

# BOARD CHARTER

## TRUST TAIRĀWHITI

### Part 1 – Interpretation

In this charter:

- *Board* means the Board of Trustees of the Trust
- *Business* means the business of the Trust
- *CEO* means the Chief Executive Officer of the Trust
- *Chair* means the Chair of the Trust
- *Trust* means Trust Tairāwhiti (TT)
- *Trust Goals* means the goals of the Trust as set out in part 2
- *Trust Tairāwhiti Independent Investment Committee* (TT IIC) formerly Activate Tairāwhiti Board.
- *Management* means the Management Personnel of the Trust
- *Management Limitations* means the limitations on the actions of Management as set out in Part 4
- *Beneficiaries* means the beneficiaries of the Trust as outlined in the Trust Deed.

This Charter should be read alongside the Deed creating the Eastland Energy Community Trust and any subsequent Deed Polls varying the Trust Deed. The Trust Deed takes precedence.

### Part 2 – Trust Goals

#### General

The Trust was established to:

- Preserve the value of the capital of the Trust Fund having regard to the effect of inflation and profits and losses from time to time earned or sustained by the Trustees in the exercise of their powers and duties under the Trust Deed, or any other losses sustained by the Trustees;
- Provide for the beneficiaries in such manner as the trustees shall from time to time decide including limiting the generality of the foregoing:
  - (a) Paying for or subsidising the installation or maintenance of electricity reticulation or the supply of electricity in areas of the district where the Trustees after taking such advice as they see fit and having regard to the cost of supplying power to those areas, are of the opinion that the provision of those services by the Company will not provide an acceptable

commercial return to the Company except at a cost to the consumer of that electricity that is excessive having regard to the cost to the majority of consumers who are connected to the Company's electricity distribution system and who have similar load profiles;

- (b) Supporting business, community and other initiatives which in the opinion of the trustees are likely to encourage or sustain economic growth within the district that is or may be directly or indirectly for the benefit of the beneficiaries.

No Trust purpose stated in this clause shall be deemed to have greater significance than any other such purpose.

Having regard to this Purpose mandated in the Trust Deed, TT is committed to:

- Supporting people working towards a greater good – the innovator, leaders and community visionaries who see challenges and opportunities and respond; who in unique, varied and meaningful ways ensure we are all able to enjoy the place we call home;
- Driving economic development – actively seeking opportunity, partnering where we can, leading where we should; but ultimately, contributing to a region where business thrives, whanau have access to sustainable and well-paid jobs, and communities prosper.

Powering these aspirations is a significant community taonga – the Trust Fund. TT takes seriously its obligations to the people of Tairāwhiti, to save for the future while investing in the region's economic, environmental, social and cultural wellbeing today.

## Part 3 – Board Governance Process

### Role of the Board

The role of the Board is to preserve the capital value of the Trust Fund and to provide for beneficiaries of the Trust having regard to the Trust Deed and the special responsibilities articulated within it. In doing so, the Board should recognise that long term value is created by the achievement of strategic goals through successful investment management and resource allocation, improved community outcomes, investment in economic opportunities and improved employee wellbeing and performance.

Having regard to its role the Board will direct, and supervise the management of, the Business and affairs of the Trust including, in particular:

- Ensuring that the strategic Trust Goals are clearly established, and strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from Management).
- Establishing policies for strengthening the performance of the Trust including ensuring that Management is proactively seeking to build the Business through innovation, initiative, technology, and the development of its Business capital.
- Monitoring the performance of Management.
- Appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Trust.
- Deciding on whatever steps are necessary to protect the Trust's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.

- Ensuring the Trust's financial statements are true and fair and otherwise conform to law.
- Ensuring the Trust adheres to high standards of ethics and corporate behaviour.
- Ensuring the Trust has appropriate risk management and regulatory compliance policies in place.
- Proactively communicating information on the Trust's decisions and its work to beneficiaries.

In the normal course of events, day-to-day management of the Trust will be in the hands of Management. The Board will satisfy itself that the Trust is achieving the Trust Goals.

### **The Board's Relationship with Other Stakeholders**

The Board will use its best endeavours to familiarise itself with issues of concern to all relevant stakeholders. The Board recognises that the Trust's long-term survival and prosperity are closely intertwined with the environments and markets within which it operates and the extent to which the Trust is seen as a responsible undertaking. The Board will regularly evaluate economic, political, social, cultural and legal issues and any other relevant external matters that may influence or affect the development of the Business or the interests of all relevant stakeholders and, if thought appropriate, will take outside expert advice on these matters.

### **Board Procedures**

The conduct of Trustees will be consistent with their duties and responsibilities to the Trust. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Trustees will always act within any limitations imposed by the Board on its activities.

