

Succession Planning Committee Terms of Reference (updated in November 2019)

1. Objective

- 1.1 The Board of the Australian Water Association Ltd (AWA) has established the Succession Planning Committee (SPC) as a Committee of the Board under s19.3(a) to assist the Board to fulfil its statutory and fiduciary responsibilities with regards to Director and Senior staff succession planning, Board performance, CEO performance and remuneration as well as organisational culture and related safety and well-being issues.
- 1.2 The Committee is to assist in the strategic review of Strategy'22 and is responsible for making any recommendations on the strategy's implications for the Association's succession planning.

2 Term

- 2.1 The Committee shall have a two-year term aligned to the term of the President.

3 Purposes, Functions & Responsibilities

- 3.1 The main purpose of the Committee is to monitor the performance and manage the succession planning for the Association's Board, CEO, and the Senior Management Team.

The CEO and/or the National Manager Finance and Administration will provide any information to assist the Committee to deliver the following responsibilities:

3.2 Board Performance

To monitor the performance of the Board, and to set up self-monitoring by the Board. The Committee shall be responsible for the production a Board Evaluation Report (Skills Matrix) for presentation to the Strategic Advisory Council at the time of Director elections.

3.3 Director Nominations

The Committee will be responsible for advising the Strategic Advisory Council on the selection of nominees for Board Directors (see Appendix A);

3.4 CEO Performance

To set performance targets and monitor performance of the CEO and to advise on any annual salary adjustments and bonuses for the CEO; The President to discuss performance and entitlements with the CEO on an annual basis before the June Board meeting (i.e. that approves the following year's annual budget);

3.5 CEO Recruitment

To manage the CEO recruitment process for which the Committee is authorised to engage external consultants;

3.6 CEO Absences

To address any questions of succession planning and contingency planning for unexpected absences of the CEO;

3.7 Recruitment of Direct Reports to the CEO

To consider and advise the CEO on the appointment of all positions that report directly to the CEO. This involves the CEO reporting to the Committee on the shortlist of candidates and the CEO's recommended candidate. The President or

another member of the Committee can request to be included in any second or subsequent interviews of the preferred candidate (or meet with them separately) before the CEO makes an offer of employment.

3.8 Impact of Succession Planning

The Committee is responsible for considering how succession and contingency planning impact on the Senior Management Team and staff arrangements generally, and for confirming that the CEO has addressed any such the issues;

3.9 Organisation Structure

To consider and advise the CEO and Board on any recommended changes to the staff structure, reporting lines, and divisional responsibilities. The CEO will present any recommended changes to the staff structure, functions, and accountabilities to the Committee to consider before any such proposals are considered by the Board for approval.

3.10 Staff Remuneration

To consider any recommendations from the CEO for adjustments to annual staff remuneration levels to be included in the subsequent financial year. This will include recommendations on CPI increases and any increases to staff remuneration above and beyond the CPI increases.

The CEO will provide the President with full details on the total staff costs, proposed CPI increases, and any additional increases to staff remuneration to recognise exceptional performance or market adjustments. Any bonus entitlements or recommendations will be included in this process. These details can be shared with the full committee, as required, and will need to be endorsed by the Committee before they are included in the final budget for the following financial year. This process will need to be completed by mid-June.

The CEO will keep the President informed of any changes to individual staff remuneration required in-between the annual budget process.

3.11 Organisation Culture, Safety, and Well-being

To monitor and advise on organisational culture, safety, and well-being including within and between staff and volunteers. The Committee is authorised to engage external advisers to assist in these matters as required.

Guidance is provided at Appendix A in relation to these functions, whilst recognising the SPC will consider a broad range of issues in relation to the five functions.

4 Composition

4.1 The Committee shall normally comprise the President as Chair, the Immediate Past President, or President-Elect, and up to two others appointed by the President and ratified by the Board.

