

SEC Board Charter



1 Purpose

The SEC Victoria Pty Ltd (SEC) has been established to accelerate Victoria's energy transition through three core functions:

- As a **market participant**, investing in and marketing renewable energy and storage assets needed for Victoria's renewable energy grid.
- As a **provider of consumer energy solutions**, providing consumers with technology to reduce their emissions and energy costs, focusing on electrification.
- As an **enabler of the workforce**, supporting attraction, training and retention of a skilled renewable energy workforce.

The SEC Board aims to achieve the highest standards of governance and has adopted this Charter to set out: the specific role of the Board in delivering the SEC's functions and objectives; the relationship between the Board, the company and other key actors; and the processes and advice that will support the Board to discharge its responsibilities.

2 Governance principles

Being led by strategy	The Board takes a strategy-led governance approach, focusing on achieving strategic objectives, distinguishing their role from the accountability of the CEO to implement and deliver operations.
Taking a whole-of-enterprise view	Directors are enterprise focused, acting in the interests of the SEC as a whole, and independently of other roles they hold.
Focusing on outcomes	Strategy setting and decision making are focused on achieving desired outcomes and long-term shifts, rather than short term outputs.
Centring risk in decisions	Risk is a key consideration in decision making, and decisions are made with reference to agreed risk appetites.
Prioritising culture	The Board creates a culture of positive engagement and constructive challenge in meetings, including for directors, attendees and presenters, and acts ethically and with integrity.
Fostering a stewardship approach	The Board recognises its role as a steward of the SEC and the renewable energy sector in Victoria, and decision making reflects the long-term viability and aspirations of the sector.
Making informed, effective, timely decisions	Decision making is informed, robust and timely, and supports the business to deliver initiatives and operations without avoidable delays.
Respecting First Nations people and self-determination	The Board acknowledges the sovereignty of Traditional Owners on the land on which it operates, invests, and builds, and listens to the needs and perspectives of Traditional Owners when making decisions.

3 Responsibility and authority

The role of the Board

The primary role of the SEC board is to govern the SEC so that it successfully delivers on its objectives. The Board will do this by:

- Acting in the best interests of the SEC and its shareholders, being the Premier and Treasurer on behalf of the State of Victoria.
- Guiding and monitoring the SEC's business activities to optimise performance, and build the long-term value of the SEC.

The authority of the Board is determined by the company constitution. The business of the SEC is managed by the Board and the Board is able to exercise all the powers of the SEC except for matters that are legally or constitutionally required to be exercised by the Shareholding Ministers or that are reserved for the approval of the Minister for the SEC, Treasurer or the Shareholding Ministers.

The SEC Board's core strategic functions are:

- Setting SEC direction and strategies.
- Maintaining regular and constructive engagement with the Minister for the SEC and Shareholding Ministers.
- Preparing and adopting the Business and Investment Plan.
- Financial decision making including setting annual budgets, executing investments, and approving capital and significant expenditure above delegated authority limits.
- Monitoring relationships with SEC partners and stakeholders.

The Board is also responsible for overseeing the effective governance of the SEC, key appointments, and the preparation or endorsement of critical reports and policies:

- Approving and reviewing strategic, major and mandatory policies.
- Monitoring organisational performance.
- Monitoring financial, legal and regulatory compliance and reporting, and ensuring the adequacy of financial and internal controls.
- Ensuring an effective risk management framework is in place, setting risk appetites, and monitoring strategic and significant operational risks.
- Preparing the annual financial statements and Annual Report.
- Ensuring an effective competitive neutrality framework is in place and is reviewed at least annually.
- Overseeing the appointment, remuneration, performance, and succession planning of the Chief Executive Officer.
- Appointing or removing the Company Secretary.
- Monitoring senior executive appointments, performance and remuneration.
- Ensuring the SEC remuneration framework and employment practices support the attraction and retention of high calibre employees.
- Leading on SEC values, culture, ethics and reputation.
- Providing insight and guidance to the CEO and senior executive of the SEC.
- Establishing such committees as the organisation requires for effective governance.
- Monitoring and evaluating Board performance.

The role of the Chair

The Chair is a non-executive director elected to the role by the board, with the approval of the Minister for the SEC. In addition to their duties as a director, the Chair is responsible for:

- Providing leadership to the Board and overseeing SEC board and general meetings, ensuring they are effective and focused on the right matters.
- Creating a positive and open board culture where diversity of thought is encouraged, all directors actively participate, and a constructive relationship is built between the Board and management.
- Liaising with Minister for the SEC and the Shareholding Ministers to ensure an effective flow of advice and information between the Board and shareholders.
- Ensuring all directors are briefed on matters arising at or between board meetings and that they have the information required for effective decision making.
- Setting the agenda for Board meetings in consultation with the Company Secretary.
- Ensuring that the Board reaches clear decisions at meetings and that these decisions are accurately recorded in the minutes
- Overseeing the annual board performance evaluation process.
- Addressing any performance concerns related to the board or individual directors that arise outside of the annual board performance evaluation.

