b) appointing and, where appropriate, removing the company secretary or company secretaries;
  - (c) approving the appointment or removal of a member of staff as an executive officer;
  - (d) noting any material change to the role of senior executive;
  - (e) noting succession plans for senior executives;
  - (f) approving performance objectives for the CEO and monitoring performance against those objectives;
  - (g) approving measurable objectives for achieving gender diversity and Synergy’s progress in achieving those objectives;
  - (h) approving all board level policies in accordance with the policy standard;

- (i) approving Synergy's remuneration framework and annual budgeted remuneration increases;
- (j) approving incentive plans, including the design and implementation of incentive schemes including performance hurdles and incentive pool amounts and reviewing of performance under those incentive schemes and corresponding incentive plan payment;

**Stakeholders**

- (a) monitoring and overseeing Synergy's stakeholder relationship strategy and its implementation;

**Board membership, committees and performance**

- (a) consulting with the Minister in relation to appointment of any person as a director of Synergy in accordance with section 8(4) of the Act;
- (b) reviewing the process for evaluating the performance of the board, its committees and directors;
- (c) handling any other matters for which the board is responsible under the Synergy committee charters;

**Oversight of financial, operation and capital management**

- (a) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- (b) approving operating budgets and monitoring financial performance against the approved budget;
- (c) approving annual financial accounts and reports, including the director's report;

**Compliance and risk management**

- (a) monitoring the effectiveness of risk management by reviewing and approving Synergy risk management framework and ratifying associated systems and strategies of risk management and internal compliance and control, codes of conduct and legal compliance;
- (b) reviewing and approving, at least annually, Synergy's material risks;
- (c) approving and monitoring the effectiveness of Synergy's system of corporate governance practices; and
- (d) ensuring Synergy complies with all requirements under the Act and all other laws.

**5.2 chair's responsibilities**

The Governor appoints the chair in accordance with clause 4 of Schedule 1 of the Act. A deputy chair will also be appointed by the Governor.

The chair should be an independent director. The roles of the chair and the chief executive officer may not be exercised by the same individual.

The chair's responsibilities include:

- (a) leading the board, ensuring effective contribution by all directors and monitoring performance;
- (b) chairing board meetings;
- (c) establishing the agenda for board meetings in consultation with the chief executive officer;
- (d) ensuring board minutes properly reflect board decisions;
- (e) being the primary point of contact between the board and the chief executive officer;
- (f) providing mentoring for the chief executive officer and being available for consultation with the chief executive officer;
- (g) supervising the process of board and director evaluation;
- (h) authorising the expenses of directors<sup>1</sup>; and
- (i) in accordance with the clause 6 of Schedule 1 of the Act, having a casting vote.

**5.3 chief executive officer**

The chief executive officer is appointed, and his or her terms and conditions of service are set by the board with the concurrence of the Minister.

The chief executive officer is responsible for the day-to-day management and administration of Synergy in accordance with the strategy, policies and programs approved by the board.

The chief executive officer responsibilities include:

- (a) developing with the board a consensus for Synergy's vision and direction;
- (b) constructing, with Synergy's management team, programs to implement this vision;
- (c) negotiating the terms and conditions of appointment of senior executives for board approval;
- (d) recommending the appointment of senior executives for board approval;
- (e) endorsing the terms and conditions of appointment of all other staff members within the parameters set by the board;
- (f) providing strong leadership to, and effective management of, Synergy to:
  - (i) encourage co-operation and teamwork;
  - (ii) build and maintain staff morale at a high level;
  - (iii) ensure a safe workplace for all personnel;
  - (iv) ensure a culture of compliance generally;
- (g) carrying out the day-to-day management of Synergy;

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<sup>1</sup> The deputy chair will authorise expenses of the chair.

- (h) keeping the board informed of all the significant activities of Synergy;
- (i) ensuring that the agenda and briefing materials for board meetings are professional and complete and prepared and forwarded to directors in a timely and effective manner; and
- (j) ensuring that all personnel act with the highest degree of ethics and probity.

