Western Sydney Airport

Board Charter

November 2021

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INTRODUCTION

1. Overview

WSA Co Limited (ACN 618989272) (**Company** or **WSA**), has been established to develop and operate Western Sydney International (Nancy-Bird Walton) Airport (**Airport**), having regard to the Australian Government's objectives for the Airport [1], being to:

(a) improve access to aviation services in Western Sydney;

(b) resolve the long-term aviation capacity issue in the Sydney basin;

(c) maximise the value of a Western Sydney Airport as a national asset;

(d) optimise the benefit of a Western Sydney Airport on employment and investment in Western Sydney;

(e) effectively integrate with new and existing initiatives in the Western Sydney area; and

(f) operate on commercially sound principles having regard to the Australian Government's intention to preserve its options with respect to ownership and governance arrangements.

The Company has all the powers necessary or incidental to the achievement of its objects and which are consistent with Australian Government policy as communicated to the Company by the Shareholder Ministers.

2. Purpose of Charter

This Charter has been adopted by the Board and its purpose is to:

(a) promote high standards of corporate governance;

(b) clarify the role and responsibilities of the Board; and

(c) enable the Board to provide strategic guidance for the Company and effective oversight of Management.

This Charter also sets out:

(a) the role of the Commonwealth;

(b) Board composition;

(c) the authority delegated by the Board;

(d) matters reserved for the Board;

(e) Board process and the role of the Chairperson;

(f) Board conduct;

(g) compliance and reporting obligations; and

(h) review of the performance of the Board.

To the extent that there is any inconsistency between this Charter and the WSA Co Constitution, the Constitution shall prevail. This Charter is to be reviewed on an annual basis.

[1] Rule 4.1.1 WSA Co Constitution

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GOVERNANCE LEGAL FRAMEWORK

3. Role of the Commonwealth

WSA is a public company limited by shares incorporated under the Corporations Act.

WSA is also a wholly owned Commonwealth company and a GBE for the purposes of the Public Governance, Performance and Accountability Act 2013 (the **PGPA Act**), the Public Governance, Performance and Accountability Rule 2014 (the **PGPA Rule**) and the Commonwealth GBE Governance and Oversight Guidelines (the **Guidelines**). The requirements of these regulations are reflected in this Charter.

The Company is wholly owned by the Commonwealth. The Commonwealth is represented by the Minister for Finance and the Minister for Communications, Urban Infrastructure, Cities and the Arts (the **Shareholder Ministers**).

BOARD OF DIRECTORS

4. Role and Responsibility of the Board

(a) The Company has the powers set out in the Corporations Act, which are exercised by the Board; however, it is only to do all things necessary, convenient or incidental to carry out the objects of the Company and which are consistent with the Australian Government policy as communicated to the Company by the Shareholder Ministers.[2]

(b) The role of the Board is to provide strategic guidance for WSA and effective oversight of Management.

(c) The Board should ensure that the Company's activities are conducted so as to minimise any divergence of interests between the Company and the Shareholder Ministers and that the Company is managed in the best interests of the Company as a whole.[3]

(d) The Board regards the Company as bound by and required to implement Australian Government policy set out in formal communications from both Shareholder Ministers as well as to exercise its powers in the best interests of the Company.

(e) The Board recognises the importance of environmental and workplace health and safety issues and is committed to compliance with all relevant laws and regulations to ensure the protection of the environment, the community and the health and safety of its employees and partners.

(f) The key responsibilities of the Board are:

- to approve the strategic plans for the Company;
- liaise with the Shareholder Ministers on Australian Government policy requirements, including the implications of those policy requirements for the Company and ensure a Corporate Plan is prepared and submitted on an annual basis;
- to monitor the performance of the Company in accordance with the Corporate Plan;