Trustees will use their best endeavours to prepare thoroughly for and attend Board meetings. Trustees are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Trustees unable to attend a meeting will advise the Chair at the earliest date possible.

Board discussions will be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chair will seek a consensus in the Board and may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.

Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.

The Board will maintain a register of Trustees' interests and real and perceived conflicts of interest will be managed actively.

The Board has sole authority over its agenda and exercises this through the Chair. Any Trustee may, through the Chair, request the addition of an item to the agenda. The agenda will be set by the Chair in consultation with the CEO. The Board's responsibilities include the following:

- Review the Trust Goals.

- Be active in review of the strategies and operating plans for achieving the Trust Goals.
- Approve the annual budget.
- Approve the annual report, annual and half-yearly financial statements, reports and public announcements.
- Review the Board composition, structure and succession and provide such advice as it sees necessary to the appointing authority – the Gisborne District Council.
- Review the Trust’s audit requirements.
- Review the performance of, necessity for and composition of Board committees.
- Undertake Board and individual Trustee evaluations.
- Review Trustees’ remuneration and provide advice to the Fee-setting authority – the Gisborne District Council.
- Review the CEO’s performance and remuneration.
- Review the Trust’s remuneration policies and practices.
- Review the Trust’s risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements.
- Settle the following year’s Board work plan.

The Board will normally hold meetings ten times each year and will hold additional meetings as the occasion requires.

Trustees are entitled to have access, at all reasonable times, to all relevant Trust information and to Management.

Trustees are expected to strictly observe the confidentiality of Trust information.

In making policy, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions the Board will consider the policies against which the decisions are made.

## Board Decisions

All decisions of the Board shall if possible be debated and agreed at scheduled Board meetings. However, it is recognised that this is not always possible and, in some circumstances, Trustees will be asked to make decisions between meetings. This may be as a result of an extended period between regular scheduled meetings, urgency associated with potential business failure, timeliness in responding to business relocation opportunities or pressure on funding decisions that may be event related.

Ideally, reporting of future work streams should indicate any potential for an “outside of meeting” decision requirement. Should an urgent decision be required, the following process will apply:

1. The CEO will contact the Chair and advise of the nature of the decision required and the reasons for urgency.
2. The CEO will satisfy the Chair that the decision, if approved, is consistent with Board strategies and work plans.

3. The CEO will also appraise the Chair of due diligence that has been undertaken in relation to the decision and, if of a commercial nature, that it is being recommended by the TT ILC.
4. Once satisfied that the above conditions have been met, the Chair will authorise the CEO to circulate a decision request to Trustees along with supporting material.
5. If approved, the decision will be ratified at the earliest available Board meeting.

## **Chair**

The Chair of the Board will be elected by majority vote of Trustees in December (or as close as possible to December) each year for the following year. This will be confirmed as part of the annual Board calendar process. All candidates must express their interest to the CEO in writing prior to the day the Board papers are published for the month chosen, candidates should supply a short precis of their candidacy for publishing with the board papers.

For election of the Chair, should the current Chair be standing again for the following year, the Mayor's Nominee Trustee will facilitate the election process. Those who have put their name forward for the Chair role will leave the room and the Chair or Mayor's Nominee Trustee will facilitate a discussion on the merits of the candidates, after which a vote will be called. The Chair will be elected by simple majority and assume the Chair from that point. It is not intended to elect a Deputy Chair.

The Chair is responsible for:

- Representing the Board to the Gisborne District Council and to Beneficiaries, unless otherwise delegated.
- Maintaining constructive governance relationships with the Chairs of other Boards that the Trust may appoint or be a party to (e.g. TT ILC, Eastland Group Ltd., Wood Engineering (Gisborne) Ltd.).
- Ensuring the integrity and effectiveness of the governance process of the Board as set out in Part 3.
- Maintaining regular dialogue with the CEO over all operational matters and consulting with the remainder of the Board promptly over any matter that gives him or her cause for major concern.

The Chair will act as facilitator at meetings of the Board to ensure that discussions result in logical and understandable outcomes.

## **Board Committees**

Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making. Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise. Board committees make recommendations to the full Board and will only speak or act for the Board when so authorised. The authority conferred on a Board committee will not derogate from the authority delegated to the CEO.

The Board has two standing committees, namely the Audit and Risk and Remuneration committees. Other committees may be formed for specific purposes and disbanded as required.