The chief executive officer is formally delegated by the board to authorise all expenditures within approved delegated financial authority limits as approved in the budget, subject to:

- (a) all chief executive officer remuneration, outside of normal monthly remuneration, must be authorised by the chair; and
- (b) all business-related expenses paid to the chief executive officer must be authorised or ratified by the chair.

#### **5.4 individual directors**

In accordance with statutory requirements, specifically section 27 of the Act (referencing Schedule 2 of the Act) and in keeping with the common law, directors have the following responsibilities:

- (a) exercise their powers and discharge their duties in good faith and in the best interests of Synergy as a whole;
- (b) use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- (c) notify the board of any interest that could (or could be perceived to) impact on the director's ability to act in Synergy's best interest as soon as the director is aware of that conflict;
- (d) use due care and diligence;
- (e) make a reasonable effort to become and remain familiar with the affairs of Synergy; and
- (f) attend all board meetings and board functions unless they have a valid reason for non-attendance.

#### **5.5 company secretary**

The company secretary is generally responsible for carrying out the administrative and legislative requirements of the board. The company secretary holds primary responsibility for ensuring that the board processes and procedures run efficiently and effectively.

The company secretary must be an executive officer appointed in accordance with section 20 of the Act.

The specific tasks of the company secretary include:

- (a) overseeing Synergy's legal compliance program and ensuring all company legislative obligations are met;
- (b) supporting the chief executive officer to ensure that the agenda and briefing materials for board meetings are

prepared and forwarded to directors in a timely and effective manner;

- (c) recording, maintaining and distributing the submissions and minutes of all board and board committee meetings as required;
- (d) organising board meetings;
- (e) meeting statutory reporting requirements in accordance with relevant legislation;
- (f) monitoring compliance with board policies and standards;
- (g) working with the chair and chief executive officer to establish and maintain best practice corporate governance; and
- (h) any other services the chief executive officer or chair may require.

**5.6 accepting positions with other companies**

Non-executive directors are entitled to accept positions with other companies. However, directors must observe their duties as set out in the Act, the code of conduct and general law, in accepting a position with another company and in particular, those duties relating to conflicts of interest.

Under the Act, if a public service officer is a director:

- (a) his or her duties as a director are to prevail if a conflict arises between those duties and his or her other duties as a public service officer; and
- (b) he or she does not have any immunity of the Crown in respect of the duties and liabilities imposed on directors by the Act.

**6 MEETINGS**

**6.1 meeting frequency**

The board will meet as often as appropriate to enable it to discharge its duties to the company.

**6.2 authority to call a meeting**

Any board member may call a meeting of the board at any time.

**6.3 notice**

A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the board at least one week prior to the date of the meeting. The notice for members will include the agenda and relevant supporting papers for the agenda items to be discussed.

**6.4 quorum and casting vote**

At any meeting of the board, a number of directors equal to at least half the number of directors in office constitutes a quorum. In the case of equality of votes the person presiding has a casting vote.

**6.5 minutes and committee papers**

Minutes of the proceedings and resolutions of board meetings must be kept by the company secretary. Draft minutes must be provided to the chair for clearance and distribution to all board members within one week of the board meeting.

Supporting papers for each board meeting are distributed by the company secretary to the board one week before the meeting.

- 6.6 attendance** Any person may be invited to attend meetings of the board, but not necessarily for the full duration of the meeting.
- 6.7 access to company** The board must have unrestricted access to personnel records, senior management and Synergy information in the possession of management as appropriate.
- 6.8 independent professional advice** Subject to the prior consultation with the chair, each director has the right to obtain outside independent professional advice at Synergy's expense and if he or she considers it necessary to secure the attendance of outsiders with relevant experience and expertise. The board may meet with external advisers without management being present.
- 7 COMPOSITION**
- 7.1 membership** In accordance with section 8(1) of the Act, the board shall comprise between four and eight directors.
- 7.2 independent majority** The majority of directors of Synergy will be independent, non-executive directors and the chair shall be an independent, non-executive director.
- 7.3 definition of independent director** An independent director is a non-executive who is not a member of management and who the board considers independent by reference to the following criteria (where applicable):
- (a) is not a member of staff (as required by section 8(3) of the Act);
  - (b) has not, within the last 3 years, been employed in an executive capacity by Synergy, or been a director after ceasing to hold any such employment;
  - (c) has not, within the last 3 years, been a principal of a material professional adviser or a material consultant to Synergy, or an employee materially associated with services provided to Synergy;
  - (d) has no material contractual relationship with Synergy other than as a director of Synergy;
  - (e) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Synergy; and
  - (f) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Synergy.
  - (g) the board shall ensure that, collectively, it has the appropriate range of expertise or has access to the appropriate range of expertise to properly fulfil its responsibilities.