4.2 The Committee will consist of no fewer than two members of the Board. The term of appointment will be for a period of two years that is aligned with the term of the President. However, re-appointment is permitted to allow for continuity of membership. Members may include individuals who are not Board directors.

4.3 The CEO, Company Secretary or the National Manager, Finance and Admin will provide information and support as required.

5 Meetings

5.1 The Committee shall meet throughout the year as required. However, it must meet at least twice per year. Any member of the Committee, President or CEO may request a meeting if they consider that one is necessary, and such a request is to be met.

5.2 Decision making will be by consensus. If a matter cannot be decided on by the Committee, then the President will try to resolve it or the matter will be referred to the Board for resolution.

5.3 A quorum shall be any three members of the Committee.

6 Authority

6.1 The Board authorises the Committee to undertake the matters outlined within these terms of reference.

7 Reporting

7.1 The Chairperson, or another delegated member of the Committee, will report to Board meetings on the Committee's activities and any specific recommendations for Board approval will be submitted as Board papers.

7.2 The Committee may decide to report to the Board out of session if required.

8 Document Control

8.1 These terms of reference were established in 2005, reviewed in 2013 & in November 2019 and will be reviewed as required but no later than June 2022, to align with the Association's new 3 year Strategic Plan commencing in July 2022.

9.1 Responsibilities

Position	Responsibility
The Chairman	Timing and Agendas of all meetings
The Chairman	Submission of Committee minutes for Board approval at appropriate Board meetings

9.2 References

Legislation	Corporations Act 2001
AWA Policies and Procedures	AWA Constitution AWA Staff-Board Linkages Policy Election of Directors and President Elect Guidelines Branch Operating Guidelines
Other	CEO Employment Contract Director Nomination Forms Board Evaluation Report

Attachments

Attachment A: Board Induction Procedures

Appendix A

Guidance for the SPC on key roles

Nominees for Board of Directors

The SPC is responsible for provision of advice to the Strategic Advisory Council for selection of nominees for directors, to be presented to the Annual General Meeting for the election of directors for a two year term. This advice will also be provided to nominating candidates.

The SPC shall consider the strategic direction of AWA, the influence on the changing internal and external environments, and other strategic challenges in consideration of the optimum requirements for a skills based Board to guide AWA.

The SPC shall determine the aptitudes, skills and talents needed for both the short term (focused on the next selection of directors by the SPC) and in the future on the Board.

In particular, the SPC should consider skills gaps considering current directors eligible and likely to nominate for re-election.

The SPC shall consider likely suitable candidates from amongst the AWA leadership, membership at large and, where feasible, beyond.

The role of the SPC is to help encourage a number of possible candidates with qualifications, experience and sufficient diversity with regards sectorial and geographic spread to meet the organisation's overall objectives.

The SPC shall provide advice to the Strategic Advisory Council on the nomination of an appointment to fill a casual vacancy, pursuant to s14.8 of the Constitution.

The Chief Executive Officer (CEO)

The SPC shall establish long and short-term performance targets for the CEO in consultation with the incumbent and seek approval of those targets from the Board at the last meeting of the financial year or first meeting of the new financial year, depending upon timing of Board meetings.

These performance targets will be used to gauge performance at the end of the next calendar year. Performance of the CEO for each calendar year will be reviewed by the SPC and reported to the Board at the last Board meeting of the calendar year.

The SPC shall develop a succession plan for the CEO in terms of satisfying unanticipated short-term requirements which could result from sudden loss, departure or prolonged absence from work, as well as for the longer term requirements; where active steps should be implemented to groom a suitable candidate or to have a job description ready to use for advertising.

The SPC should also review the longer-term role of the CEO in relation to the individual's length of service, personal ambitions and prospects for the future.

The SPC should be constantly reviewing the nature of the CEO's role in relation to AWA's current situation, and adapt plans and criteria accordingly.

Senior Staff

The SPC may elect to review how succession and contingency planning impact on senior staff arrangements generally, and will consult the CEO on that issue.