[2] Rule 5.1.1 WSA Constitution

[3] cl 1.7(d) of the GBE Guidelines

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- to supervise Management in the implementation of the strategic direction, the Corporate Plan and the Company's compliance with its legal and regulatory obligations;
- to take necessary steps to ensure compliance with duties and obligations imposed on the Board by law and by the Constitution (including, in particular, the compliance and financial reporting requirements and the supervision of the development of risk management and internal control systems);
- to set work health and safety and environmental performance objectives, develop appropriate policies and controls, ensure legal compliance and monitor progress against such objectives and policies;
- the appointment of the Chairperson of the Board, subject to consultation with the Shareholder Ministers;
- the appointment, removal or replacement of the CEO, subject to consultation with the Shareholder Ministers;
- considering and approving the Company's remuneration policy for executives and staff;
- monitoring the operation of each subsidiary of the Company, and when necessary, exercising the voting power attaching to its shares in the subsidiary;
- monitoring the performance of senior Management;
- monitoring and evaluating Board performance and the performance of the Chair of the Board;
- determining the risk appetite of the Company;
- monitoring significant business risks and monitoring the adequacy, appropriateness and operation of risk management and internal controls and frameworks;
- regularly monitoring the ongoing independence of each Director and the Board generally to ensure each Director continues to exercise unfettered and independent judgment and does not have any interests that derogate from carrying out the role intended with diligence and care [4];
- establishing and maintaining a register of interests to ensure potential conflicts can be identified and managed; [5]
- establishing, reviewing and overseeing a code of conduct for Directors, senior Management and other employees;
- to review and ratify the Company's employee relations/people strategy;
- monitoring and overseeing compliance with all legal and regulatory requirements and ethical standards and policies; and
- monitoring and overseeing compliance with best practice corporate governance requirements.

[4] cl 2.4 of the GBE Guidelines
[5] Ibid

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5. Board Size, Composition and Independence

There must be a minimum of 3 and a maximum of 7 Directors[6], unless determined otherwise by a resolution of the Commonwealth in accordance with rule 9 of the Company's Constitution.

(a) The Board will comprise:

- non-executive Directors; and
- Directors with an appropriate mix of skills, who are appointed on the basis of their individual capacity to contribute to the Board and to the achievement of the Company's objectives,[7] and should also ideally comprise:
- Directors who can understand and competently deal with current and emerging business issues; and
- Directors who can effectively review and challenge the performance of Management and exercise independent judgment while at the same time minimising the risk of a divergence of interests between the Company and Shareholder Ministers.

(b) When identifying potential candidates, the Board is to have regard to Government policy on fostering a governance culture that embraces diversity in the composition of Boards. Diversity in this context includes gender, age, ethnicity, cultural background, sexual orientation and religious belief.

The Board will regularly review the composition of the Board having regard to the optimum number and skill mix of the directors and make recommendations to the Shareholder Ministers on these matters.

6. Appointment and Removal

(a) Each Director is appointed by the Shareholder Ministers under a formal letter of appointment setting out the key terms of their appointment, including certain information prescribed in the Guidelines.[8]

(b) The Shareholder Ministers may remove a Director at any time prior to the completion of their term of appointment.[9]

(c) The Board may, following consultation with the Shareholder Ministers, provide the Shareholder Ministers (through the Chairperson) with a shortlist of candidates for Board membership to supplement or replace the existing Directors.[10]

(d) With agreement from the Shareholder Ministers, the Board may undertake additional processes for identifying Board candidates, such as public advertising or the use of executive search processes.[11]

(e) The Chairperson may recommend the reappointment of an existing Director where this is sought by the Director and where appropriate.[12]

6 Rule 6.4.1 of the WSA Co Constitution
7 cl 2.7 GBE Guidelines
8 cl 2.3(a) GBE Guidelines
9 cl 2.18 GBE Guidelines
10 cl 2.8(b) GBE Guidelines
11 Ibid
12 Ibid

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7. Director Independence

At least annually and when a Director is being considered for appointment, the Board will assess the independence of each Director[13] including by:

(a) obtaining from the Directors, through the Company Secretary, a standing notice of their interests; and

(b) reviewing each Director's standing notice and any other information available in relation to the Director's interests in order to make an informed decision as to the independence or otherwise of that Director.

An independent non-executive director is one who:

(a) is independent of Management;

(b) is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of their unfettered and independent judgement;

(c) and otherwise meets the criteria for independence set out in the *Corporate Governance Principles and Recommendations (4th Edition)* published by the ASX Corporate Governance Council, as may be modified or amended from time to time. If a Director's status as an independent Director changes, this should be immediately disclosed and explained to the Shareholder Ministers.

BOARD DELEGATION

8. Power of Delegation

Under the Corporations Act and under the WSA Constitution, the Board may delegate its powers as it considers appropriate.