<b>7.4</b>	<b>review of board composition</b>	The board shall review the range of expertise of its members on an annual basis and ensure that it has access to operational and technical expertise relevant to the overview of the operations of Synergy.
<b>7.5</b>	<b>appointment of directors</b>	Directors are appointed by the Governor on the nomination of the Minister in accordance with clause 8(1) of the Act.
<b>7.6</b>	<b>terms of director appointment</b>	<ul style="list-style-type: none"> <li>(a) Synergy will ensure, if possible, that the terms and conditions of the appointment and retirement of members of the board be set out in a letter of appointment, which shall include the following matters:</li> <li>(b) the term of the appointment;</li> <li>(c) time commitments envisaged;</li> <li>(d) the powers and duties of directors;</li> <li>(e) any special duties or arrangements attaching to the position;</li> <li>(f) circumstances in which an office of director becomes vacant;</li> <li>(g) expectations regarding involvement with committee work;</li> <li>(h) remuneration and expenses;</li> <li>(i) superannuation arrangements;</li> <li>(j) the requirement to disclose directors' interests and any matters which affect the director's independence;</li> <li>(k) the requirement to comply with key corporate policies;</li> <li>(l) Synergy's policy on when directors may seek independent professional advice at the expense of Synergy;</li> <li>(m) fellow directors;</li> <li>(n) induction, training and continuous education arrangements;</li> <li>(o) access to independent professional advice;</li> <li>(p) indemnity and insurance arrangements;</li> <li>(q) confidentiality and rights of access to corporate information; and</li> <li>(r) encloses a copy of the Act.</li> </ul>
<b>8</b>	<b>BOARD COMMITTEES</b>	
<b>8.1</b>	<b>board may establish committees</b>	To assist with the execution of its responsibilities, the board has the authority under section 13 of the Act to establish and determine the powers and functions of the committees of the board.
<b>8.2</b>	<b>established committees</b>	The board has established an audit and risk committee and a human resources and sustainability committee.
<b>8.3</b>	<b>committee charters</b>	Each board committee is governed by a board-approved charter setting out that committee's responsibilities.

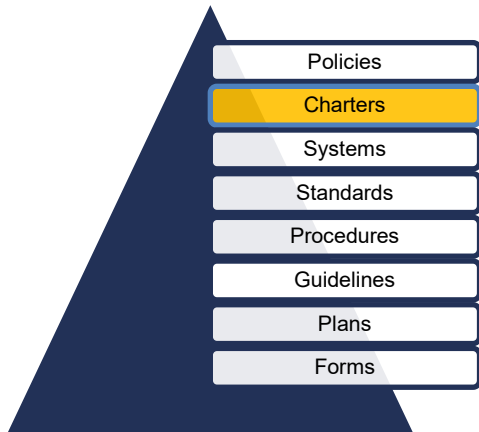


**8.4 committee powers**

In accordance with board resolution 164.8.7, the board delegates to the human resources and sustainability committee the power to review and approve remuneration and other terms of employment of other executives recommended by the CEO.

The board is free as part of its review of board committee actions to direct a committee to reconsider any decision.

**9 DOCUMENT HIERARCHY AND QUESTIONS**



The document hierarchy diagram (left) shows where in the document hierarchy this system sits and how it relates to all other documents in the hierarchy.

Any questions or feedback related to this document should be directed to the document owner in the first instance.