



Margaret Devlin

BA (HONS) BUSINESS STUDIES,
FINANCE AND ECONOMICS, CFinStD

Chair

Margaret Devlin is a professional director with extensive experience in governance and executive management primarily in the water and infrastructure sectors in New Zealand and the United Kingdom. She has served as a director for a range of entities with a particular focus on audit and risk.

General disclosure of interests:

Chair, Harrison Grierson Limited; Director, Meteorological Services of New Zealand Limited; Director, Waikato Regional Airport; Chair, Titanium Park (wholly-owned subsidiary of Waikato Regional Airport); Director, IT Partners Group; Director, Aurora Energy; Independent Chair, Audit and Risk Committee, Waikato District Council; Chair, Women in Infrastructure Network; Member, Waikato branch of Institute of Directors; Councillor, Waikato Institute of Technology (Wintec); Councillor and Member of the Audit and Risk Committee of the University of Waikato; Chair, Waikato Spatial Plan Joint Committee; Chair elect, Lyttelton Port Company Limited.

Julia Hoare

BCOM, FCA, CMInstD

Deputy Chair; Chair of the Audit and Risk Committee

Julia Hoare brings a comprehensive range of commercial, financial, tax, regulatory and sustainability expertise to Watercare, which she developed over the course of 20 years as a partner with PwC. She retired from the PwC partnership on 31 December 2012 to pursue a full-time corporate governance career.

Julia is a fellow of the New Zealand Institute of Chartered Accountants and is the chair of the Auckland Committee of the Institute of Directors.

General disclosure of interests:

Director, AWF Madison Group Limited; Director, New Zealand Post Limited; Deputy Chair and Director, The a2 Milk Company (New Zealand) Limited; Director, Port of Tauranga Limited; Chair, Auckland Committee, Institute of Directors; Member, Advisory Panel to External Reporting Board; Member, Institute of Directors National Council; Director, Auckland International Airport Limited.

Hon. Dame Annette King

DNZM, BA

Chair of the Strategic Transformation Programme Committee

Former MP, Dame Annette King brings 30 years of governance, community and public health experience to Watercare. During her time in Parliament, Annette held several key ministerial portfolios – Health, Transport, Justice, Police and State Services – and was a member of the Finance and Expenditure, Health, and Local Government and Environment Select Committees. Annette continues as patron for a number of community organisations.

General disclosure of interests:

Chair, Life Flight Trust Wellington; Interim Chair, Earthquake Commission (EQC); Member of the Appropriations Review Committee of the New Zealand Parliament.

PICTURED, FROM LEFT:

David Thomas
Hon. Dame Annette King
Julia Hoare
Margaret Devlin
Brendon Green
Nicola Crauford
Catherine Harland

Catherine Harland

BA, PGDIPBUS, MBA, MInstD, JP

Chair of the People, Remuneration and Appointments Committee

Catherine Harland is a consultant with a background in research and public policy in local and central government. She has worked for MartinJenkins, The New Zealand Institute and Auckland University of Technology's Institute of Public Policy. Catherine was an elected local government member for 15 years and involved in various community groups including five years as Chair of the Auckland Observatory and Planetarium Trust Board.

General disclosure of interests:

Director, McHar Investments Limited; Director, Interface Partners Limited; Trustee, One Tree Hill Jubilee Educational Trust; Member, Auckland Regional Amenities Funding Board; Member, Water Allocation Technical Advisory Group.

Nicola Crauford

BSC (HONS), PHD, FENGNZ, CPENG, FAICD, CFInstD

Chair of the Asset Management Plan (AMP) and Major Capex Committee (AMCC)

Dr Nicki Crauford is a professional company director with extensive experience in infrastructure including executive roles in oil and gas and the electricity sectors in New Zealand and the United Kingdom. She is currently Chair of GNS Science, Deputy Chair of Fire and Emergency New Zealand and a director of Wellington Water, Orion New Zealand and the Environmental Protection Authority. She is a former director of Genesis Energy.

Nicki is a Chartered Professional Engineer, a Fellow of Engineering New Zealand and the Australian Institute of Company Directors and a Chartered Fellow of the Institute of Directors.