9. CEO

The Chief Executive Officer will:[14]

(a) be the chief executive of the Company with overall responsibility for the day to day administration of the Company;

(b) act consistently with the objects of the Company;

(c) use their best endeavours at all times to enhance the good name of the Company;

(d) in as far as the resources available permit, implement the policies of the Board;

(e) prepare an annual report for the Board on the work and activities of the Company during the preceding 12 months ending on 30 June in each year;

(f) manage resources within budgets approved by the Board;

(g) oversee compliance by the Company with applicable laws and regulations; and

(h) exercise such other functions, duties and responsibilities as may be determined

13 Recommendation 2.3 of the ASX Corporate Governance Council's Principles and Recommendations
14 Rule 13.3.2 WSA Constitution

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from time to time by the Board.

The Directors may delegate any of the powers of the Board to the Chief Executive Officer on the terms and subject to any restrictions the Board decides and so as to be concurrent with the powers of the Board and may revoke the delegation at any time. [15]

10. Board Committees

The Board will from time to time establish committees to streamline the discharge of its responsibilities.

The Board has established the following standing Committees and Project related Committees. It is expected that the standing committees will be ongoing and that the requirement for the Project related Committees will be reviewed every 2 years.

- Audit, and Risk Committee (a standing Committee) to assist the Board to discharge its responsibilities under the PGPA Act in respect of financial reporting, performance reporting, risk oversight and management, internal control and compliance with relevant laws and policies;
- People, Remuneration & Nomination Committee (a standing Committee) to assist the Board to discharge its responsibilities in respect of people management and remuneration;
- Design and Construction Committee (a Project related Committee) to oversee the core construction and delivery projects associated with the development of Western Sydney Airport;
- Safety, Health, Environment and Community Committee (a Standing Committee) to assist the Board in its oversight of health, safety and environment matters arising out of WSA's activities as they may affect employees, contractors and local communities;
- Investment Committee (a Project related Committee) to assist the Board in assessing the impact of major discretionary investment and divestment proposals on enterprise value, in-line with the constitutional objective to maximise the value of Western Sydney International ('WSI') as a national asset; and
- Technology Committee (a Project related Committee) to oversee the core technology design and technology delivery projects associated with the development of Western Sydney International (Nancy-Bird Walton) Airport (the Project), in order to provide assurance comfort to the Board that the Company's obligations under the Western Sydney Airport Project Deed (the Deed) are being met.

15 Rule 13.3.1 WSA Constitution

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The Board may:

- establish and delegate any powers to Board Committees from time to time to assist the Board in exercising its authority;
- determine any matter that it has delegated to a Board Committee or any matters falling within a Board Committee's terms of reference contained in its Charter;

(a) Each Board Committee will have its Charter approved by the Board and the Charter will set out the matters relevant to the composition, terms of reference, process and administration of that Board Committee.

(b) Any powers of the Board that are delegated to a Committee will be set out in the Committee's charter or in the Board resolutions relating to the establishment of the Committee, or both. General powers delegated to each Committee are to:

- conduct or otherwise investigate any matters within its scope of responsibility; and
- seek information or advice from employees or external parties including professional advice within its scope of responsibility.

(c) The role of a Board Committee is to operate within the terms of its Charter and to make recommendations to the Board for decisions.

(d) The Board may establish ad hoc Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

11. Matters Reserved for the Board

The following matters are specifically reserved for the Board:

(a) the appointment and removal of the CEO following consultation with the Commonwealth and evaluation of the CEO's performance;

(b) the establishment of Board Committees, their membership and delegated powers;

(c) the approval of the Charter of each Board Committee including any subsequent amendments;

(d) the appointment, re-appointment or removal of the Company's external auditors;

(e) the recommendation of dividends, following consultation with the Shareholder Ministers;

(f) review and ratification of systems of risk management, accountability, internal compliance and control and legal compliance to see that appropriate compliance frameworks and controls are in place;

(g) review and oversight of the implementation of a code of conduct for Directors, senior Management and all other employees;

(h) monitor and oversee compliance with best practice governance requirements;

(i) oversight of the physical and technological security posture for the Company;

(j) monitoring performance of senior Management, including its ability to deliver the Company's milestones;

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(k) the approval of financial statements and financial reporting;

(l) the approval of the Annual Report and any interim report that may be required;

(m) the approval of the Corporate Plan;

(n) the approval of capital expenditure, acquisitions and divestiture decisions where the value and/or nature is such as to fall outside of the delegation of authority framework;

(o) calling a meeting of Directors; and

(p) any other specific matters nominated by the Board from time to time.

12. Board Process

(a) The Chairperson is responsible for the conduct of all Board meetings. This includes approving the agendas and all agenda items.