The purposes and membership of the standing committees are as follows:

- The Audit and Risk Committee consists of up to four Trustees including the Chair of the Board. The committee provides a forum for the effective communication between the Board and the external and internal auditors. The committee reviews the annual and half-yearly financial statements prior to their approval by the Board, the effectiveness of management information systems and systems of internal control, and the efficiency and effectiveness of the external and internal audit functions. It also oversees the investment portfolio of the Trust. The Chair of the Board should not be the chair of the audit committee.
- The Remuneration committee consists of up to four Trustees including the Chair of the Board. The committee assists the Board to establish the people policies and practices for the Trust and discharge the Board's responsibilities for appointing, appraising the performance of, and remunerating the CEO. It also agrees with the CEO the appointment and remuneration of the Trust's management leadership team.

### **Board Composition and Mix**

Trustees are appointed to the Trust for a three-year term by the Gisborne District Council. The process for the appointment of Trustees is contained within the Trust Deed.

From time to time the Board may advise the Gisborne District Council as to particular capability requirements. Generally, the qualifications for Trustees are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of value to beneficiaries, the ability to see the wider picture, the ability to ask the hard questions, high ethical standards, sound practical sense, and a total commitment to furthering the interests of the Trust and achieving its Goals. Trustees will be active in areas which enable them to relate to the strategies of the Trust and to make a meaningful contribution to its deliberations.

### **Induction of New Trustees**

On their first appointment, new Trustees will have the benefit of an induction programme aimed at deepening their understanding of the Trust and its Business, and the environment and markets in which the Company operates. As part of the programme, Trustees will receive a folder of essential Board and Trust information, and meet key Management. Trustees are expected to keep themselves abreast of changes and trends in the Business and in the Trust's environment and markets; and to keep abreast of national and international changes and trends in the economic, political, social and legal climate.

### **Trustees' Remuneration**

The Gisborne District Council determines the level of remuneration paid to Trustees.

### **Provision of Business or Professional Services by Members**

Because a conflict of interest (actual or perceived) may be created, Trustees are expected to refrain from any consultancy work for the Trust that falls outside of normal duties, and that would normally be contracted to a third party.

## **Other Board Appointments**

Any Trustee is, while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with the business of the Trust and does not detrimentally affect the Trustee's performance as a Trustee. All other appointments must first be discussed with the Chair before being accepted.

## **Independent Professional Advice**

Any Trustee is entitled to obtain independent professional advice relating to the affairs of the Trust or to his or her other responsibilities as a Trustee. If a Trustee considers such advice is necessary they shall first discuss it with the Chair and, having done so, shall be free to proceed. Subject to the prior approval of the Chair, the cost of the advice will be reimbursed by the Trust but the Trustee will ensure, so far as is practicable, that the cost is reasonable.

## **Board and Member Development**

The Board will work to ensure a culture of review and feedback. It will critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role. Ordinarily it will do this once every three years and use independent, external expertise to carry out the evaluation.

In addition to this, the Board will review its own performance annually. It will also support opportunities for Trustees to further develop their strengths and capabilities.

## **Indemnities and Insurance**

Subject to the Trust's constitution it will provide Trustees with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Trustees.

## **Part 4 Board – Management Relationship**

### **Position of CEO**

The Board will link the Trust's governance and management functions through the CEO. All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of Management is considered to be the authority and accountability of the CEO so far as the Board is concerned. The Board must agree to the levels of sub- delegation immediately below the CEO, as per the delegations manual.

The Board will agree with the CEO to achieve specific results directed towards the Trust Goals. This will usually take the form of an annual performance contract under which the CEO is authorised to make any decision and take any action within the Management Limitations, directed at achieving the Trust Goals.

Between Board meetings, the Chair maintains an informal link between the Board and the CEO, expects to be kept informed by the CEO on all important matters, and is available to



the CEO to provide counsel and advice where appropriate. Only decisions of the Board acting as a body are binding on the CEO.

Decisions or instructions of individual Trustees, officers or committees should not be given to the CEO and are not binding in any event except in those instances where specific authorisation is given by the Board.

### **Accountability of CEO to the Board**

The CEO, in association with the Chair, is accountable to the Board for the achievement of the Trust Goals and the CEO is accountable for the observance of the Management Limitations. At each of its normal monthly meetings the Board should expect to receive from or through the CEO:

- The operational and other reports and proposals referred to above.
- Such assurances as the Board considers necessary to confirm that the Management Limitations are being observed.

Without in any way undermining the management responsibilities of the CEO, the Board will have constructive, positive relationships with employees of the Trust.

### **Management Limitations**

The CEO is expected to act within all specific authorities delegated to him or her by the Board. The CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.

In allocating the capital and resources of the Trust the CEO is expected to adhere to the Trust Goals. The CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term economic value. In financing the Trust, the CEO is expected to not cause or permit any action that is likely to result in the Trust becoming financially embarrassed.

The assets of the Trust are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Trust must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Trust's external auditors.

The CEO is expected to ensure employees and other parties working for the Trust are treated equitably, with dignity, fairly and safely.