General disclosure of interests:

Chair, GNS Science Limited; Deputy Chair, Fire and Emergency New Zealand; Director, Orion New Zealand Limited; Director, Wellington Water Limited; Director, Environmental Protection Authority (EPA); Member of the EPA decision-making committee relating to OMV's application for a discharge consent; Member of Electoral Authority – the Co-operative Bank Limited; Specialist Advisor, WorleyParsons New Zealand Limited; Director and Shareholder, Riposte Consulting Limited.

Brendon Green

BE CHEM AND PROCESS (HONS), POSTGRAD DIPLOMA IN DAIRY SCIENCE AND TECHNOLOGY

Brendon Green brings extensive experience from New Zealand and offshore, primarily in resource development for power stations (gas, geothermal, landfill and wind), forestry, minerals, oil and gas exploration, water and dairy sectors. His career includes technical and commercial roles with the New Zealand Dairy Board, Contact Energy, General Electric (Mexico and the United States) and Mercury in developing its renewable energy portfolio under Mighty River Power.

Brendon is the founder of Kaitiaki Advisory Limited and holds board and executive board positions with Tainui Kāwhia Incorporation, Te Rūnanganui o Ngāti Hikairo, Bay Dairy Limited and Advanced Biotech NZ Limited. He has served as chair for Tainui Kāwhia Incorporation and Tirohia Landfill Generation Joint Venture. Brendon is of Ngāti Hikairo and Ngāpuhi descent.

General disclosure of interests:

Director, Kaitiaki Advisory Limited; Director, Tainui Kāwhia Incorporation; Director, Peak2Peak; Executive Director, Bay Dairy Limited; Executive Director, Advanced Biotech NZ Limited; Executive, Te Rūnanganui o Ngāti Hikairo; Management contract, Tainui Kāwhia Minerals Management Ltd; Consultant to Trility (Australian water infrastructure company); Representative of Waipapa Marae, Kāwhia, Te Whakakitenga o Waikato Tainui.

David Thomas

BCA (HONS)

David Thomas has over 35 years' experience in the building industry, and has led key business units within Fletcher Building for the past 25 years. He is currently the General Manager of Winstone Wallboards Limited. David was on the founding board of the South Auckland Crown Health Enterprise and represented Fletcher Challenge Limited on the board of the Maori Development Corporation.

General disclosure of interests:

Chair, Ngāti Whakaue Tribal Lands Incorporated; Chair, Gypsum Board Manufacturers of Australasia; Shareholder/Employee, Fletcher Building Limited; Director, New Zealand Ceiling & Drywall Supplies Limited; Chair, Altus NZ Limited; Director, Delcon Holdings (No.8) Ltd; Director, Fletcher Building Products Ltd; Director, Fletcher Concrete and Infrastructure Ltd; Director, Home&Dry Ltd; Director, Iplex Pipelines NZ Ltd; Director, Pinkfit Ltd; Director, Selwyn Quarries Ltd; Director, Tasman Insulation New Zealand Ltd; Director, Winstone Wallboards Limited.

Tony Lanigan

MNZM, BE (HONS), PHD, FENGNZ, MICE

Chair of the Capital Projects Working Group (CPWG)

Dr Tony Lanigan is a professional civil engineer (FIPENZ), project-management consultant and former General Manager of Fletcher Construction. He was Chancellor of Auckland University of Technology and a director of Infrastructure Auckland.

General disclosure of interests:

Director, Habitat for Humanity New Zealand Limited; Director and Chair, New Zealand Housing Foundation Limited; Director and Shareholder, A G Lanigan & Associates (2007) Limited; Director, Tamaki Makaurau Community Housing Limited; Director and Shareholder, Lanigan Trustee Limited; Member, Ministry of Health Hospital Redevelopment Partnership Group for Canterbury; Member, Ministry of Health Southern Partnership.

(Dr Lanigan retired from the Watercare Board on 31 October 2017.)