(b) The Board will meet:

- at regular intervals and more frequently if required;
- at the Company's premises (so far as practicable) unless another location has been specified in the notice of meeting; and
- for a meeting to be quorate there must be a majority of directors in attendance.

(c) Unless otherwise determined by the Chairperson, the Company Secretary is responsible for, and will:

- circulate agendas for, and minutes of, meetings to all Directors;
- take minutes of all meetings of the Board and Committees; and
- maintain and hold a record of all approvals and recommendations made by the Board at each meeting.

(d) Any dissenting member of the Board will be entitled to have his/her opinion recorded in the minutes of the Board meeting.

13. Chairperson and Deputy Chairperson

(a) The Chairperson must be an independent non-executive Director and is appointed by the Shareholder Ministers from amongst the Directors [16]. The Shareholder Ministers may remove a Chairperson from that office by giving them notice.

(b) The role of the Chairperson is to:

- provide leadership to the Board in respect of all its responsibilities;
- chair meetings of Directors and Shareholders;
- ensure the Board works effectively in discharging its responsibilities;
- promote constructive and respectful relations between Directors and between Board and Management;

16 Rule 8.3.1 WSA Constitution

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- set the Board agenda and annual calendar for meetings of the Board;
- represent the Board to the Shareholder Ministers and keep Shareholder Ministers informed of the Board's position;
- ensure all Directors understand the role of the Board and their own responsibilities as Directors;
- monitor the performance of the Board;
- facilitate Board discussions to ensure core issues facing the Board are being addressed;
- brief all Directors in relation to issues arising outside Board meetings;
- to provide support and mentoring for the CEO in running the business of the Company; and
- exercise such specific and express powers as delegated to the Chairperson by the Board from time to time.

(c) If there is no Chairperson, if the Chairperson is absent from a Board meeting within 10 minutes of the time appointed for the commencement of the meeting or the Chairperson is unwilling to act, the Deputy Chairperson will be the Chairperson of the Directors' meeting.[17]

(d) If there is no Deputy Chairperson, the Deputy Chairperson is not present at the meeting within ten minutes of the time appointed for the commencement of the meeting or the Deputy Chairperson is unwilling to act as Chairperson of the meeting, the Directors present at the meeting can elect one of their number to be Chairperson of the Directors' meeting.[18]

(e) The Chairperson has a casting vote on a resolution of Directors, in addition to any other votes that the Chairperson may have, provided that the Chairperson is entitled to vote on the resolution.[19]

A Deputy Chairperson may be appointed by the Shareholder Ministers from amongst the Directors[20]. The Shareholder Ministers may remove a Deputy Chairperson from that office by giving notice, with a copy to the Chairperson.[21]

17 Rule 8.6.2 WSA Co Constitution
18 Ibid
19 Ibid
20 Rule 8.4.1 WSA Co Constitution
21 Rule 8.4.3 WSA Co Constitution

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14. Meetings

(a) The Board will meet at regular intervals and on an ad hoc basis as required for the efficient performance of its functions.

(b) Directors must use all reasonable endeavours to attend Board meetings in person, either by physical attendance or use of videoconferencing/teleconferencing facilities.

(c) A Director may convene a meeting of the Board by giving reasonable notice individually to every other Director. [22]

(d) Periodically, Non-Executive Directors will meet without the CEO or Management present. [23]

15. Quorum

The quorum for a Directors' meeting is the majority of the total number of Directors holding office at the time of the meeting. The quorum must be present at all times during the meeting. [24]

16. Board Reports

Management will aim to provide reports to Directors no less than seven calendar days prior to a scheduled meeting.

The Chairperson will monitor the volume, quality and timeliness of distribution of Board reports to the Directors.

BOARD CONDUCT

17. Ethical and Responsible Decision Making

(a) The Board is committed to the promotion of ethical, honest and responsible decision making and the observance of their fiduciary duties.

(b) Directors are expected to participate in all induction and orientation programs and to participate in training and awareness raising programs which will assist in keeping Directors abreast of contemporary developments and leading practices relating to the function of the Board.

18. Induction and Development

(a) Each new Director will, upon appointment, participate in an induction program. This may include meeting with the CEO and any other relevant executives to familiarise themselves with the Company, its policies and procedures and Board practices and procedures.

(b) Senior Management will conduct additional presentations for Directors from time to

22 Rule 8.2.1 WSA Co Constitution
23 Commentary on Recommendation 2.4 of the ASX Corporate Governance Principles and Recommendations
24 Rule 8.7 WSA Co Constitution

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time regarding the activities of the Company. Directors are also encouraged to keep up to date on topical issues.

