

# Compliance Management Policy

## Commitment:

WaterNSW is committed to good governance and a high level of compliance with relevant legislation, regulation, industry codes and standards, internal policies and procedures and relevant contractual obligations. Compliance with these obligations is based on systematic identification, assessment and management of compliance risks. Our interactions with regulators are consistent and co-ordinated, and we continue to develop and maintain strong working relationships, with solutions based demonstratable outcomes.

WaterNSW has a low appetite for significant breaches that may result in material fines, penalties or reputational damage and no appetite for deliberate, negligent or systemic violations of legislative or regulatory requirements. WaterNSW will respond as soon as is reasonably practicable to instances of non-compliance, based on the risk to WaterNSW and will investigate to understand root causes of material and systemic non-compliances. Deliberate or wilful acts of non-compliance may result in disciplinary action in line with WaterNSW's Code of Conduct.

## Actions:

WaterNSW will

- promote an organisational culture of integrity, accountability and compliance from every level of management;
- implement compliance requirements in policies, procedures and management systems;
- ensure that employees are adequately trained and licensed to perform their operational activities and have a sound understanding of compliance risks and the consequences of non-compliance;
- Implement a process for reporting, assessing and managing non-compliance to regulations, legislation and policies and procedures;
- monitor the effectiveness and efficiency of compliance procedures and controls in line with the Three Lines of Defence Model;
- address and rectify non compliance in a timely manner;
- identify, manage and respond to emerging compliance risks in accordance with the WaterNSW Risk Management Framework; and
- assess and enhance compliance performance to drive continual improvement.

## Roles and Responsibilities:

### The Board and Audit and Risk Committee

- setting the organisation's compliance management objectives; and
- overseeing the business' performance in managing compliance risk.

### Executive Leadership Team

- defining actions to achieve the compliance management objectives;
- fostering good compliance culture and model behaviour to encourage the raising of compliance issues and failures;
- establishing governance structures and processes to best manage the risks across the organisation
- rectifying non compliances in a timely manner; and
- tracking the business' performance in managing compliance risk.

## Three Lines of Defence

### 1. First Line – Managers and Staff as the 1<sup>st</sup> Line of Defence have responsibilities for:

- integrating the compliance management process into the operations of the business and consulting with the Risk and Compliance function to verify the alignment of their processes with the compliance management framework;
- applying a risk management procedure in assessing compliance risks within their area of responsibility;
- understanding changes to regulations and legislation under their responsibilities including updating their compliance procedures;
- management of compliance obligations, including confirming that compliance risks are managed appropriately, and monitoring risks, controls and status of compliance action plans;
- reporting and escalation of non-compliances and breaches of legislative and regulatory requirements and internal policies and procedures; and
- training in relevant mandatory areas as required by position/role.

### 2. a. Second Line – Risk and Compliance Function has responsibilities for:

- overseeing and monitoring the effectiveness of the Compliance Management Framework, in alignment with ISO 37301:2021 *Compliance Management Systems*
- managing and maintaining the legislative register with the General Counsel;
- monitoring the effectiveness and efficiency of compliance procedures and controls;
- facilitating reporting on compliance status and effectiveness of controls; and
- providing compliance management advice and training on the Compliance Framework.

**b. Second Line – Business Units as the 2<sup>nd</sup> Line of defence function** have responsibility to report compliance status, effectiveness of controls, and non-compliances and breaches to the relevant Management and Board Committee.

### 3. Third line - Internal Audit and Assurance function has responsibility to independently review the effectiveness of the compliance management framework, and management controls, processes and systems.

## Review:

- This Policy is to be reviewed and approved by the Chief Executive Officer at least every three years or as required.
- This Policy is to be reviewed and endorsed annually by the Board Audit and Risk Committee.