Raveen Jaduram

BE (HONS), ME, FENGNZ

Chief Executive Officer

Raveen Jaduram has been chief executive of Watercare since 2014. He has held chief executive roles in private and public sectors in Australia and New Zealand. He is a dedicated infrastructure leader, passionate about water and sustainability. He is currently on the board of Committee for Auckland.

Amanda Singleton

BA COMMUNICATIONS

Chief Customer Officer

Amanda is originally from South Africa, where she worked in the telecommunications industry, as well as consulting for a number of major corporates in brand and corporate strategy. A passionate customer advocate, she has held senior customer roles at Genesis Energy and Vodafone since moving to New Zealand in 2014. Amanda was appointed Watercare's chief customer officer in May 2018 and has responsibility for building a customer-centric culture and overseeing all the customer touch-points in the business.

Rebecca Chenery

BBUS, DIP.MGMT

Chief Digital Officer

Rebecca Chenery has been with Watercare since 2010 and was appointed to the role of chief digital officer in January 2018. She has many years of experience in programme management and business transformation projects across the information services, telecommunications and water industries in New Zealand and overseas. Rebecca is responsible for leading all technology aspects of the business along with Watercare's business transformation programme.

PICTURED, FROM LEFT:

Steve Webster
Marlon Bridge
Shane Morgan
Amanda Singleton
Raveen Jaduram
Jason Glennon
Rebecca Chenery
Rob Fisher
David Hawkins

Marlon Bridge

BCOM, DIPCOM, CA

Chief Financial Officer

Marlon Bridge is a chartered accountant with over 25 years' experience in senior private and public sector roles. Marlon has previous water utility experience as CFO of Manukau Water Limited and Chief Customer Officer for Watercare. He was appointed to the role of Chief Financial Officer in July 2018, and holds responsibility for Watercare's financial stability and commercial focus. He oversees the financial planning and analysis, supply chain, property, legal, internal audit, risk and resilience functions.

Steve Webster

DIP CM, BE (HONS), NZCE (CIVIL)

Chief Infrastructure Officer

Steve Webster is a civil engineer with more than 20 years' experience in senior leadership roles, predominantly in the infrastructure sectors in New Zealand and Australia, delivering projects and maintenance services to government, local authority and private asset owners. He was appointed Watercare's general manager – infrastructure delivery in May 2015 and appointed chief infrastructure officer in January 2018. Steve is responsible for Watercare's delivery of infrastructure projects from servicing strategies through planning to construction and for supporting external developer services to enable growth in Auckland.

David Hawkins

MPP, TTC, JP

Chief Corporate Affairs Officer

David Hawkins' responsibilities include government and community relations. He has a background in sales and marketing management for New Zealand and global brands, and has a strong commitment to local government and community engagement. David has previously served as an Auckland regional councillor and is a former mayor of the Papakura District.

Rob Fisher

ONZM, LLB, DIP TP

Company Secretary

Rob Fisher is a barrister who has specialised in resource management, public law and local government law. As a litigator, he appeared frequently before the Environment Court, the High Court and the Court of Appeal. In a 40-year legal career, he has provided advice and expertise to both private and public bodies, especially in the consenting of large infrastructure projects. Rob was the 2010 Barrister of the Year in the New Zealand Law Awards and was made an Officer of the New Zealand Order of Merit in the 2011 Queen's Birthday Honours.

Jason Glennon

Chief People Officer

Jason has worked across a number of industries, including construction and fast-moving consumer goods. He has held a number of senior roles in human resources at Fonterra, Fletchers and Carter Holt Harvey.

Jason was appointed Watercare's chief people officer in January 2018. He has oversight of all people-related activities in the business and is responsible for creating a high-performing company culture.

Shane Morgan

ME (CIVIL AND RESOURCE ENGINEERING),
BE (ENGINEERING SCIENCE)

Chief Operations Officer

Shane Morgan is a water industry professional with 20 years' experience in both New Zealand and Australia. He has held roles in the public and private sectors, with experience in innovation management, planning, design, operations, and construction commissioning. Previously Watercare's wastewater operations manager, Shane was appointed chief operations officer in January 2018. Shane is responsible for the operation of Watercare's water and wastewater assets, networks and treatment facilities, asset management, maintenance and asset integrity functions, and operations control centre.