4 Board responsibilities to the Minister for the SEC and the Shareholding Ministers

Consistent with the company constitution and requirements of the *State Owned Enterprises Act 1992* (Vic), the Board must seek the prior approval of the Minister for the SEC and/or the Shareholding Ministers, on the following matters:

- Finalising the Business and Investment Plan.
- Sale or disposal of main undertakings.
- Formation or acquisition of a subsidiary, shares in a subsidiary, or transactions that impact the continuation of a subsidiary.
- Amending the Constitution.
- Changing the company name.
- Borrowing or raising money.
- Offering, issuing or transferring company shares.
- Appointing or removing directors from the Board.
- Appointing or dismissing the CEO.

5 The role and duties of individual directors

In addition to the role of the Board as a whole, directors are individually required to be familiar and comply with the directors' duties and obligations as set out in:

- the company constitution
- the *Corporations Act 2001* (Cth)
- the *State Owned Enterprises Act 1992* (Vic)
- the *Constitution Act 1975* (Vic)
- the *Public Administration Act 2004* (Vic)
- the *Financial Management Act 1994* (Vic) and Standing Directions 2018

and any other applicable legislation.

Directors are also required to abide by the Victorian Directors of Public Entities Code of Conduct, SEC Code of Conduct, and the underlying SEC policy framework.

Specifically, directors must:

- Discharge their duties in good faith and in the best interests of the SEC and its shareholders.
- Act with due care and diligence, demonstrate commercial acumen in their decision making and act with the level of skill and care expected of a director
- Ensure they develop and maintain current knowledge of the renewable energy sector, and/or any relevant skills or qualifications relevant to their role on the Board.
- Keep confidential and not misuse any information related to the SEC or that might be obtained as a result of their role as director of the SEC.
- Declare all personal and third party interests and comply with any conflicts of interest management plans.
- Adequately prepare for, attend and participate in all meetings.
- Demonstrate personal integrity, an open and inquiring approach, courage, and independence of thought, to support effective decision making and develop a board culture of positive engagement and constructive challenge.
- Seek to develop and maintain an open, positive relationship with the CEO and management of the SEC.

6 The role of the CEO

The CEO is appointed by the Board, with the approval of the Minister for the SEC. The role of the CEO is to run the business of the SEC by:

- Carrying out operational management of the SEC, undertaking delegated activities, and providing the SEC with day-to-day leadership, consistent with the direction of the Board.
- Developing SEC strategy and associated performance objectives, for Board approval.
- Implementing the SEC's principal objectives, the Business and Investment Plan, and SEC budgets.
- Providing the Board with timely reporting on progress against SEC objectives and on organisational operations and performance.
- Implementing and monitoring internal controls, a risk management framework, corporate policies, compliance activities and codes of conduct.
- Ensuring a safe workplace for all employees, contractors, and those undertaking work with or for the SEC.
- Implement measures as necessary to promote the desired SEC culture set by the Board.
- Establishing the terms and conditions of employees in accordance with policies approved by the Board.
- Acting as the conduit for information flow between the Board and the SEC.

At least annually, the Board will review the activities and responsibilities delegated to the CEO to ensure that they remain appropriate for the business of the SEC.

7 The role of the Company Secretary

The Company Secretary is accountable to the Board and is responsible for:

- Organising Board meetings and general meetings, preparing agendas, producing minutes, monitoring actions and ensuring the timely distribution of meeting papers.
- Attending (or appointing a delegate to attend) all Board and committee meetings to provide meeting support, including recording minutes and supporting the Chair to run the meeting.
- Providing advice on constitutional and governance matters at the request of the Board, during and outside of meetings.

- Ensuring appropriate and legally compliant records are kept for all Board meetings, conflicts of interest, and other necessary governance business.
- Acting as the Board's representative in dealings with ASIC.
- Engaging independent advice at the request of the Board or a Board Committee.

8 Committees

The Board may establish any standing or ad hoc committees it deems necessary to assist it in discharging its responsibilities and has authority for appointments to such committees.

At a minimum, a Risk and Audit Committee must be established as a permanent committee. It is anticipated that an Investment Committee will also be established.

Each committee established will have its own Charter, to be approved by the Board, setting out the authority and responsibilities of the committee and committee meeting protocols. This will include any powers delegated to the committee by the Board.

All directors will receive the papers and minutes for any committee meeting, and may attend any meeting in an ex-officio capacity.

The Board will review each committee's performance, function and Charter at least every two years.

9 Delegation of Board powers

The Board may delegate any of its powers, including to the CEO or any Board Committee. The Board may reserve certain powers as non-delegable.

The Board has delegated responsibility for the SEC's day-to-day management to the Chief Executive Officer, however the Board remains responsible for overseeing the performance of the Chief Executive Officer and the organisation as a whole.

Any responsibilities not specifically delegated by the Board to the CEO remain the responsibility of the Board.

