

People & Performance Committee terms of reference

1. Establishment and membership

- 1.1. The Board has established the People & Performance Committee under [section 13 of the Electricity Corporations Act 2005 \(WA\)](#).
- 1.2. The rules and procedures adopted by the Board from time to time ("Board Rules") apply to the committee, save as expressly varied by these terms of reference.
- 1.3. In addition to the membership criteria set out in the Board Rules the committee will be comprised of not less than 3 non-executive directors, the majority being independent directors. The Chair of the committee will be an independent director appointed by the Board.
- 1.4. No committee member may participate in any discussion or review regarding his or her own remuneration, other terms of service or performance.
- 1.5. Membership of the committee as at July 2010 is as follows:
 - (a) Mr G Cash (Chair)
 - (b) Mr M Barnaba
 - (c) Mr J Cahill

2. Purpose

- 2.1. The committee's purpose is to assist the Board in fulfilling its fiduciary and corporate governance responsibilities by:
 - (a) reviewing Board composition and succession planning for directors, the Chief Executive Officer and his or her direct reports, including making recommendations for appointment and removal of directors and the Chief Executive Officer;
 - (b) assisting the Board in establishing remuneration and human resources management policies, strategies and practices;
 - (c) development and review (including monitoring implementation and compliance) of the company's corporate governance framework and policies; and
 - (d) assisting the Board in establishing a performance review framework for the Board, its committees and the Chief Executive Officer.
- 2.2. The committee will report regularly to the Board on each of its purposes and duties. A copy of the minutes of all committee meetings will be provided to the Board.

3. Powers

- 3.1. Subject to the Board's direction, and under [section 71 of the Act](#), the Board delegates to the committee the power to make decisions binding on the corporation that are required for the discharge of the committee's duties as specified under these terms of reference.
- 3.2. The committee may institute any special investigations (including requesting management or external consultants to provide information or access to records) and consult independent experts (at the company's cost) if it considers it necessary to fulfil its purposes and/or to carry out its duties, and will make recommendations to the Board arising from such investigations.

4. Duties

4.1 The committee has the following duties:

(a) Corporate governance

- (i) develop and approve the corporation's governance and other policies in respect of which the committee has approval authority as specified in the corporation's "[Policy approval authority matrix](#)" (DM#: 5227439);
- (ii) review (at least annually) the appropriateness of the governance principles (including with regard to conflicts of interest and the corporation's sustainability and corporate social responsibilities) and compliance with its governance policies and procedures, and make recommendations to the Board; and
- (iii) approve the corporation's corporate governance disclosure statements in its annual report.

(b) Human resources management

Review (at least annually) and make recommendations to the Board on the effectiveness of the corporation's key human resources management policies and systems (including on remuneration, diversity (including but not limited to the proportion of men and women in the workplace at all levels and remuneration by gender) and other terms and conditions of service of the company's staff and non-executive directors) to ensure that those policies are prudent and will allow the corporation to achieve its commercial objectives.

(c) Staff (other than the Chief Executive Officer and his or her direct reports)

- (i) ensure that there is an effective performance evaluation system;
- (ii) review, approve (as required) and oversee implementation of the corporation's remuneration policies, including performance incentive schemes and superannuation arrangements; and
- (iii) oversee compliance with:
 - minimum standards of merit, equity and probity applicable to the management of the corporation's staff (cf. [section 21 of the Act](#));
 - a joint policy on staff transfers (cf. [section 23 of the Act](#)); and
 - the corporation's code of conduct (cf. [section 31 of the Act](#)).

(d) Chief Executive Officer and his or her direct reports

- (i) subject to (ii):
 - (A) make recommendations to the Board on the nomination or removal of the Chief Executive Officer and who should act in the position during a vacancy or any period when the Chief Executive Officer is unable to carry out his or her duties or is absent from the State; and
 - (B) develop and approve (and oversee implementation of) policies relating to remuneration and other terms and conditions of service of the Chief Executive Officer;
- (ii) ensure that the Minister's consent is obtained to any proposed appointment, or removal, of the Chief Executive Officer, or of any alteration of his or her terms and conditions of service (including remuneration);
- (iii) annually evaluate the performance of the Chief Executive Officer;
- (iv) ensure that an appropriate succession plan is in place for the Chief Executive Officer and his or her direct reports;
- (v) note the appointment of and changes, or additions, to the structure of the Chief Executive Officer's direct reports (including their respective terms and conditions of service – subject to (vi)); and
- (vi) approve the remuneration arrangements of the Chief Executive Officer's direct reports.

Explanatory note to paragraph 4.1(d)(vi):

For the avoidance of doubt, committee approval is not required in relation to a termination payment proposed to be made to one of the Chief Executive Officer's direct reports where the amount in question does not exceed that payable under the relevant contract of employment, subject to the Chief Executive Officer reporting details of the termination arrangement to the committee at its next meeting.

(e) Non-executive directors

- (i) having regard to the requirements of the Act and the strategic direction of the corporation:
 - establish criteria for membership of the Board and its committees;
 - assess periodically the size and composition of, and the skills required to discharge the duties of, the Board and its committees;
 - identify any specific responsibilities of individual members of the Board and its committees (including the Board Chair); and
 - ensure that an appropriate succession plan that takes into consideration an appropriate mix of skills, experience, expertise and diversity is in place for non-executive directors;
- (ii) evaluate potential Board members and make recommendations to the Board for its endorsement prior to any submission to the Minister for consideration and approval by the Governor;
- (iii) subject to Board endorsement, seek the Minister's approval of any policy relating to remuneration, and other conditions of service of non-executive directors and oversee the application of that policy;
- (iv) oversee the creation and maintenance of an effective induction process for incoming directors; and
- (v) review periodically the time required from non-executive directors and whether directors are devoting sufficient time to the discharge of their roles and responsibilities.

(f) Director and Board performance

Design and implement processes to annually assess the performance and effectiveness of the Board, its committees and individual directors and recommend to the Board any proposed improvements.

(g) Accountability to the Board:

- (i) review the committee's terms of reference annually and recommend any changes to the Board; and
- (ii) prepare an annual report in accordance with Board Rule 11.9.

4.2. For the avoidance of doubt, the duties described in paragraphs 4.1(c)(ii), 4.1(d)(i)(B) and 4.1(d)(vi) include the power to approve budgets for remuneration reviews and performance incentive schemes.

5. Meetings

5.1. The committee will meet as frequently as required and two directors constitute a quorum. At its final meeting for each calendar year, the committee will agree a list of meeting dates for the following calendar year.

5.2. The following persons will attend committee meetings as invitees (but will not have a vote at committee meetings):

- (a) Chief Executive Officer;
- (b) General Manager Corporate Services; and
- (c) General Counsel & Company Secretary.

5.3. At the discretion of the committee, separate meetings may be held with any employee of the corporation, or with any other person.