Shayne Cunis

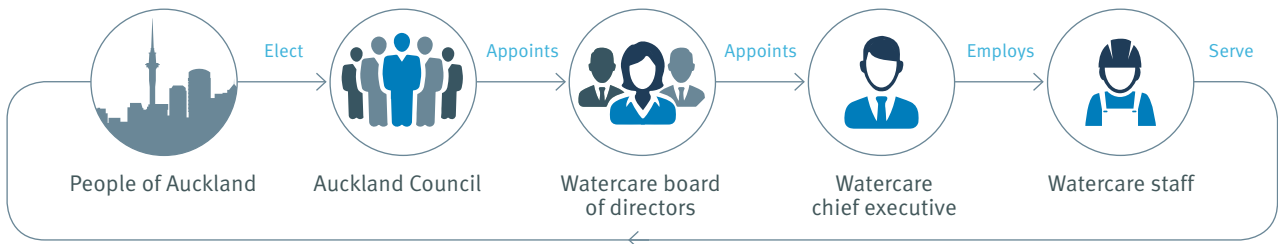
BE CIVIL (HONS), FENG NZ, CMEngNZ

Executive Programme Director Central Interceptor

Shayne Cunis is a chartered professional engineer and Fellow of Engineering NZ with more than 20 years' experience in the Auckland water supply industry. He was appointed as the executive programme director central interceptor project in January 2018 and reports to the chief executive.

Shayne has previously held senior operational management and executive roles at Watercare and has served on the board of Water New Zealand. He is a board member of the Water Research Foundation.

Watercare, a council-controlled organisation (CCO) is a wholly owned subsidiary of Auckland Council (the shareholder). The board of directors (the board) and management are committed to ensuring that we apply best-practice governance policies and procedures. The board is ultimately responsible for all decision-making by the company.

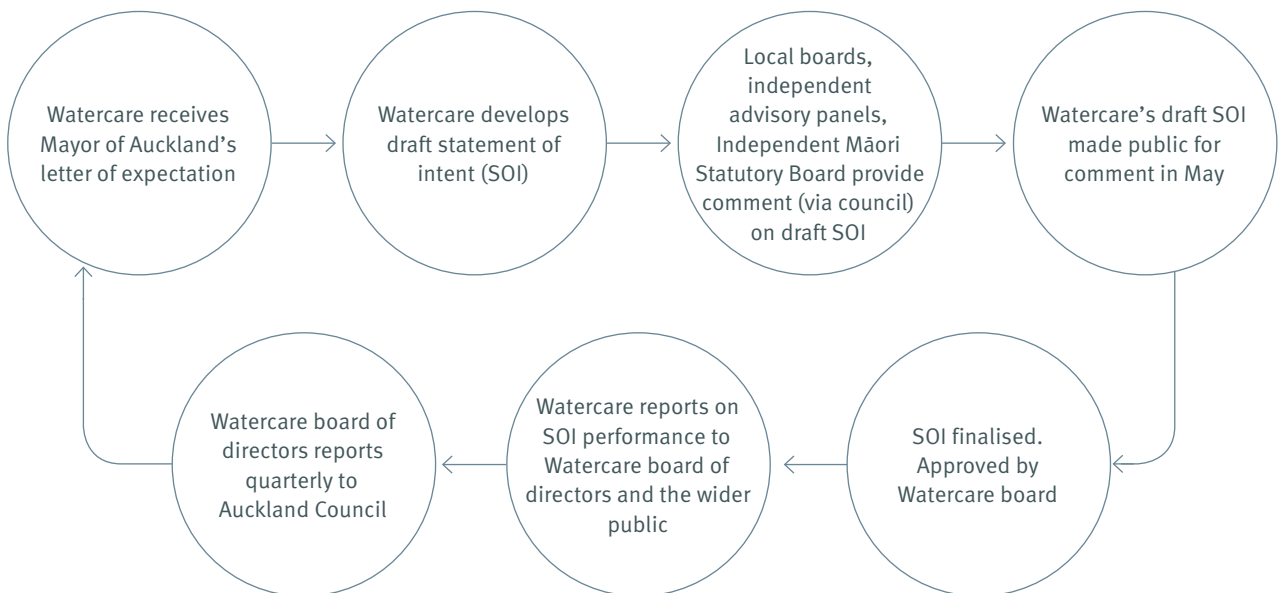


Our legislative framework

Watercare is a limited liability company registered under the Companies Act 1993, and a local government organisation under the Local Government Act 2002. Full details of the legislative framework we operate under can be found on our website.