(c) On an on-going basis, Directors may undertake and request training and professional development, as appropriate, at the Company's expense.

19. Conflicts of Interest

This section should be read in conjunction with the Company's Directors Conflicts of Interest and Related Transactions Policy.

(a) Each Director has a fiduciary and statutory duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict, whether it be a conflict of interest or conflict of duties.

(b) Upon appointment each Director will provide to the Company, a 'standing Director's interest notice' which sets out the nature and extent of the Directors' material personal interest as well as:

- all other directorships, executive positions, associations or interests held that may be relevant to the Company;
- all substantial shareholdings in other companies with which the Company transacts or in which it owns shares; and
- other interests that may be relevant, for example, the interests of a Director's spouse or associate.

(c) A Director that has any interest which may give rise to a real or substantial possibility of conflict, including any material personal interest, in a matter that relates to the affairs of the Company, must give the Board notice of such interest immediately on becoming aware of that interest.

(d) The Company will maintain a register of Directors' interests that have been disclosed and report them to the Board as necessary.

(e) If a Director has a material personal interest in a matter being considered at a Board or Committee meeting, they will not be present whilst the matter is being considered and will not vote on the matter.

(f) A Director may be counted in a quorum for a Board meeting, provided that the Director is entitled to vote on at least one of the resolutions to be proposed at that Board meeting.

20. Embarrassment

Directors must immediately inform the Chairperson (who may inform the Shareholder Ministers) where their continued service as a Director could embarrass the Company or the Shareholder Ministers. The Director may be asked to resign or be removed.[25]

[25] cl 2.18(b) GBE Guidelines

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21. Confidentiality

Confidential information received by a Director in the course of their service as a Director remains the property of the Company and the Director must not disclose or permit the disclosure of such information without the authorisation of the Board, unless required by law.

22. Compliance and Reporting

As a GBE, the Company and specifically the Board, is required to comply with a number of compliance and disclosure related requirements under the PGPA Act, the PGPA Rule, the Guidelines and the Commercial Freedoms Framework which include the following:

(a) ensuring the Company complies with any Government Policy Order;

(b) consulting with the Shareholder Ministers in relation to the Corporate Plan and adopting the Corporate Plan;

(c) keeping the Shareholder Ministers informed of the Company's activities and providing the Shareholder Ministers with any reports, documents and information in relation to those activities as the Shareholder Minister requires and as required by the PGPA Act, PGPA Rule and the Guidelines;

(d) notifying the Shareholder Ministers as soon as practicable after the Directors make a significant decision in relation to the Company;

(e) giving the Shareholder Ministers reasonable notice if the Directors become aware of any significant issue that may affect the Company;

(f) notifying the Shareholder Ministers as soon as practicable after the Directors become aware of any significant issue that has affected the Company;

(g) ensuring the regular and timely disclosure of information which may affect the value of the Company, may influence government decisions in relation to the Company and on matters in which the government has a legitimate interest;

(h) preparing and providing the Department of Finance with budget estimates covering the Company's activities for each reporting period; and

(i) adopting the Company's Annual Report and any other report that may be required.

REVIEW OF PERFORMANCE

(a) The Board will annually review the performance of:

- the Board as a whole;
- each Committee in conjunction with the Committee; and
- the Chairperson and Deputy Chairperson.[26]

(b) The Board will annually review the processes of the Board.[27]

26 cl.2.20 GBE Guidelines
27 Recommendation 1.6 of the ASX Corporate Governance Council's Principles and Recommendations

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The Chairperson will provide the Shareholder Ministers with written confirmation that the process outlined in (a) above has been followed and raise any areas of concern with the Shareholder Ministers as required.

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

23. Access to Information

The Board collectively, and each Director individually, may have access to:

(a) any information they consider necessary to fulfil their responsibilities and to exercise independent judgement when making decisions;

(b) Management, to seek explanations and information from Management; and

(c) the Company's external auditors, to seek explanations and information from them without Management being present.

24. Access to Independent Advice

The Board collectively, and each Director individually, has the right to seek independent professional advice as they consider necessary to fulfil their responsibilities and permit independent judgment in decision making subject to the approval of the Chairperson at the Company's expense.

It is expected that a Director will consult the Chairperson and/or the CEO before obtaining advice and the policy of the Board is that external advice will be made available to all Directors unless the Chairperson agrees otherwise.

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