All matters outside Board approved delegations or related to powers reserved for the Shareholders or the Minister for the SEC, must first be referred to the Board or relevant committee for approval or endorsement and oversight.

The Board must ensure that a Delegations Policy is in place and all delegations are recorded in a company Delegations Register. The Policy and Register must be reviewed at least annually.

10 Board composition and skills

The Board will be comprised of up to nine directors, at least 50% of whom must be women, consistent with the Victorian State government's commitment to women on boards. One director position is reserved for the appointment of a First Peoples person.

The Board should be of sufficient size, composition (including the mix of skills and diversity), experience and independence to effectively discharge its duties and responsibilities. The mix of skills required on the Board is determined in the board skills matrix, and this will form the basis for board development, director appointments, and succession planning. The skills matrix will be reviewed annually to ensure it remains appropriate and the mix of skills on the Board meets requirements.

Appointments to the Board will follow the Victorian Government's Appointment and Remuneration Guidelines.

11 Indemnity and insurance

All Directors have the benefit of an indemnity against liability as stated in the company constitution, unless the liability arises out of misconduct or a breach of a director's duties, under any law.

The SEC will also hold Director and Officer Liability insurance. The costs of this insurance are met by the SEC.

12 Director remuneration and expenses

The directors may be paid as remuneration for their services in accordance with the Appointment and Remuneration Guidelines.

The SEC may pay a director (in addition to any remuneration) all reasonable expenses (including travelling and accommodation expenses) incurred by the director which have been incurred in accordance with the SEC's policy for the reimbursement of expenses and the Appointment and Remuneration Guidelines.

13 Director induction

New directors will receive a letter of appointment setting out the key terms and conditions of their appointment.

To prepare them for their role, all directors will participate in an induction programme consisting of meetings with key personnel and site visits, supported by an induction pack containing information on the SEC, sector insights, key legislation, key policies, along with other relevant information.

14 Director development

The Board is committed to continued professional development to enable directors to maintain the knowledge and skill set required as a director.

The Board or any director may also request briefings from SEC staff or industry experts to keep up to date with industry specific knowledge.

15 Access to people and information

Directors may access any information or seek any advice necessary to fulfil their responsibilities.

In particular, the Board or any of its committees may have access to internal and external auditors without management present, to seek explanations or additional information. The Board may also seek independent professional advice at the SEC's expense.

Directors may at any time access senior executives, via the CEO, to request further information or explanations.

16 Meeting frequency and procedures

The Board will meet as frequently as directors consider necessary to meet their responsibilities and the demands of the business, but no fewer than 10 times per year. The Board will work to an agreed annual plan, scheduling the key items which require Board attention in the year ahead.

Board meetings can be held in person or by any means consented to by all directors (such as video conference).

Papers will be distributed no less than five working days ahead of a meeting. Papers will be provided electronically in a format accessible to all directors.

The Board will be supported by the Company Secretary and a board secretary, who will be available during and between meetings to assist the Chair and directors to carry out their role.

Minutes will be kept as a record of all meeting and will be provided to the Chair within three days of the meeting for review and subsequently the directors. Minutes for each meeting will be considered and ratified by the full Board as a true and accurate reflection at the following meeting.

17 Attendance and alternates

Directors will endeavour to attend all Board meetings and will be adequately prepared for and actively participate in meetings.

If a director is unable to attend a meeting they must inform the Company Secretary that they should be recorded as an apology. If a director is unable to attend a number of meetings then leave of absence must be sought from the Chair.

A director may appoint an alternate for a specified period, with the prior approval of the Chair and portfolio Minister.

18 Declaring and managing conflicts of interest

The Board will adopt a Board Conflicts of Interest Policy (a sub policy to the parent Conflicts of Interest Policy) which sets out the protocols for disclosing and managing conflicts of interests, including prior to and during meetings. This policy is in addition to the requirements of sections 180 to 183 of the *Corporations Act 2001* (Cth), sections 79 and 81 of the *Public Administration Act 2004* (Vic), and the Code of Conduct for Directors of Public Entities.

Directors must disclose and manage interests consistent with the Conflicts of Interest Policies, any applicable legislation, the Code of Conduct, or any other related policy.

The Company Secretary and/or the board secretary will actively identify conflicts of interest before and during meetings, and provide advice to the Chair on how these are best managed.

Directors are not permitted to provide business or professional services to the SEC.

19 Board, director and committee evaluation

The Board will facilitate an annual assessment of its performance, with an independent external party conducting the assessment every two years. Results of all performance evaluations will be provided to the Shareholding Ministers and Minister for the SEC.

Performance assessments will include an assessment of the board skills matrix to ensure the Board has the right mix of skills.

20 Board Charter review and approval

This Charter will be reviewed and updated at least every two years. The Charter may be amended by resolution of the Board.

To the extent that there is any inconsistency between this Board Charter and the Constitution, the Constitution will prevail.