Our governance framework

Every year, Watercare consults with its shareholder, Auckland Council, to develop a statement of intent (SOI) covering the next three years. The SOI identifies the relationship between Watercare’s activity and the delivery of those outcomes sought by the Mayor of Auckland and those specified within the Auckland Plan. Local boards, the Independent Māori Statutory Board and the general public are invited to comment on the final draft, before it is adopted by the board. The 2017-2020 SOI is available on our website.



Performance

We have an agreed set of performance measures and targets which form the basis of our accountability for delivering on the shareholder's strategic direction, priorities and targets. This annual report records our performance against both non-financial and financial performance measures included in the SOI.

The board is independently reviewed every two to three years.

Setting standards of conduct for staff

We demand the highest standards of behaviour from our staff. Policies governing the conduct of employees are published on our intranet including the Good Employer Policy, the Discrimination, Bullying and Harassment Policy, Sensitive Expenditure Policy, Gifts and Inducement Policy and Conflict of Interest Policy.

Our projects are subject to internal probity reviews, and external probity auditors are appointed to provide additional assurance on selected projects.

Regular independent reviews

Watercare subjects its planning, operations and reporting to regular independent review. We are committed to a culture of continuous improvement and seek independent feedback from specialist advisors to achieve this objective.

Board structure and functions

The board meets at regular intervals throughout the year. The public are welcome to attend all public sessions of board meetings.

As at 30 June 2018, the board had four committees. All directors are welcome to attend any committee meetings, but only committee members have voting rights.

- **Audit and Risk Committee**, chaired by Julia Hoare, helps the board fulfil its financial reporting responsibilities and provides assurance regarding compliance with internal controls, policies and procedures. The committee has no delegated authority. Health and safety matters are the responsibility of the full board and are excluded from the duties of the Audit and Risk Committee.
- **People, Remuneration and Appointments Committee (PRAC)**, chaired by Catherine Harland, helps the board fulfil its wider human resources responsibilities to the company. The committee provides advice to the board on organisational capability and design, and human resource strategies, and annually reviews the chief executive's performance and remuneration framework.
- **Strategic Transformation Programme Committee (STPC)**, chaired by Hon. Dame Annette King, helps the board exercise due care, diligence and effective oversight of all matters relating to the delivery of Watercare's Strategic Transformation Programme.
- **Asset Management Plan (AMP) and Major Capex Committee (AMCC)**, chaired by Nicola Crauford, helps the board exercise due care, diligence and effective oversight of all matters relating to Watercare's AMP and major projects involving capital expenditure over \$100 million.

Board member attendance	Board	Audit and Risk	PRAC	CPWG	STPC	AMCC
Number of meetings	11	5	6	1	1	1
Margaret Devlin	11	4 ⁺	6 ⁺	–	–*	1
Nicola Crauford	11	–*	1*	1	1	1
Brendon Green (appointed to Audit and Risk part-way through the year)	11	–*	2*	1	1	–*
Catherine Harland	11	5*	6	1*	1*	1
Julia Hoare	10	5	3*	–*	–*	0
Hon. Dame Annette King (appointed 1 November 2017)	7	–*	2	–	1	–*
David Thomas	10	5	6	–*	–*	–*
Tony Lanigan (retired 31 October 2017)	3	–*	–*	1	NA	NA

+ Board Chair attends in ex-officio capacity.

* Not a committee member.

The Capital Projects Working Group (CPWG) was dissolved in late 2017. The STPC and AMCC were formed in May 2018.

