

Governance Committee

Establishment and membership

- 1.1. The Board has established the Governance Committee (**Committee**) under section 26 of the *Government Trading Enterprises Act [2023]* (WA) (**Act**).
- 1.2. The Committee has adopted its own rules and procedures that are the same as those adopted by the Board from time to time (**Board Rules**), except as expressly varied by these terms of reference, and to the extent that they are not fixed under the Act.
- 1.3. In addition to the membership criteria set out in the Board Rules:
 - (a) the Committee will be comprised of all the non-executive directors on the Board and may also include any person who is not a director or members of staff of the corporation.
 - (b) the Committee Chair will be the Board Chair and must be an independent non-executive director.
- 1.4. A meeting of the Committee cannot proceed unless the number of members of the Committee present who are directors exceeds the number of members present who are not and there must be at least two out of four member directors present.
- 1.5. No Committee member may participate in any discussion or review regarding his or her terms of service or performance (including remuneration).
- 1.6. A record of the current members of the Committee is maintained by the Company Secretary¹.

Purpose

The Committee's purpose is to assist the Board in discharging its fiduciary and corporate governance responsibilities by providing guidance to the Board in its consideration of:

- 2.1. the composition and structure of the Board taking into account the requirements set out in section 12 of the Act;
- 2.2. the recruitment, reappointment and succession planning of the Board Chair, Board Deputy Chair and the non-executive directors to assist the Board in its consultation with the Minister on the appointment or reappointment of any Board member;
- 2.3. establishing a framework for the periodic performance review of the Board and its Committees as well as assessment of skills and expertise within the Board to assist the Board in its discussion with the Minister with the aim of agreeing the directors' skills matrix; and
- 2.4. the selection, appointment, succession planning, setting key performance indicators and performance review of the Chief Executive Officer (**CEO**).

Powers

- 3.1. Subject to any resolution of the Board, the Committee is required to make recommendations to the Board and does not have any executive powers to commit the Board or Western Power to the implementation of those recommendations.

¹ EDM 55170881

- 3.2. Notwithstanding clause 3.1, the Committee has the authority to approve the minutes of its meetings without the endorsement of the Board.
- 3.3. The Committee may by resolution, institute any special investigations (including requesting management or external consultants to provide information or access to records) and consult independent experts (at the corporation's cost) if it considers it necessary to fulfil its purposes and/or to carry out its duties, and to make recommendations to the Board arising from such investigations. The Committee Chair must approve the financial expenditure for any such investigation or expert.

Duties

The Committee has the following duties:

4.1 Non-executive directors

Having regard to the requirements of the Act and the strategic direction of the corporation, assist and make recommendations to the Board as required to:

- (a) establish criteria for membership of the Board and its Committees;
- (b) assess periodically the size and composition of, and the optimal skills, knowledge and expertise required to discharge the duties of the Board and its Committees;
- (c) establish the process for identifying and selecting candidates for appointment as Directors;
- (d) identify any specific responsibilities of individual members of the Board and its Committees (including the Board Chair);
- (e) ensure that appropriate succession planning that considers an appropriate mix of skills, experience, expertise, independence and diversity is in place for non-executive Directors; and
- (f) consider the non-executive Directors who are retiring to decide on the re-nomination of a non-executive Director(s) seeking re-election.

4.2 Board Chair and Deputy Board Chair succession planning

The Board Chair and Deputy Board Chair succession planning process is the responsibility of the Board. The role of the Committee is to support the Board in its decision-making by undertaking tasks or activities, at the request of the Board. These tasks may include the following:

- a) The Committee to oversee and periodically evaluate, and make recommendations to the Board in relation to, the succession planning process for the roles of the Board Chair and Deputy Board Chair.
- b) The Committee to plan the succession of the Board Chair reasonably where possible to avoid the expiry or termination of the Board Chair's tenure with the expiry or termination of the Chief Executive Officer's tenure.

All directors, including the Chair are formally appointed by the Portfolio Minister after seeking Cabinet endorsement.

4.3 Director and Board performance

Assist and make recommendations to the Board as requested to develop and implement the processes to assess the performance and effectiveness of the Board, its Committees, Chair and individual directors.

4.4 Chief Executive Officer

- (a) Subject to clause 4.4(d):
 - (i) make recommendations to the Board on the nomination or removal of a CEO and who should act in the position during a vacancy or any period exceeding three months when the CEO is unable to carry out his or her duties².
 - (ii) Procure the endorsement of the Minister for Energy before the Board appoints a CEO or fixes or alters terms and conditions of service; and
 - (iii) develop and make recommendations to the Board (and oversee implementation of) policies relating to remuneration and other terms and conditions of service of the CEO. Ensure the remuneration is in alignment with the applicable Salaries and Allowances Tribunal Band.
- (b) Ensure that an appropriate succession plan is in place for the CEO.
- (c) The Committee will review and make recommendations to the Board regarding proposals from the CEO to make termination payments which are not in accordance with an employment contract.
- (d) Ensure that the key performance indicators are set for the CEO and performance is reviewed at least annually.

4.5 Accountability to the Board

- (a) Review the Committee's terms of reference in accordance with clause 6 and report any recommended changes to the Board.
- (b) Report regularly to the Board on its activities by way of a verbal report at Board meetings from the Committee Chair, as necessary, and the provision to the Board of a copy of the minutes of each Committee meeting.
- (c) Prepare any additional reports for the Board as requested by the Board.

4.6 The duties described in paragraphs 4.4(a)(ii) and 4.4(c) do not include the power to approve budgets for remuneration reviews and performance incentive schemes. The Committee's authority is limited to making recommendations to the Board for approval.

Meetings

- 5.1 The Committee will meet for a minimum of two times annually or as frequently as required.
- 5.2 The Committee Chair may convene a special meeting at any time. The place and time of a special meeting will be decided by the Committee Chair.
- 5.3 The following persons who are not members of the Committee (or their respective nominated representatives) may attend Committee meetings as invitees (but will not have a vote at Committee meetings):
 - (i) Chief Executive Officer;
 - (ii) Executive Manager People;
 - (iii) General Counsel and Company Secretary or their representatives; and
 - (iv) any other person approved by the Committee Chair.

² The authority to appoint an acting Chief Executive Officer for periods less than three months has been delegated to the Board Chair (Resolution 081/2015/BD).

Review

- 6.1. Unless review and amendment is required sooner, these Terms of Reference will be reviewed at least once in every three year period or as required. Committee members may at any time submit to the Committee Chair proposed changes to these Terms of Reference for consideration.
- 6.2. All amendments endorsed by the Committee Chair must be submitted to the Committee for endorsement and subsequently to the Board for approval, prior to taking effect.

Approval history

Version	Approved by	Approved on	Resolution no.	Notes
1.	Board	13/06/2023	126/2023/BD	Approved by the Board following the restructuring of the existing Board Committees to form the following two new Committees: (a) Safety & People Committee; and (b) Governance Committee.