Integrity

Corporate governance charter

This charter defines the duties and obligations of the board and board members covering fiduciary duty, duty of care, diligence, legal and statutory duties, and conflicts of interest. It incorporates the principles of the Institute of Directors of New Zealand's Code of Practice for directors, relevant sections of New Zealand Exchange Limited's Corporate Governance Best Practice Code, and the former Securities Commission's nine principles of corporate governance.

Whistleblowing

We have a specific policy to receive and deal with information about any serious wrongdoing within the company, as required by the Protected Disclosures Act 2000. PwC provides a Whistleblowing Disclosure Service so staff and others may confidentially and anonymously report matters of serious misconduct.

Complaints disclosure

Any complaints against the company are recorded. Targets have been set for the response to and resolution of complaints. Our level of service is reported in the annual report, to the shareholder quarterly, to the board monthly, and to the public at board meetings, as well as via our website.

Disclosures of interest

A register of directors and senior management's interests is maintained by Watercare and is updated as and when necessary. Directors and management's interests are a standard agenda item at every board meeting. Any disclosure of interest is recorded in the meeting minutes and the relevant participant refrains from taking part in the discussion or voting on any related resolution.

Transparency and accountability

Our financial statements, the statement of intent (SOI) and our long-term plans must be audited by the Auditor-General. The Auditor-General has appointed Andrew Burgess, using the staff and resources of Deloitte Limited, to undertake the external audit work on behalf of the Auditor-General, in accordance with the Auditor-General's Audit Standards, which incorporate New Zealand Auditing Standards. Deloitte Limited must satisfy the independence requirements of the Auditor-General and External Reporting Board.

Watercare is committed to transparent performance reporting. Recognising this, we publish:

- An annual statement of intent (SOI)
- A long-term asset management plan (AMP)
- An annual report that reports performance against the SOI and non-mandatory measures, following the Global Reporting Initiative (GRI) guidelines
- An overview of current water storage levels and other information (published weekly on our website)
- Special reports and project newsletters for interested parties.

As a council-controlled organisation, Watercare is subject to the Local Government Official Information and Meetings Act 1987, which provides to the public official information held by local authorities. The average response time this year was 3.7 days.

Watercare maintains a board-approved Risk Management Policy, the intent of which is to direct the risk management function. This policy focuses risk management onto those risks that are material to the achievement of the organisation’s principal objectives.

Watercare applies a risk management framework consistent with ISO 31000: 2018 Risk Management Guidelines in order to ensure that risks throughout the business are managed consistently.

This risk management framework defines the management policies, procedures and practices to be applied to the risk management tasks of identifying, analysing, evaluating, treating and continuing to monitor risk to provide enterprise-level information.

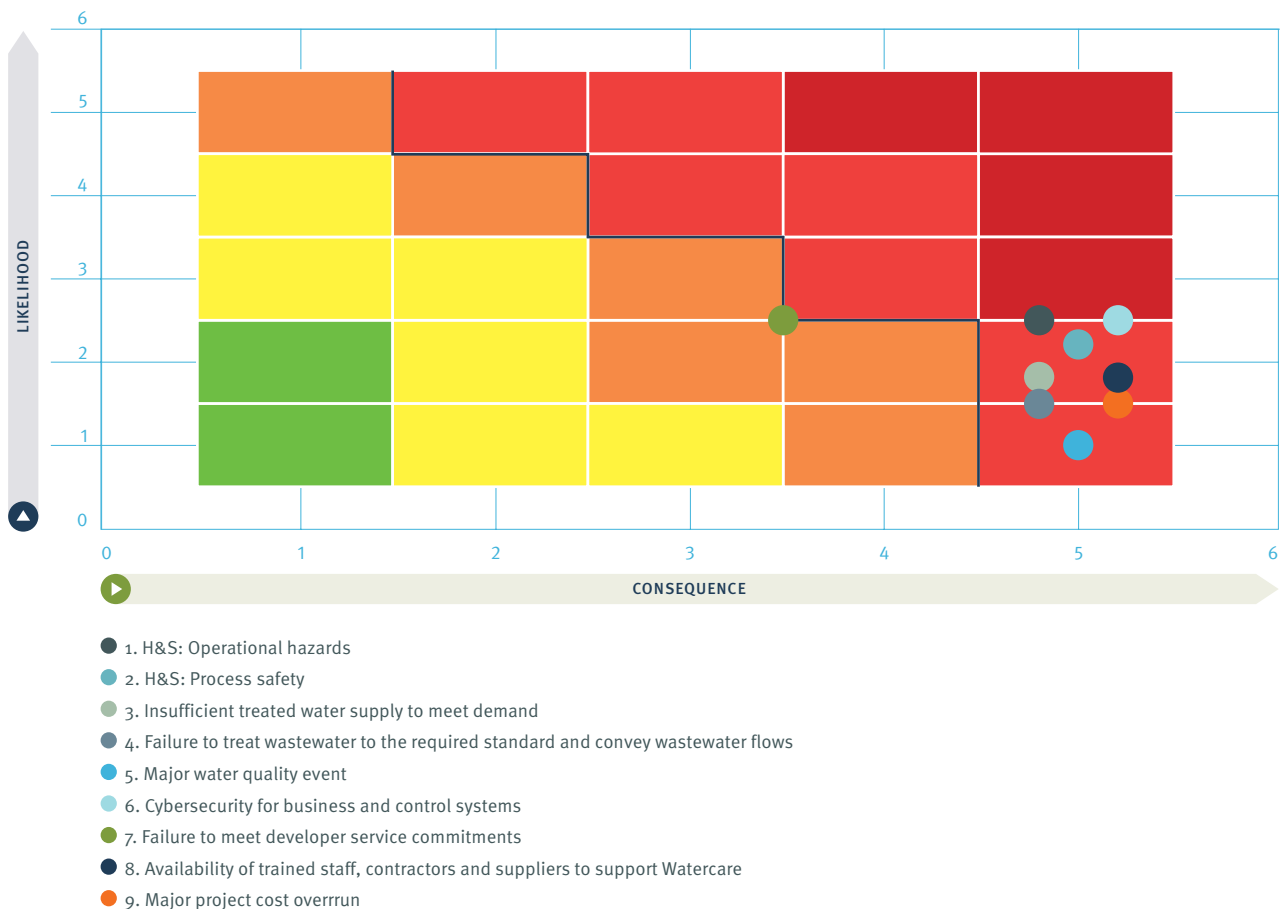
As part of the risk management framework, we have established a Risk Management Steering Committee, which meets quarterly to monitor emerging risk and risk mitigation actions and strategies. The committee comprises the chief executive, senior management and the head of risk and resilience.

Regular monitoring, review and reporting of risks is an important component of the Watercare Risk Management Framework, as it ensures new risks and changes to existing risks are identified and managed, and that risk treatment plans are developed and implemented.

A number of significant risks are monitored by the board at least quarterly, or as required. In addition, external reviews are carried out to ensure we meet and exceed good-practice measures in risk management.

Watercare’s enterprise risks primarily reflect the dependencies that the organisation has to deliver its services and these are outlined on the heatmap and table below:

Enterprise risk heatmap



Leadership and governance
Enterprise risk management (continued)

Enterprise risk description	Potential consequence	Integrated reporting capitals	Key controls and mitigation strategies
<p>Health and safety – operational hazards</p> <p><i>Watercare’s work involves significant operational hazards which include: confined spaces, working at height, trenching and excavations, working alone, working near/on bodies of water</i></p>	Workers may be exposed to serious harm	<ul style="list-style-type: none"> • Financial • Natural • Human • Social and Relationships 	<ul style="list-style-type: none"> • Clear standards for work involving significant operational hazards • Training of staff to industry standards • Using qualified, well-trained contractors • Ongoing monitoring of relevant lead-and-lag health and safety indicators
<p>Health and safety – process safety</p> <p><i>A catastrophic failure of a major Watercare plant such as an explosion, fire or chemical leak which carries significant health and safety risk</i></p>	Workers, the public or the environment may be exposed to serious harm	<ul style="list-style-type: none"> • Manufactured • Financial • Natural • Human • Social and Relationships 	<ul style="list-style-type: none"> • Plant design, operation and containment systems to address this risk • Regular plant condition assessments and specific regulation-driven compliance reviews undertaken
<p>Insufficient treated water supply to meet demand</p> <p><i>The risk could arise from: protracted drought conditions, the loss of a major storage dam or the loss of water treatment capacity which could arise from climate change (including extreme weather events)</i></p>	Inability to supply sufficient treated water to meet Auckland’s demand	<ul style="list-style-type: none"> • Manufactured • Financial • Natural • Human • Social and Relationships 	<ul style="list-style-type: none"> • Risk mitigation is inherent in the design of the water systems, from source to treatment • Integrated source management model for water abstraction • Geographically separated dams • Drought Management Plan
<p>Failure to treat wastewater to the required standard and convey wastewater flows</p> <p><i>This includes the impact of stormwater overflows in wet-weather events and longer-term climate change</i></p>	Environmental impacts or failure to meet consent conditions that impact stakeholders	<ul style="list-style-type: none"> • Financial • Natural • Human • Social and Relationships 	<ul style="list-style-type: none"> • Wastewater treatment plant upgrades • Asset management renewal and upgrade programmes • Transmission and network upgrades to convey required stormwater and wastewater flows • Network upgrades to address capacity constraints
<p>Major water quality event</p> <p><i>The quality of treated water supplied is compromised</i></p>	Compliance with DWSNZ and/or public health is adversely impacted	<ul style="list-style-type: none"> • Manufactured • Financial • Natural • Human • Social and Relationships 	<ul style="list-style-type: none"> • Operation within well-established water treatment protocols reflecting Ministry of Health/ DWSNZ requirements • Disinfection and testing of all water prior to entering supply • Chlorine levels are maintained in the distribution system • Water safety and contamination notification in place • Regular accreditation reviews with the Drinking Water Assessors
<p>Cybersecurity for business and control systems</p> <p><i>Malicious acts compromising SCADA control systems, noting the cyber threat environment continues to grow globally and in New Zealand</i></p>	Corporate network and/or operating control systems are compromised, impacting operations	<ul style="list-style-type: none"> • Manufactured • Financial • Natural • Human • Social and Relationships • Intellectual 	<ul style="list-style-type: none"> • Comprehensive cybersecurity policies in place • Regular staff training and awareness • Deployment of specialist cybersecurity to reduce overall risk • Independent experts used to advise on an enhanced cybersecurity roadmap and tools

Leadership and governance
Enterprise risk management (continued)

Enterprise risk description	Potential consequence	Integrated reporting capitals	Key controls and mitigation strategies
<p>Failure to meet developer service commitments</p> <p><i>Poor processes, engagement and slow delivery of Watercare's Asset Management Plan</i></p>	<p>Failure to meet developer service commitments</p>	<ul style="list-style-type: none"> • Manufactured • Financial • Natural • Human • Social and Relationships 	<ul style="list-style-type: none"> • Proactive developer relationship engagement • Digital Strategy – enable online connection service • Consenting Service Level Agreement with council • Improving transparency and working closely with developers on delivery of growth-related capital projects
<p>Availability of trained staff, contractors and suppliers</p> <p><i>Failure to attract and retain sufficient direct or supporting skilled and qualified resources</i></p>	<p>Watercare, contractors, suppliers and consultants not resourced to deliver Watercare's business</p>	<ul style="list-style-type: none"> • Manufactured • Financial • Natural • Human • Social and Relationships • Intellectual 	<ul style="list-style-type: none"> • Operational succession planning • Ensure sufficient numbers of skilled and qualified resources are available • Market resources are identified and retained to support business deliverables
<p>Major project cost overrun</p> <p><i>Actual cost of delivery is higher than anticipated</i></p>	<p>The funding requirement is outside the Asset Management Plan (AMP) envelope</p>	<ul style="list-style-type: none"> • Manufactured • Financial • Human • Social and Relationships • Intellectual 	<ul style="list-style-type: none"> • Procurement strategies to minimise capital and whole-of-life costs on new assets • Monitoring of projects costs and delivery times